

Crafting Sustainable **Solutions**

Sustainability Report 2009





Engro Corp's Sustainability Report for 2009 provides an overview of efforts made in the areas of sustainability, community development and HSE over the course of 12 months. A major emphasis of this report is on the work done by Engro's fertilizer business. The report has a brief overview of sustainability efforts made by Engro Corp's other subsidiaries.

In 2009, Engro Chemical Pakistan Limited converted into a holding company structure, and was renamed as Engro Corporation Limited. As part of this demerger, the company transferred its core fertilizer business into a new subsidiary, Engro Fertilizers Limited.

However, Engro Corp's commitment to the sustainability and development of its people and the communities it works in, remains unchanged. Engro continues its efforts to improve its reporting structure. The sustainability report for 2010 will be a consolidated review of the sustainability measures taken by each engro corp subsidiary.

Crafting Sustainable Solutions



In addition to growing our business in a profitable, ethical and sustainable way, we are committed to investing in host communities, as well as to mitigate our environmental footprint. As responsible corporate citizens, we continue to strive towards integrating sustainability into our business.



05

Executive Summary

07

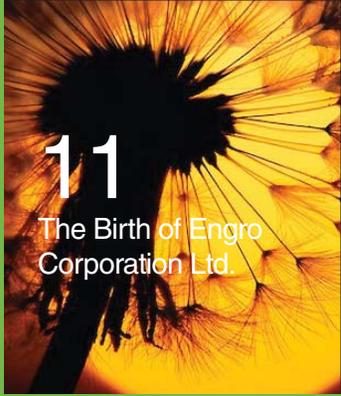
Scope of Report

09

Chairman's Message

10

President's Message



11

The Birth of Engro Corporation Ltd.

13

Companies Profile

20

Core Values



22

Structure & Governance

24

Corporate Performance Report 2009

27

Corporate Objectives Report 2010

28

Stakeholder Engagement

33

Capacity Building of Farmers for Higher Agricultural Productivity



34

Employees and Organizational Development

38

Health, Safety, and Environment Policy

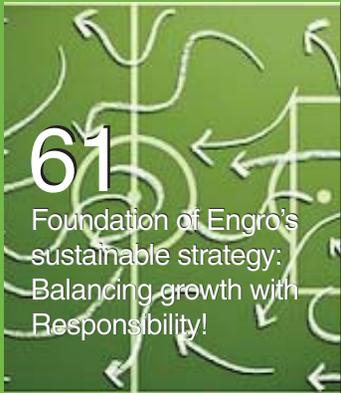
43

2009 Environmental Footprint Data



47

Engro's Social Investments



61

Foundation of Engro's sustainable strategy: Balancing growth with Responsibility!

62

Commitment to UN Global Compact & Global Reporting Initiative

92

Acknowledgement



Leading sustainability

As a corporate entity, Engro is proud of its growth and lateral expansion, and believes that its success is due to the organic nature of its structure. It has always prided itself on responsible business ethics, and this ethos resonates throughout the company. Besides adhering to industry best practices in its operations, Engro has consciously integrated socially responsible practices into its functions, reaching out to the communities that live within its areas of operation.



The various social interventions and transparent manner of delivery has given it the position of one of Pakistan's leading companies for Corporate Social Responsibility (CSR) also making it the only Pakistani company in Asian Sustainability Rating's (ASR) top 50 Asian Companies list. Moreover Engro's CSR report has been rated No. 1 by ACCA-WWF.

Engro has earned the distinction of being part of a select group of companies which are signatories to the UN Global Compact (UNGC) in ASR's survey, as well as being part of the Global Reporting Initiative (GRI). Engro's efforts in building sustainability in Pakistan are demonstrated through its commitment to consistently contribute 1% of profits before tax towards social investments in the areas of skill development, education, health, environment, emergency relief efforts and philanthropy.

However, as a responsible company, its processes and operations are also geared towards an environmental stewardship that incorporates measures to cut emissions and put in place the required safeguards for the natural and built environment.



The acknowledgements and awards received as recognition of our efforts to serve as a responsible

business entity are testament to the fact that we are on the right path to betterment. This report, a reflection of our commitment, provides a progressive comparison of the activities, and Engro's contribution to various uplift projects.



Scope of Report

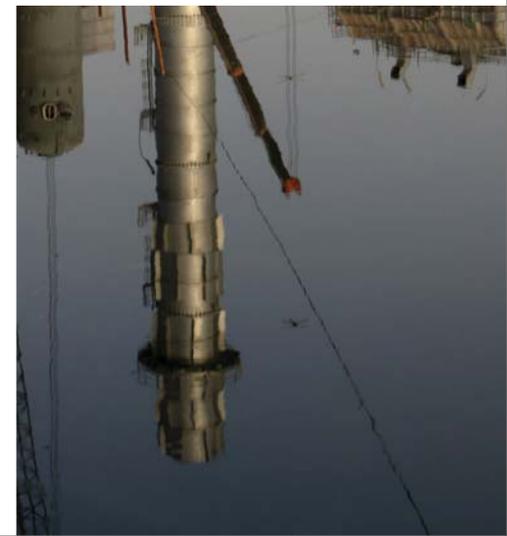
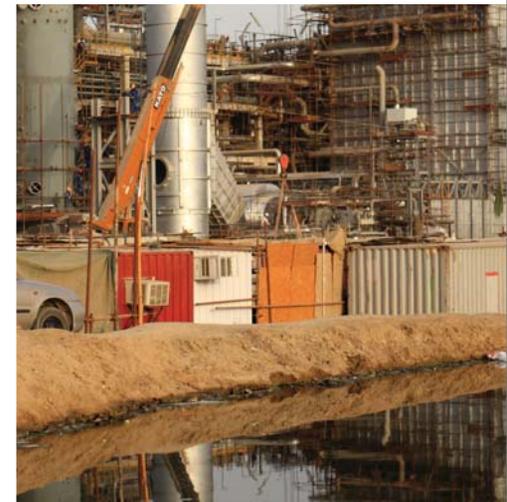
Scope of Report

This is Engro Corp's business' sustainability report. This report encompasses the initiatives undertaken by Engro in its capacity as a good corporate citizen. It traces the development, and the implementation of a corporate ethos of doing business in a sustainable manner, and lists down the various projects undertaken by the company.

The report provides a progressive comparison of the activities, and Engro's contribution in the fields of education, health, capacity building, infrastructure upgradation and poverty alleviation through corporate philanthropy and volunteerism that is robustly encouraged within the company.

It also highlights the commitments to global quality standards and universally accepted benchmarks that are met through industry best practices. Not only are the initiatives and their impacts contained within the pages of this report, to ensure transparency and objectivity, a third party assessment from the renowned firm of Gallup has also been made a part of the report.

The recommendations made by the third party have been studied carefully and will form an integral part of the actions that will be taken in the coming years.





“International and national recognition of Engro's leadership in the Corporate sector has been achieved because of an inviolable commitment and adherence to the conduct of business on an ethical basis.

Chairman's Message

This ethos, developed by the visionaries who founded the Company, and consistently mandated by the Board of Directors, has become the fundamental standard at all levels of the Company, and in its interactions with stakeholders. Engro's engagement with civil society has extended far beyond the traditional understanding of corporate philanthropy. It has taken on the form of proactive, hands-on engagement, to assist in meeting the myriad of social sector needs, in education, health, skills development and infrastructure improvement.

Significantly these Corporate Social Responsibility initiatives have been integrated at all levels of our business, and an enabling culture has been consciously developed amongst all members of Engro, and main streamed into the Corporation's processes and practices.

Engro holistically engages with the communities within which it operates, taking proactive measures to mitigate any effects of its business operations on their natural living environment. Our Corporation works to enhance the quality of life of these communities, while ensuring the health, safety and environment of our employees.

This report is a reflection of this culture in action.”



Hussain Dawood



“Corporate Responsibility is an integral part of the way we do business at Engro. This is why our systems and processes within the organization are sensitized to ethical, responsible practices.

President's Message

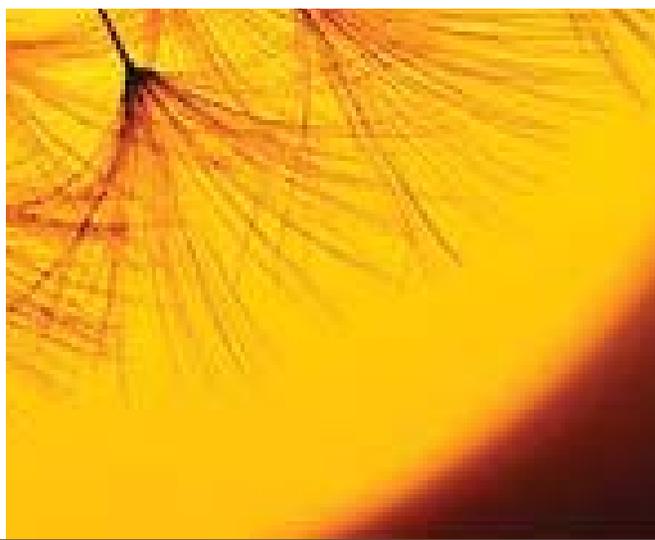
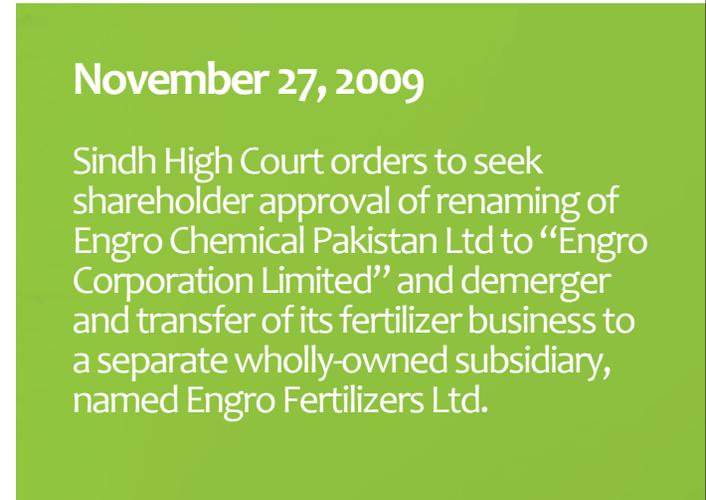
At the level of our engagements with shareholders, employees and vendors, as well as communities around our plants, we have set in place transparent systems that ensure such practices.

At the level of operations, we very stringently monitor our environmental impacts and look towards reducing our carbon footprint through adherence to the NEQS as well as international benchmarks. Engro is one of the few companies to have signed the UN Global Compact.

Our Corporate responsibility report outlines the thought behind the measures, and details the action undertaken at various levels to make them tangible on ground projects. We have third party assessments of our initiatives, with the aim of getting an objective feedback so we can better our performance progressively.”

A handwritten signature in black ink, appearing to read 'Asad Umar'.

Asad Umar



The Birth of Engro Corporation Limited

November 27, 2009

Sindh High Court orders to seek shareholder approval of renaming of Engro Chemical Pakistan Ltd to “Engro Corporation Limited” and demerger and transfer of its fertilizer business to a separate wholly-owned subsidiary, named Engro Fertilizers Ltd.

Engro provides building blocks of a Corporation

Formation of Engro Corporation Limited

Profit After Tax (US\$ Million)

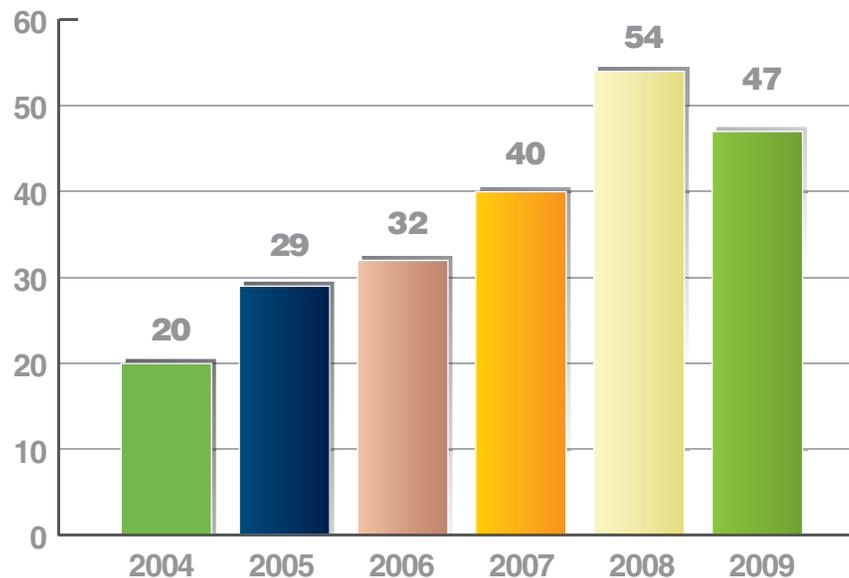


Figure 1: Profit After Tax for Engro Corp, 2004-2009

Over the years, Engro has expanded and diversified from its core business of fertilizers into several business avenues such as foods, petrochemicals, automation and energy. The new operations in multi category businesses, expansion strategy and growth vision, needed the company to convert to a holding company. As a result, the fertilizer business was demerged and a holding company structure was established to manage the affairs of various businesses.

The announcement to demerge was made in April 2009, and Engro Fertilizers Limited was incorporated in June 2009 to manage the fertilizer business post demerger. The approval of the High Court of Sindh came on December 9, 2009 after obtaining the requisite approvals from the creditors and shareholders of the company. The demerger became effective from January 1, 2010. All fertilizer business assets and liabilities were transferred to 'Engro Fertilizers Limited' against the issuance of shares to the company.

The name of Engro Chemical Pakistan Limited has been changed to 'Engro Corporation Limited'.

As the Holding company, Engro Corp is responsible for the long term vision and profitable growth of the company and its subsidiaries and affiliates.

Engro Corp will maintain a lean structure, focused on its scope with maximum empowerment to the subsidiaries and affiliates in driving the operations of respective organizations.

Companies Profile





Engro Fertilizers Limited

Engro Fertilizers Limited, a wholly owned Engro subsidiary, is a premier fertilizer manufacturing and marketing company with products that focus on balanced crop nutrition and increased yield. The company markets primary and secondary fertilizers like Engro Urea, Engro DAP, Engro Zorawar, Engro Zarkhez and Zingro.

The project team set a new record in 2009 with a staggering 29.8 million safe man hours without a single Lost Workday Injury (LWI - Apr 07 to Nov 09) since the start of the Project on April 4, 2007.

Start of the year also witnessed successful completion of the Prill Tower which is the tallest structure in Pakistan at a height of 125 meters.

Prill Tower Truss (450 tons) lifting by Strand Jacking technique was also carried out safely by world-renowned company VSL on August 31, 2009. This super lift was the first of its kind carried out in Pakistan.



Engro Polymer & Chemicals Limited

Engro Polymer & Chemicals Limited, an Engro subsidiary, is Pakistan's leading manufacturer and marketer of PVC (polyvinyl chloride) resin, with an annual PVC production of 150,000 tons. The company markets its products under the brand name of SABZ. Following recent expansion, the company now has an integrated facility with the capability to manufacture EDC, VCM, Chlorine and Caustic soda.

The company is the sole producer of PVC resin, hence plays a pivotal role in ensuring the sustainability of the domestic PVC industry and provides support through the provision of quality products and technical services. It also invests in developing new products and markets; as part of market development it is looking to set up a complete business line for the construction industry by promoting PVC based doors and windows.

The company ended the year with a TRIR of 0.50. The company made a loss of Rs 194 million for the year as compared to a profit after tax of Rs 350 million last year. The main reasons for the loss are attributable to incremental costs related to depreciation, financial charges and other fixed costs on account of expansion and back integration of those plants which were commissioned during the year, whereas full economic benefits of the

integrated facility could not be attained as VCM Plant had not come into commercial production.



Engro Vopak Terminal Limited,

A joint venture of Royal Vopak of the Netherlands and Engro, it has been providing world class services to the growing chemical and petrochemical industry of Pakistan. The company offers storage and handling solutions for liquid and gaseous chemicals, oil products, petrochemicals, bio-fuels, vegetable oils and Liquefied Natural Gas (LNG).

The company completed 12 years of safe operations and ended the year with a Total Recordable Injury Rate (TRIR) of 0.43. Pakistan's first cryogenic storage facility was commissioned in first quarter 2009 at a cost of USD 32.6 million.





Engro Powergen

Incorporated in 2008, it is a fully owned subsidiary, to develop power projects in Pakistan so as to help reduce the power shortage in the country and earn a competitive return for shareholders.

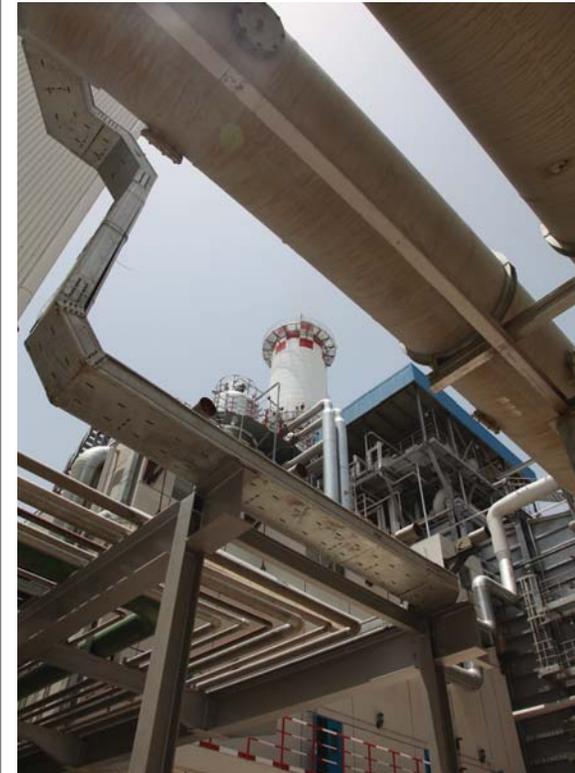
The Sindh Engro Coal Mining company Limited is a joint venture between the Government of Sindh and Engro Powergen, to mine coal from Thar Block II. Although the project is in its early stages of technical and economic feasibility assessments, the company aims to utilize the ample reserves of coal in Thar Desert for power generation.

Engro Powergen seeks to reduce Pakistan's power shortage through exploring and implementing cleaner, efficient and economic methods of power generation. In this pursuit wind, hydro and solar power projects are being actively assessed as alternative energy options for Pakistan.



Engro Energy Limited

This subsidiary, has established a 220 MW power plant in Qadirpur. This will be Engro's first Independent Power Project (IPP) which will utilize permeate gas, currently being flared from the Qadirpur gas field thus helping reduce carbon emissions. This power plant will be one of the first preamble power plants in the country.





Engro Foods Limited

It was officially launched as a fully owned subsidiary of Engro in 2004. Using dairy as a stepping stone to enter into the food business, the company has established state-of-the-art processing units in Sukkur and Sahiwal, along with an ice cream production facility in Sahiwal.

Top quality brands like Olper's, Olwell, Tarang, Omore and Owsum have been successfully launched under the umbrella of Company's dairy products. To support these brands and their highest standards of quality, Engro Foods has invested heavily in milk processing and milk collection infrastructure.

Key highlights for the year were the launch of the Ice Cream brand "Omore" and Flavored milk brand "Owsum" in the first half of 2009. Both products were well received by consumers.

After the success of our dairy products, to which our customers testify, Engro Foods now plans to venture beyond the dairy sector. In this pursuit, grain and fruit markets have been analysed in great detail.

Engro Foods' vision is "Elevating Consumer Delight Worldwide" and the company aims to generate a significant portion of its revenue from foreign operations.





Rice Processing and Trading

Engro has also announced its plans of setting up a rice processing plant in the province of Punjab which is expected to come online by the 4Q of 2010. The plant is expected to cost Rs 3.2 billion with an equity injection of Rs 1.6 billion, which will be contributed by Engro Foods and Engro Eximp.

The company will export the processed rice primarily to the Middle East and European Union. The project will benefit from Engro's knowledge of the agricultural sector of Pakistan as well as its marketing and management expertise.



Engro EXIMP Private Limited

It was, established in 2003, and is a wholly owned subsidiary of Engro Corporation Limited. The company trades in commodity fertilizers such as DAP, MAP, MOP and SOP, and micro-nutrients like Zinc Sulphate. It supplies these fertilizers as raw materials to Engro Fertilizer's Zarkhez plant for manufacturing blended compound fertilizers. In addition, the company also directly markets them locally. Engro EXIMP has been the largest importer of phosphates and potash fertilizers in Pakistan over the last five years. It has also recently expanded into regional trade of fertilizers.



With a vision to expand into new and profitable trading avenues, Engro EXIMP has established a fast growing basmati rice trading business. The company will procure high quality basmati paddy from farmers and export finished basmati rice to B2B customers across the world. As part of this initiative, Engro is setting up a large and state-of-the-art rice processing mill in the heart of the basmati growing area in Pakistan. The mill is expected to begin commercial operation by late 2010.

AVANCEON
Tomorrow's solutions, today.

Avanceon Pakistan

It is engaged in automation and control engineering services. It has a wholly owned subsidiary in Jebel Ali Free Zone, UAE. The UAE subsidiary owns 70% interest in its US subsidiary, which was acquired in 2007.





Vision Statement

“To be the premier Pakistani enterprise with a global reach, passionately pursuing value creation for all stakeholders.”

Our Core Values



Safety, Health & Environment

We will manage and utilize resources and operations in such a way that the safety and health of our people, neighbors, customers and visitors is ensured. We believe our safety, health and environmental responsibilities extend beyond protection and enhancement of our own facilities, and we are concerned about the distribution, use and after use disposal of our products.



Ethics and Integrity

We do care how results are achieved and will demonstrate honest and ethical behavior in all our activities. Choosing the course of highest integrity is our intent and we will establish and maintain the highest professional and personal standards. A well-founded reputation for scrupulous dealing is itself a priceless asset.



Leadership

We have leaders of high integrity, energy and enthusiasm who have the necessary managerial, professional and people skills to inspire a group or an organization to set high goals and

achieve them willingly. We believe that leadership skills need to be strengthened at all levels within our organization and that managerial and professional competence is a necessary foundation.



Quality and Continuous Improvement

We believe that quality and a relentless commitment to continuous improvement are essential to our ongoing success. To this end, we define quality as understanding the customer's expectations, agreeing on performance and value, and providing products and services that meet expectations 100 percent of the time. Our motto is, "Quality in all we do."



Enthusiastic Pursuit of Profit

Successfully discharging our responsibilities to our shareholders to enhance the long-term profitability and growth of our company provides the best basis for our career security and meaningful personal growth. We can best accomplish this by consistently meeting the expectations of our customers and providing them with value.





External and Community Involvement

We believe that society must have industrial organizations that it can trust. Trust and Confidence are earned by our performance, by open and direct communication, and by active involvement in the communities in which we live and conduct our business.



Candid and Open Communications

We value communications that are courteous, candid and open and that enable each of us to do our jobs more effectively by providing information that contributes to the quality of our judgment and decision making. Effective communication should also provide the means for gaining understanding of the company's overall objectives and plans and of the thinking behind them.



Enjoyment and Fun

We believe that excitement, satisfaction and recognition are essential elements of a healthy, creative and high-performing work environment. Having fun in our work should be a normal experience for everyone.



Innovation

Success requires us to continually strive to produce breakthrough ideas that result in improved solutions and services to customers. We encourage challenges to the *status quo* and seek organizational environments in which ideas are generated, nurtured and developed.



Individual Growth and Development

We strongly believe in the dignity and value of people. We must consistently treat each other with respect and strive to create an

organizational environment in which individuals are encouraged and empowered to contribute, grow and develop themselves and help to develop each other.



Teamwork and Partnership

We believe that high-performing teams containing appropriate diversity can achieve what individuals alone cannot. Consciously using the diversity of style, approach and skills afforded by teams is a strength, which we must continue building into our organization.



Diversity and International Focus

We value differences in gender, race, nationality, culture, personality and style because diverse solutions, approaches and structures are more likely to meet the needs of customers and achieve our business goals.



Structure and Governance

We are as sustainable as our ability to withstand challenge

Engro constantly redefines the roles and responsibilities of its Board and Management, and reassesses the ever-evolving relationships with our stakeholders

The corporate governance is benchmarked to international standards to match best practices to strengthen our tradition of accountability and commitment to sustainability.

Corporate stewardship at Engro

The Management Committee:
Ensures that we live up to our sustainability values, oversees risk management and governance standards.

The Health, Safety and Environment Committee:

Routes, implements and monitors HSE best practices.

The Compensation, Organization & Employee Development (COED) Committee:

Develops and institutes mechanisms to attract quality personnel at competitive remuneration, train them and implement human capital management systems to motivate and retain employees.

Codes and Policies

Engro's policies link financial performance to extended responsibility as a corporate citizen. The Company places particular emphasis on Core Values, Code of Business Ethics and Sustainability Programs and Procedures.

Risk Management

Engro's approach to risk management comprises prudent analysis with social sensitivity towards the financial and plant-related risks. Management Committee works with the Board to implement a comprehensive risk management system that allows for a critical assessment of diverse interventions, ranging from business strategy to social investments.

The Board's core principles:

Independence and integrity

Demonstrable leadership

Frequent consultation

Performance evaluation

Succession planning

Role of 13 member Board of Directors

Combination of some of the nation's top business leaders with employee and shareholder representatives.

Board Compensation Committee

The Board Compensation Committee assists the board in fulfilling its oversight respectively, primarily in reviewing and reporting financial and known financial information to shareholders.

Responsible for:

- Ensures best practices in human resources executive compensation
- Management, development and succession
- Broadly applicable compensation and benefit programs

Board Audit Committee

The Board's Compensation and Audit Committees directly engage with the conduct of business, while updating and monitoring the policies.

Responsible for:

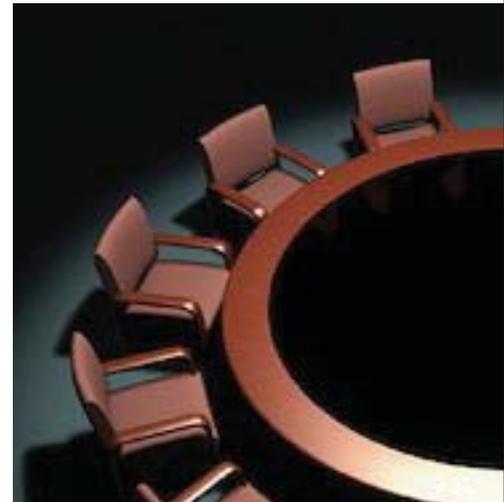
- Integrity of the company's financial statements
- Compliance with legal requirements
- Independent auditors qualification and independence, and
- Performance of the company's internal audit function and independent auditors

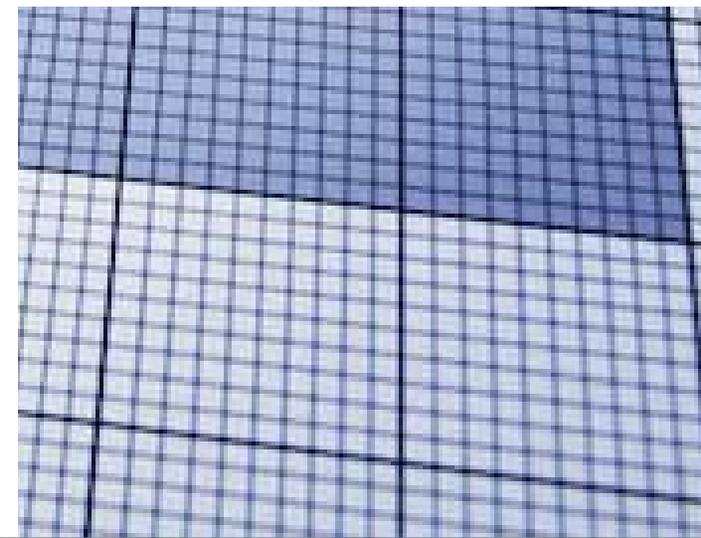
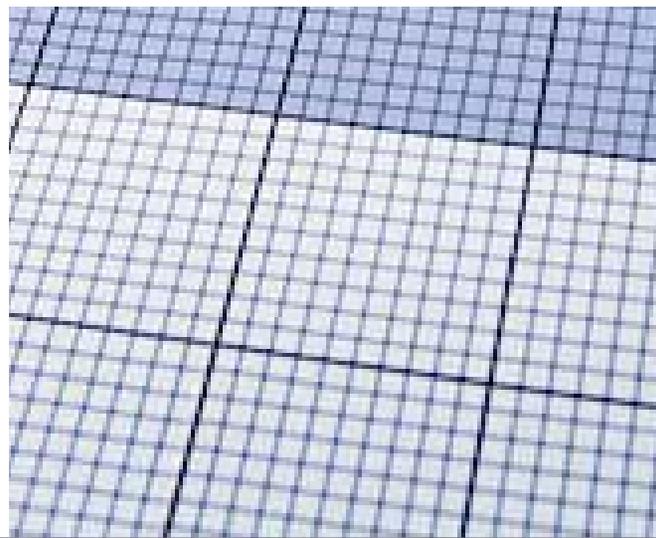
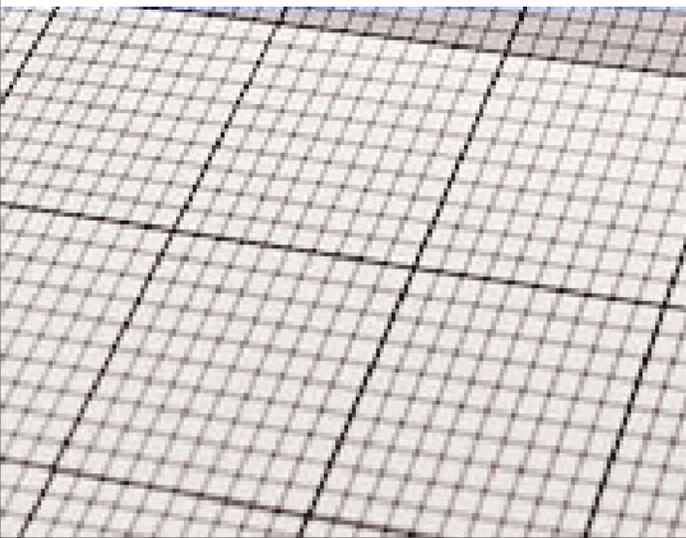
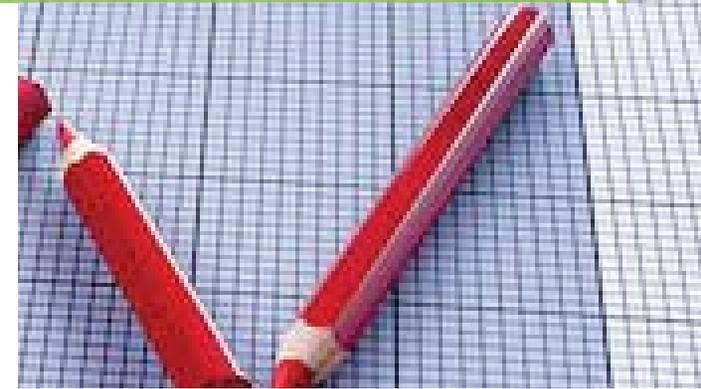
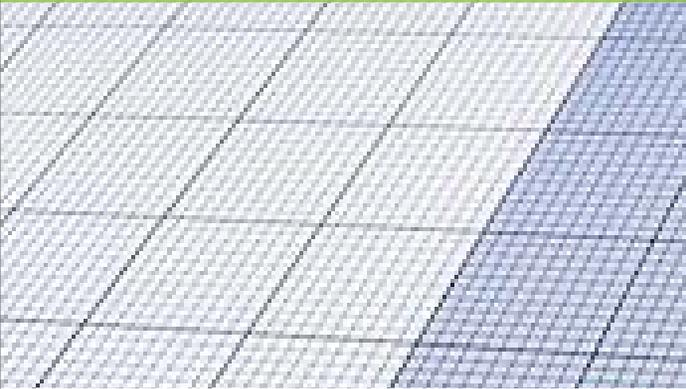
Board Investment Committee

The committee reviews and provides guidance to the Board about proposed mergers, acquisitions, divestitures and similar transactions.

Responsible for:

- To oversee the investment programs of the company and its subsidiaries
- To review the investment transactions made by the company and its subsidiaries
- To review the company's Capital Plan and to review and provide guidance to the Board on significant financial policies and matters of corporate finance, including the company's dividend policy and the issuance or retirement of debt and other securities.







A number of goals and projects were set to be achieved by the end of the year, most of which have been completed. Highlights given below:

Performance Targets 2009	Status 2009
Company wide TRIR target of less than 0.45	Company wide TRIR is 0.28
DHARKI - Make progress in PSRM towards achieving Program Excellence rating of 4 in 2010	External Audit conducted by DuPont in 2009 and achieved rating close to excellence (3.86)
ZARKHEZ - Progress PSRM to achieve skills level rating of 3.0 in 2010 & PSM Skills Level Rating of 3.0 in 2011	On track
MARKETING (Agri Business) - Get DuPont audit done in first half and prepare for satisfactory rating 3.0 by DuPont at end of the year	PSM audit by DuPont carried out and 3.0 plus rating achieved
Achieve OHIH Skill Level Rating of 3.0	Awareness training carried out and worked on action plan for 3.0 rating in progress
Finalize and Implement Evaporation Ponds Lining Project	Lining project initiated and pond lined as planned
Conduct environmental audit to further improve environmental management system according to international benchmarks	Environmental Audit conducted by British Safety Council (BSC) and a bench mark rating of 3 star was awarded to Engro's Environmental Performance placing it in "Good" category. Areas of improvements have also been identified.

Performance Targets 2009	Status 2009
Pursue growth opportunities for fertilizer business in North Africa	Tunisia bid submitted and continued engagement with OCP
Develop rice business to be operational in 2009	Trading started, A/R approved and land for the plant purchased
Achieve 94% project completion on EnVen by end-December 2009	89% completion achieved. Impact of increase in quantities 3.2% and Labor Strikes 1.6%.
Increase Employee Engagement and encourage staff to volunteer for CSR activities	Employee Volunteer Program branded as EnVison rolled out
Technical Training Centre (TTC) implementation with classes to start in September 2010 and Vocational Training Centre (VTC) classes to start in February 2009 in Dharki for local students	TTC; First round of funding received, CEO recruited, land purchased & building design finalized. VTC; 55 trainees in two batches trained as pipefitters.
Completion of all social projects identified for 2009	All achieved except marketing eye camps due to security situation





Corporate Objectives 2010

Business

- Achieve consolidated Profit after Tax approved as part of Corporate Plan
- Finalize strategic vision for petrochemical business and obtain endorsement from BoD
- Complete viability assessment study for Thar mining and launch detailed feasibility study for mining and power
- Deliver EnVen on time and within budget
- Pursue phosphatic fertilizer opportunities in North Africa & crystallize one project
- Continue expansion of domestic foods portfolio and begin implementation of overseas opportunity
- Launch public debt product
- Demonstrate strategic viability of outsourcing model in Avanceon
- Implement Rice Project as per approved AR

Health, Safety & Environment

- Implement central system after obtaining Board approval
- Human Resources
- Transition of Executive and top talent to Engro Corp.
- Implement and roll out HR Policies based on guiding principles approved by BCC.
- PA and Corporate Communication
- Position Engro Foundation as key social spend vehicle.
- Leverage contribution budget through PPAF and execution through partner organizations.
- Establish Engro Corp. identity.



Stakeholder
Engagement

With Our Investors

Engro holds at least 4 Analyst Briefings every year to apprise investors about quarterly and end of the year financial results as well as to respond to related queries. The briefings are widely attended by analysts working with security and asset management companies.

Engaging Communities around Engro Fertilizers Plant site - Dharki

Being a socially responsible organization, Engro considers it its prime responsibility to keep the neighboring stakeholders aware of operational hazards of its business and mitigation measures in place. To achieve this objective in a meaningful and structured way, the Community Awareness and Emergency Response (CAER) program was formulated and launched in Dharki in district Ghotki in 2007.

Community Awareness and Emergency Response Programme (CAER)

CAER seeks to enhance awareness and capacity of communities living around its manufacturing site to initiate counter actions in case of any catastrophic failure at Engro's fertilizer plant. Under the umbrella of CAER, the company also focuses on improving the living standards of its host communities by fostering sustainable development in these communities.

In 2010 CAER seeks to expand its ambit to villages within 2 kilometer radius of its Dharki plant.

Third Party Assessment of Engro's Major Stakeholder Groups

A third party assessment was sought by Engro to get an objective feedback on its CSR activities, and to highlight the success stories and shortcomings. Gallup Pakistan was entrusted with the task of undertaking a detailed assessment.





The methodology used was focus groups and interviews with mothers and fathers of children studying in the Sahara, TCF, and Engro adopted schools, as well as the students of the Vocational training center and also from the teachers.

A quantitative data was collected and on the basis of that, certain recommendations have been made that are contained in this report.

In 2009, Gallup was commissioned as an independent, third party agency to carry out a comprehensive qualitative assessment of Engro's major stakeholders which included the following groups:

- **Beneficiaries:** Parents of students, Students, Patients
- **Service Providers:** Teachers, Principals, Headmasters/ Headmistresses, Doctors
- **Opinion Leaders:** Community elders, Government officials, Association Representatives

We do our bit, but there is always room for improvement. Engro's CSR interventions:

As a responsible corporate entity with a large footprint in its area of operation, Engro strives to extend its action beyond its plant site. It accepts responsibility to the communities around its area of business and has undertaken many interventions to improve their health, education and livelihood opportunities. However, we at Engro realize that there is always room for improvement, and for that an independent assessment was undertaken.

Key findings follow on the next page:

Table 7: Key Findings from Gallup Study of Engro’s Major Stakeholder Groups

<p>Engro’s Investments in Education Facilities</p>	<p>Stakeholders’ satisfaction levels were high with TCF Engro school, Sahara school, katcha schools while satisfaction levels were low with government adopted schools</p>
<p>Engro’s Investments in Health Facilities</p>	<p>Most of the stakeholders had high satisfaction levels with Snakebite Clinic, Marie Stopes Clinic, Dar ul Shifa Clinic, Eye Care Center, but low satisfaction levels with Engro’s Kidney Dialysis Centers and Mother Child Center</p>
<p>Engro’s Investments in Vocational Training Facilities</p>	<p>Students had high level of satisfaction with training facilities</p>

As was the objective, the points highlighted in the third party assessment will serve as a roadmap for the future engagements in social initiatives. The feedback received indicates that while there is a positive perception of the role of Engro in the sectors where it is intervening, there is need for a greater clarity and higher profile within the communities. Following were their recommendations:

- Call from the communities to upscale the level of interventions. For instance, where Engro is assisting in the education sector, many parents felt burdened by the peripheral expenses like books, uniforms etc of the children who were being provided free education.
- Teachers wanted a lower student teacher ratio, better monitoring and accountability of the teaching staff.
- In the health sector interventions, there was a ‘demand’ for 24/7 availability of medical staff, and expansion of the existing health facility infrastructures. The doctors feedback was also for the provision of more facilities.
- In case of the skills development, and technical/vocational training, the feedback was about upgrading the school to a college level and assimilation of the trainees into the Engro workforce.





These and other recommendations contained within the third party report will enable Engro to improve its social initiatives and forge a better relationship with all its stakeholders, in keeping with its CSR vision.

Community Dialogue

A program on community relations was aired for six months featuring the following:

- (a) Public service messages on agriculture and livestock
- (b) Interviews with Engro's key stakeholders to improve local communities' awareness about Engro's contributions as a corporate citizen

The interviews were conducted on site by the FM91 team and interviewees included doctors and patients at Engro's health facilities; teachers, parents and students at Engro's educational facilities; community elders from villages where Engro has invested; and Engro's management and employees

With Our Customers

- Annual Engro Champion Dealer Conference 2009 Egypt. Engro held a 3 day conference which gave an opportunity to the dealers and the Engro Fertilizers team to mingle in an informal manner, further strengthening mutual beneficial relationships.

With Our Employees

- **EnVison (Engro Volunteers In Service of the Nation)**

EnVison is a platform launched in 2009 for employees to volunteer their time for important social and public welfare causes. The initiative is managed by a team of Engro employee volunteers through EnVison Council, responsible for implementing and promoting volunteering opportunities among employees across Engro companies

- **Marketing Conference (MARCON) 2010 Sri Lanka**

MARCON was an attempt to bring employees and their families closer. The Engro Fertilizers marketing team talked about achievements of the previous year and discussed marketing strategies and expansion plans for the year ahead.

- **WEAVE**

Is a platform which brings together women from across all Engro companies functioning as a social networking and support group.

Capacity Building of Farmers for Higher Agricultural Productivity

<p>Market Development Activities Seminars are organized by Engro where technical experts from various private and public sector institutions engage in interactive sessions with farmers to help them solve their problems and guide them towards latest farming practices</p>	<p>Number of farmers 91</p>
<p>Farmer Meetings – Meetings/Sessions conducted by Engro staff in villages and towns to enlighten the farmers of the latest farming techniques and guide them on to maximize yield from their crops</p>	<p>525</p>
<p>Demo Plots – Demonstration plots where a comparison of conventional farmer techniques and latest farming practices is shown in the form of an applied trial which helps strengthen the practical application of the latest technology</p>	<p>292</p>
<p>Soil Samples – A free value addition service offered by Engro, which involves taking a sample from the farmers’ field and analyzing it for nutrients and providing a report along with recommendations on right kind of fertilizers to use to improve crop yield.</p>	<p>10,425</p>

<p>Farm Visits – Involves visits of Engro staff to farmers where they guide and advise farmers on queries and help them improve their crop yield through soil analysis and other agronomic indicators.</p>	<p>Number of farmers 10,558</p>
<p>Knowledge Enhancement- Brand Activation The following are the major highlights of brand activation activities held in the year to educate farmers of Engro’s products and best practices.</p>	<p>34,903</p>
<p>Total Farmers Reached</p>	<p>56,794</p>

Engro also hosts an online discussion forum (Engrozarai.com) where the farming community shares different experiences and discusses agronomic matters with experts.

In addition to the above, Engro continued its sponsorship of various welfare projects and events through its marketing team in 2009; these included an annual sport festival at Khudian Khas, free medical camp at Syedanwala Farms, donation to children hospital at Multan, and sponsorship of kabbadi melas at Bahawalpur and Sheikhpura.



Employees and Organizational Development



Engro provides 'Energy for Growth' through building capacity of employees by making changes and meeting challenges'

Engro Corp. formerly known as Engro Chemicals Pakistan Limited embarks upon the largest expansion witnessed in the history of fertilizer business, both in the country and organization's history.

2009 has been a year of changes, challenges and opportunities for Engro both in context of employee development and talent management. Building its strength from talent management initiatives and the resultant growth in scope of Engro's operations, several diversity management as well as employee retention and development initiatives were driven to maintain our competitive edge of a learning and productive workforce.

Engro's strategic human resource management provides the systems, policies and practices to achieve this objective by engaging, developing and rewarding its human capital.

Numerous facilities were introduced and redesigned to ensure continued support to employees. Some of the major initiatives this year included expanding entitlement to 'Housing Subsidy' for new employees joining the company, increasing the life insurance limit for non-management staff and revised 'Medical Assistance Plan' and Engro's Car Earn Out policy were availed by many.

With the intent to retain and nurture our talent and encourage diversity, Engro has taken a number of diversity and talent management initiatives this year to ensure a conducive and flexible workplace. Focus groups, surveys, best practices' study and diversity audits were conducted by task force consisting of representatives from across the Engro companies, to assess the company's diversity climate as well as identify areas of concern and desired outcomes.





The first phase of these initiatives included launch of policies on part time work, off-track work, and non-discrimination and anti harassment. These policies aim to institutionalizing the desired cultural norms within the company and aligned with best international models and practices on gender diversity and diversity management.

The second phase of diversity initiatives included special measures to promote diversity management. This was achieved by formation of Engro Women Network, branded as “WEAVE”, which is serving as a social networking and support group for Engro women across all Engro companies. In addition, a dedicated Day Care Center has been planned for Engro employees that will house up to 20 children. It will include all amenities for children’s care, health, mental and social development, and the facility is expected to be operational in 2010.

An informal learning forum called “Engro ‘Baithak’” has been launched in the last quarter of 2009 to promote self development and learning for all employees. Three sessions have been held thus far where guest speakers of international repute were invited to interact with employees.

Engro shows commitment to its workforce despite the financial crisis in 2009.

- In 2009 200+ contractual staff was converted to permanent employees.
- Engro believes in diversity and consciously approached inclusion in its hiring practice giving equal opportunity to all across the organization

Table: Management Employees

Company	Management Employees	Women	Men
Engro Fertilizers + EXIMP+ CORP	362	31	331
Engro PowerGen/EEL	50	5	45
Engro Polymer & Chemical Ltd	184	18	166
Engro Foods+EFSCS	280	50	230
Engro Vopak	17	3	14
Avanceon	110	13	97
TOTAL	1003	120	883

* data as of March 2010

Organizational and employee development initiatives are important contributing factors to hire retention and low attrition rates. In 2009, Engro experienced a 33% lesser attrition rate than 2008.

- Engro Fertilizers Limited two brands, Engro Urea and Zingro, were awarded the prestigious ‘Brands of the Year Award’ respectively.
- Engro Fertilizers Limited won the “National Forum for Environment and Health” annual environment excellence awards for the sixth consecutive year.
- Engro Corporation Ltd won the “Best Sustainability Report” joint award by ACCA-WWF for its 2008 CSR Report
- Engro Corporation Ltd was rated as the top Pakistani company in a survey of 200 top public listed companies in Asia by Asian Sustainability Rating (ASR); please refer to Box 3 for further details.
- Engro Corporation Ltd was honored with the Investor Relation Award by CFA Association of Pakistan.
- Engro Polymer & Chemicals Limited won the “National Forum for Environment & Health” annual environment excellence award for the fourth time.





Health,
Safety and
Environment
Policy



We aim to be recognized as a world-class performer in the field of Health, Safety and Environment Management.

ENGRO resolves to:

- Conduct its business in a manner that protects the health and safety of employees, contractors, others involved in our operations and the community in which we operate;
- Continuously improve environmental performance to achieve sustainable development;
- Strengthen its business by making Health, Safety and Environment (HSE) considerations an integral part of all business activities;
- Comply with all laws and regulations;
- Practice, transparent public reporting of the HSE performance;
- Ensure that HSE is a major respon-

sibility of appropriately trained, empowered and accountable employees and management;

- Promote a culture of learning and practicing HSE management among employees and contractors;
- Encourage off-the-job HSE awareness among employees and families.

Asad Umar



Engro's Approach to Health, Safety, and Environment (HSE)

We conduct our business in a manner that protects the health and safety of our employees and the communities in which we operate. We also abide by all local environmental laws and regulations including National Environmental Quality Standards (NEQS)

We continually strive to align our HSE management systems and processes to international best practices including Occupational Safety and Health Administration (OSHA) and Dupont Workplace Safety Standards.

Our HSE systems and processes are regularly assessed and audited internally as well as independently by third parties. In addition, HSE performance and programs at Engro are annually reviewed at the board level.

The following aspects are hallmarks of the HSE systems at Engro:

Process Safety

At Engro, process safety information and operating and maintenance procedures are designed to identify and understand the hazards posed by processes involved in operating the plant and handling highly hazardous chemicals.

We use structured inspection and quality assurance mechanisms to

ensure safety of our operations. In the construction of new plants and equipment, we ensure that the fabricated and installed equipment is suitable for process application.

All the changes to process safety information, operating and maintenance procedures and facilities are duly controlled through a robust change management system.

Workforce Safety

Every Engro employee involved in plant operations is given an overview of the process and operating procedures, with an emphasis on the specific HSE hazards, emergency operations including shutdown, and safe work practices applicable to the employee's job tasks.

We also keep our employees trained and up-to-date on all technological changes and ensure control mechanisms duly account for employees' performance on safety related aspects of their jobs.



Table 2: Safety Statistics 2009 across Engro Corp Companies

company	Million Man Hours	Total Recordable Injury Rate (TRIR) Combined	Fatality	Lost Work Injury (LWI)	Recordable Injuries
Engro Fertilizers Ltd	28.3	0.28	0	3	39
Engro Polymer & Chemicals Ltd	3.07	0.84	1	2	13
Engro Vopak Terminal Ltd	0.47	0.43	0	0	1
Engro Foods Ltd	9.5	0.32	0	4	15
Avanceon	1.35	0	0	0	0
Engro Eximp Ltd	6.53	0.12	0	0	4



Workplace Health

The Occupational Health program at Engro includes industrial hygiene and occupational medicine aspects, focusing primarily on reducing health risks of employees. We monitor our employees regularly vis-à-vis the risks they are exposed to, taking all necessary steps to reduce these exposures.

Risk Management and Emergency Preparedness

Engro's direction on emergency response and planning is two-fold:

to strengthen systems and procedures according to world class safety standards and to conduct the business in a socially responsible manner. We employ comprehensive emergency plans at our sites which include defining key roles in case of release of hazardous chemicals; simulation exercises to ensure preparedness; and surprise drills to respond to emergencies.

Environmental Performance

Being a socially responsible company, Engro has a continuous focus on

environmental aspects of its operations and mitigation of their impacts.

Environmental awareness is deeply rooted in our work culture since the company's inception in 1968. Various environmental projects have been carried out since then, and we are continuously investing to upgrade our systems and improve our standards to international benchmarks.

HSE Progress Achieved in 2009

The company strives to maintain safety as per international standards

DuPont's Safety Management System has been adopted to ensure alleviation of possible risks to its employees. In addition to which, Environment, Occupational Health, and Industrial Hygiene and Safety occupy prime significance at the Dharki plant area

The DuPont system consists of two components, Process Safety & Risk Management (PSRM) and Behavioral (Personnel) Safety Management (PSM):

In 2009, the company was selected for a detailed case study on its HSE Management Systems by UN Global Compact. The case study is available on the UNGC and Engro Corp's websites for further reference.

Engro Fertilizers Ltd also won the "National Forum for Environment and Health" Annual Environment Excellence Award for the sixth consecutive time last year.

Urea Manufacturing Plant Site

During 2009, Engro continued to maintain high HSE standards. Urea manufacturing

site achieved a Total Recordable Injury Rate (TRIR) of 0.34. The site has achieved 5.45 million man-hours (MMH) without Lost Work Injury (LWI) to employees and 3.17 MMH without a LWI to contractors.

Fertilizer Expansion Project (EnVEN) achieved a record of 29.6 MMH without a LWI, which was interrupted by an LWI to a third party contractor worker. The year end TRIR of expansion project site was recorded as 0.27. However, achieving this TRIR is a commendable performance by all international standards.

Overall the success in safety numbers and statistics has been accomplished through continuous focus on both behavioral and process safety aspects to arrest injury causes and unsafe situations that could have potentially led to injuries. In addition, substantial efforts to improve site safety leading indicators have also contributed to sustaining excellent safety results.

Zarkhez Plant Site

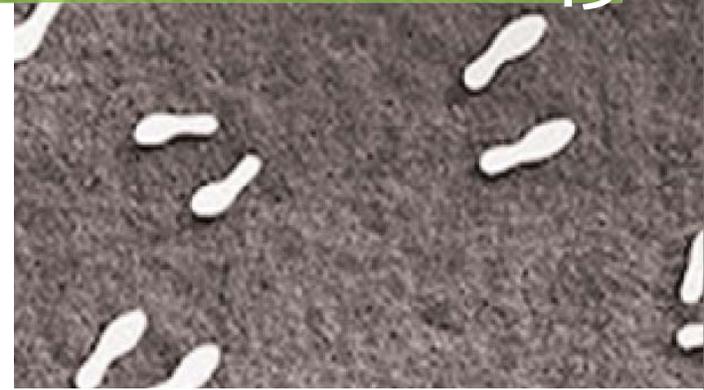
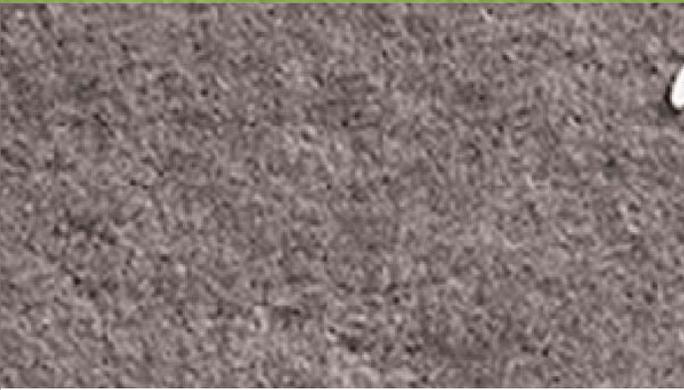
Zarkhez employees completed 4.6 MMHs without an LWI, which was then interrupted by an LWI to a third party contractor worker. Zarkhez team achieved the combined TRIR of 0.3 by year end. Zarkhez plant kept on educating their employees on

Dupont alignment work in the areas of Personnel and process safety management.

Marketing Division

Post restructuring of marketing operations in Engro, the focus remained on HSE training especially behavioral safety in 2009. The year marked several remarkable achievements by Marketing Division. External audit on PSM of Marketing Division was carried out by DuPont. Marketing Division also achieved OSHA compliance, hence becoming the first fertilizer marketing division of any company in Pakistan to have achieved this milestone.

Marketing TRIR for the year remained 0.84 due to few injuries. Marketing sales force continued to excel at Safe Driving by achieving 24.82 million kilometers over a period of 29.2 years without an LWI.



2009 Environmental Footprint Data





Engro believes environmental consideration is critical to upholding responsible business operations

Engro has worked hard at monitoring, controlling and reducing wastes while conforming to relevant environmental standards. There has been consistent progress in all its key environmental performance indicators, namely, effluents, greenhouse emitting gases, ozone-depleting gases, hazardous and non-hazardous wastes, and natural resource management with respect to waste reduction, energy conservation, and compliance.

In 2009, 100% compliance of Self Reporting to Environment Protection Agency on effluents and emissions was achieved. After discontinuation of Ozone depleting Chlorofluorocarbons (CFC's) in air conditioners, replacement of Hydro CFC's is

underway in a phased manner with normal replacement cycle of air conditioners.

In 2009, use of chlorine from Cooling Water System was eliminated at Utilities-2 plant and Sodium Hypochlorite was introduced as the alternative. Similarly project is in place to eliminate use of chlorine from Utilities-1 Cooling water system.

The Company has taken one step forward towards achieving excellence in Environmental Management Systems by engaging British Safety Council for 5-star Environmental Audit of the Environmental Management Program of Engro. Engro scored 3-star in the first environmental audit conducted by British Safety Council in February 2009 classified as "good" by per BSC rating.

Effluents

Total effluent generation discharged to canal was 1.18 million cubic meters in 2009.

Effluent per ton of Urea remained 621 gallons per ton versus 578 gallons per ton in 2008. This increase in effluent by 7.4% was primarily due to addition of effluent from Domestic Effluent Treatment Plant.

During 2009, parameters like ammonia, pH, TDS etc. remained normal. Suspended solids content in clarifier effluent to canal decreased to 132 ppm in 2009 versus 491 ppm in 2008. This reduction in suspended solids content is due to a modification which enabled proper distribution of effluent in the settling pits along with better operational control. Moreover, the recycling of suspended solids pit effluent to plant water intake was started from September 2009.

Effluent generated due to foundation work carried out by EnVen Project was pumped out to canal separately.

Table 3: Breakdown of Effluents Released to Canal in 2009 by Base Plant

Effluent to Canal							
Parameters	Units	2005	2006	2007	2008	2009	NEQS
pH		8	8	8	8.1	8.1	6 ~ 9
Chromium	ppm	0	0	0	0	0	1
Zinc	ppm	0	0	1	0.4	0.5	5
Iron	ppm	1	1	1	1.5	1.03	8
Ammonia	ppm	9	12	19	111.3	23	40
Grease & Oil	ppm	1	1	0	2.47	2.7	10
TSS	ppm	36	46	100	136.4	132	200
Chlorides	ppm	392	445	348	377.1	234	1000
TDS	ppm	1904	2102	1964	2967.2	1564	3500
BOD	ppm	4	5	8	10.7	16	80
COD	ppm	32	27	25	47.7	60	150

Emissions & Green House Gases

CO₂ generation per ton urea remained more or less consistent as last year (837 kg/ton versus 839 kg/ton last year). Total amount of CO₂ generated has also decreased (797 tons versus 835 tons CO₂ in 2008) primarily due to lesser production in 2009 as compared to 2008. Prill tower - 2 emissions showed slight decrease in particulate matter due to lesser throughput.

Ozone Depleting Gases

Freon 22 refrigerant consumption increased by 30% in Dharki site and by 60% at Zarkhez mainly due to non availability of CFC free A/C's in the market. Plan is in place to phase out Freon 22 with ozone friendly refrigerants (HFC's) like R134 and R407C as a next step to eradicate ozone depleting agents completely. No Freon 12 refrigerants were used, whose usage has been abolished since 2006.

Hazardous Waste

Generation of spent catalyst was 78 MeT in 2009. Chromate packing job remained suspended due to Expansion Project construction activities in the area, which blocked the access for the movement of vehicles in this area. Number of used mercury lights decreased from 2,096 in 2008 to 1,704 and will be sent for recycling.



Energy Index

Energy index showed deterioration from 37.40 KSCF/ton of Urea to 37.95 KSCF/ton of Urea due to unplanned plant outages and un-optimized plant operation during a CO₂ compressor breakdown for a month.

Natural Resource

Paper consumption at Dharki site and Zarkhez plant increased slightly. The reason for increase in paper consumption at Dharki site is mainly due to the documentation for EnVen project. Zarkhez plant's paper consumption increase is attributed to development of PSM//PSRM SOPs.

Total water consumed at Dharki was 5.89 million cubic meter versus 5.5 million cubic meter in 2008, increasing 11% from 1,635 gallons /ton (2009) versus 1,468 gallons per ton of urea in 2008.

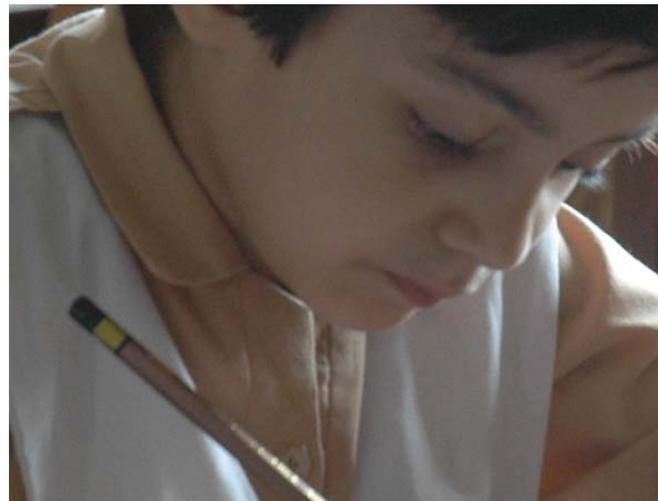
Zarkhez water consumption decreased by 6% (from 84 gallons per ton to 79 gallons per ton) as a result of water conservation project. Water consumption in manufacturing was higher versus previous year (2008), however in comparison to last 3 years, there is no significant change in water intake. The higher intake for 2009 may be attributed to water reservoir commissioning activities.

Vehicular Mileage & NEQS Compliance

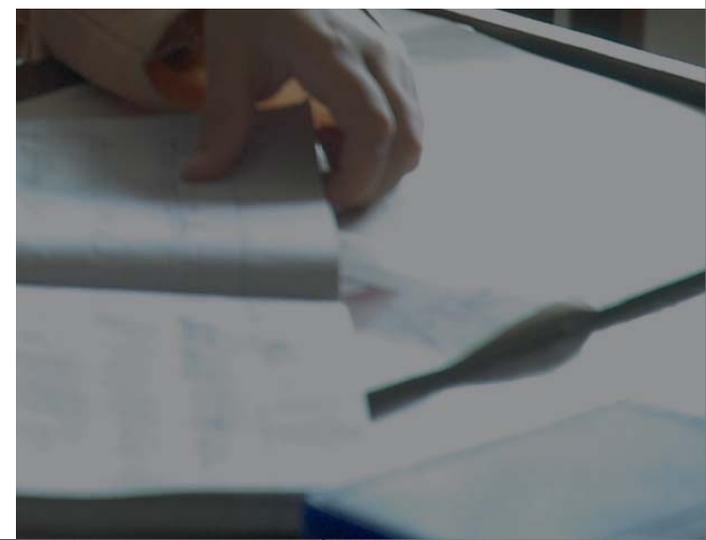
All company owned vehicles tested in Marketing were found to be NEQS compliant during 2009. However 2 vehicles in Manufacturing Dharki were found Non-NEQS compliant upon testing.



Engro's Social Investments



As part of enduring commitment to improve the quality of life for its stakeholders, especially host communities, Engro contributed over Rs. 58 million under its social investments portfolio in 2009. This is a substantial increase from last year, as we contributed over Rs. 40 million in 2008.





Engro Foundation

Engro has always remained at the forefront when actively contributing towards social activities through its affiliate companies in the spheres of health, education and philanthropic donations.

After a study and analysis on the social impact, of Engro's work in its operational areas, was conducted in 2009, the decision to create Engro Foundation was taken as the various activities were all similar in nature.

Engro Foundation was established to enhance the position of Engro Corporation as a key corporate socially responsible organization in the country and global level.

Engro Foundation is committed to growth of sustainable societies in which people have access to choices and opportunities for development.

The Foundation serves as a single platform for community engagement activities and social investments of Engro affiliates. By pooling their financial and managerial resources under the Foundation, Engro affiliates seek to create large scale social impact.

Engro foundation supports a range of partnerships with government, nonprofit organizations, and other industry players, to enhance the scale of our investments and ensure sustainability of our initiatives. Engro Foundation's major social investments are in education, health, water and sanitation, and other welfare activities. The Foundation's main geographical areas of focus are communities around our manufac-

turing sites and supply chains.

It also has employee giving and volunteering programs to support our employees' efforts in their communities.

Vision

“Promote growth of societies, around Engro's supply chain, in which people have equal access to choices, opportunities and exercise their rights”



Education Investments

Karachi School for Business and Leadership

Engro is playing a pivotal role in establishing a world-class business school in Karachi, named the "Karachi School for Business and Leadership", to produce future business leaders who can address the need of the city's large and diversified business sectors. The school is part of an agreement between Karachi Education Initiative (KEI) and Judge Business School (JBS), University of Cambridge. The school aims at developing innovative business leaders with corporate managerial and governance skills. Three kinds of programs will be offered by the school in a phased manner, i.e. Executive Development programs (2010), Master of Business Administration (2011), and Executive MBA (2012).

Till end 2008, donations of Rs. 40 million out of a total commitment of Rs. 100 million, which, by the end of 2009, had exceeded the amount as the contribution stood at Rs. 103 million towards this initiative.

Sahara Welfare Society Projects

Registered under the Voluntary Social Welfare Agencies Ordinance 1961, Sahara Welfare Society - located in an office adjacent to the Dharki plant - is a nonprofit organization managed by Engro employees and financed through employee and company contributions.





Sahara Community School

Through Engro's support, the Sahara Community School was established in 2002. The school educates 375 children from nursery through class 5, of which 172 are girls and 203 boys, taught by 18 teachers. To maintain quality, the school keeps a good teacher-student ratio with the annual intake of students being restricted to 30 children in each class.

In addition to regular classes, the school also holds non-formal classes where a five-year primary curriculum is covered in three years. The non-formal classes, which started in August 2006, are meant for overage children who cannot be admitted to regular classes. The first batch of 30 students graduated in 2009. Currently a batch of 56 students are benefitting from this program. In 2008, two batches consisting of 46 and 42 children respectively, benefitted from this program.

Teaching and Resource Center (TARC)

TARC was established in partnership with the Ali Institute of Education, Lahore, in 2000 to provide a dedicated resource for teachers' training. From 2000-2009, TARC has trained

2,510 teachers from various schools. In 2009 alone, TARC conducted 215 hours of training sessions to train 62 teachers from katcha schools, adopted government schools and the Sahara school.

TARC provides two kinds of training to the teachers. Through "Subject Based Training" sessions, teachers' knowledge and skills are built to deliver subject-specific classes in subjects like math, science, social studies and languages (English, Urdu, and Sindhi). While through "Strategy Based Professional Development Training" sessions, the teachers are trained in lesson planning, teaching methodologies, class room management, child psychology, motivation, time management, stress management, team building, conflict resolution, co-curricular activities etc.

This institute has been progressing in leaps and bounds, as can be seen from the figures below:

Teaching and Resource Center (TARC)			
	2007	2008	2009
No. of Teachers	43	45	62
No. of Hours	225	150	215

Katcha Schools' Program

Under this program, Engro is supporting 11 primary schools in different villages of the katcha (riverine belt) area along the Indus since 2001. Currently, 1,247 students are enrolled in these schools. The following table provides a snapshot of the program.

Adopted Government Schools Location	Students		No of Teachers
	Boys	Girls	
Noor Lakhan	198	75	6
Sattar Dino Sundrani	184	35	4
Abdul Hafeez	62	8	1
Jam Sundrani	139	26	3
Qabool Khan Sundrani	55	17	2
Rab Nawaz Chachar	49	21	2
Nazar Mohammad Indhar	101	9	2
Tindan Lakhan	28	13	1
Hazara Khan Lolai	61	7	3
Ghazi Chachar	62	13	1
Akbar Ali Chacher	76	8	2
Total	1015	232	27

Engro's support ensures provision of free education for all children enrolled at these katcha schools. Engro's contributes furniture, text books, stationary items, and other teaching and learning materials for the students, teachers, and the schools. In addition, twenty four teachers at the eleven katcha schools are employed on Sahara's payroll through Engro's financial support to address teacher shortages. Regular teachers' training for the katcha school teachers is provided through TARC.

It is important to mention that these schools serve as the first and only access to education for the children in these deprived communities which suffer from extremely poor social and economic development conditions. These areas - based in an ecologically fragile area prone to frequent flooding in rainy seasons - lack basic health, education and infrastructure facilities, and have traditionally suffered from high crime rates. Local communities support the formation of these schools and are appreciative of Engro's efforts to provide education for their children.





Government Schools' Adoption Program

Initiated in 2004, this program enables Engro to identify and adopt government schools in neighboring villages with support from the provincial education department and local communities. Currently Engro supports 14 adopted schools (both boys and girls) in neighboring villages around Dharki and Qadirpur with an enrollment of 1603 students.

The following table presents a snapshot of the program.

In 2008: there were 10 schools in 8 locations imparting education to 2,234 students

Adopted Government Schools Location	Students		No of Teachers
	Boys	Girls	
Bagho Bhutto	150	0	5
Jung	25	215	6
Kaloo Buriro	53	0	3
Siddique colony	410	0	10
Bago Bhutto	0	86	2
Jan Mohammad Bughio	45	160	3
Kotlo Mirza	0	61	2
Natho Bhutto	8	32	2
Kotlo Mirza	22	0	2
Syed Noor Hassan Shah	52	80	3
Gull Mummah Arbani	35	15	2
Jumma Arbani	45	30	2
Rashid Arain	41	38	3
13 Schools	886	717	45*

*This number includes teachers on both government and Engro's payrolls; all teachers have access to teachers' training provided by Engro under TARC.

Engro's support has led to improvements in physical infrastructure and academic standards of the adopted schools and in turn contributing to increased demand for enrollment in these schools. Engro's interventions in these schools involves the support activities such as

- Provision of teaching and support staff,
- Training of teachers,
- Physical maintenance, and provision of missing facilities
- Organization of co-curricular activities, and
- Provision of essential stationery

From the time Engro started taking steps to assist in raising the educational standard of the children of the communities residing within its area of operation, there has been a marked upward movement in the number of students enrolled.

For instance, where there were 982 students in 2007, in the 11

Katcha schools Engro was assisting, the number rose to 1224 in 2008, and in 2009, there were 1247 students studying in these schools.

The Sahara school too has shown an overall improvement. Starting with 320 students, it now educates 375, the number of teaching staff has gone up from 14 to 16, while the support staff has been doubled, from 5 to 10, and where the school earlier had 10 rooms, now there are 11.

Various stakeholders including government officials, principals, teachers, parents and local communities continue to express their appreciation for Engro's efforts towards creating a conducive environment and improving the quality of education for their children.





Health Investments

Snakebite Treatment Facility

Engro's snakebite treatment facility, housed at the Engro Clinic at Dharki, is a one-of-a-kind facility available for snakebite victims in Ghotki and surrounding districts. The facility is open round-the-clock with professionally trained paramedic staff available to attend to patients.

Since its inception, the snakebite clinic has treated nearly 86,000 patients and saved innumerable lives. In 2009, the facility treated 6540 patients, of which 1042 patients were administered the anti-snakebite venom (ASV) serum. 2009 witnessed the highest number of snakebite patients ever treated in Engro Clinic. The last highest number was 5727 in year 2006. In 2008 alone, over Rs. 2 million were spent on treatment of snakebite patients. graph on the following page shows the number of patients treated over the year, with a peak in the July-September months when snakes are most active as a result of the monsoon season.

Anti-Snakebite Venom (ASV) Serum at the Engro Snakebite Facility

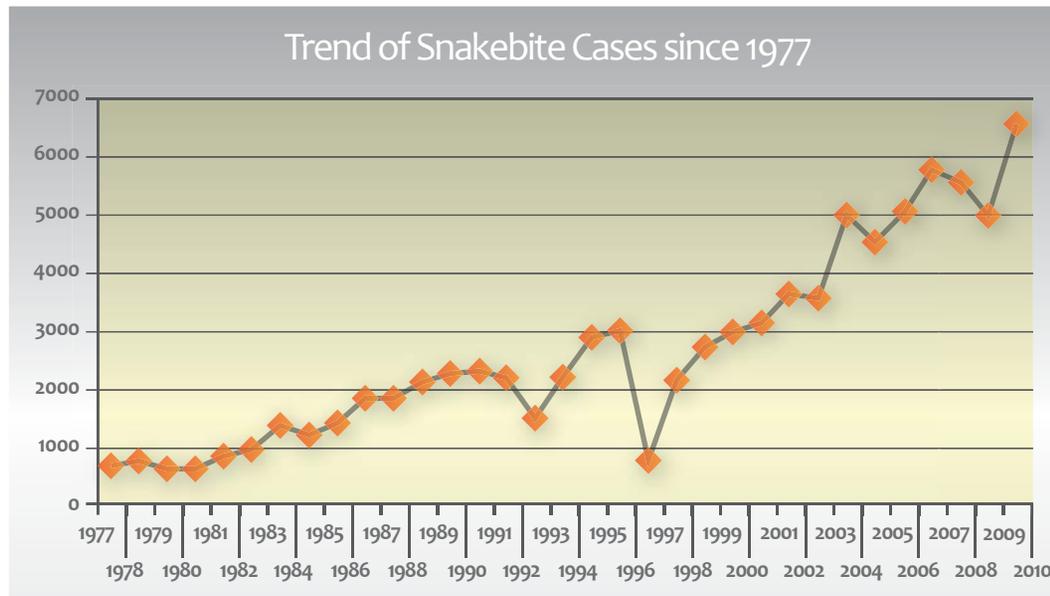
As the ASV serum is not produced locally,

the company imports the serum from India and provides it free of cost to patients. The polyvalent ASV serum, administered to snakebite patients at the facility, is effective against the venom of all four common species of snakes in the area, including the Russell Viper, Common Cobra, Common Krait, and Saw Scaled Viper.

There is no commonly available monovalent ASV primarily because there are no objective means of identifying the snake species in the absence of a captured snake. It is important to note that not every patient needs ASV serum and many patients recover with only supportive medication. ASV must be administered when there are definite signs of envenomation (i.e. unbound, free-flowing venom can only be neutralized when it is in the bloodstream or tissue fluid). It is critical that the patient showing symptoms of envenomation receives the ASV serum as soon as possible because progression of symptoms becomes difficult to halt if the manifestation begins.

The average cost for one vial of polyvalent ASV serum is Rs. 1,360, and required dosages can vary from 4-5 vials (Viper) to as many as 8-10 vials (Cobra). Children and pregnant women receive the same ASV dose as adults. The administration of the serum is decided taking into consideration the severity of the patient's condition.

Note: The graph indicates an upward trend over the last thirty one years, from 1977-2009, with one sharp dip in 1996; this was due to a disruption of ASV serum supplies in that year.

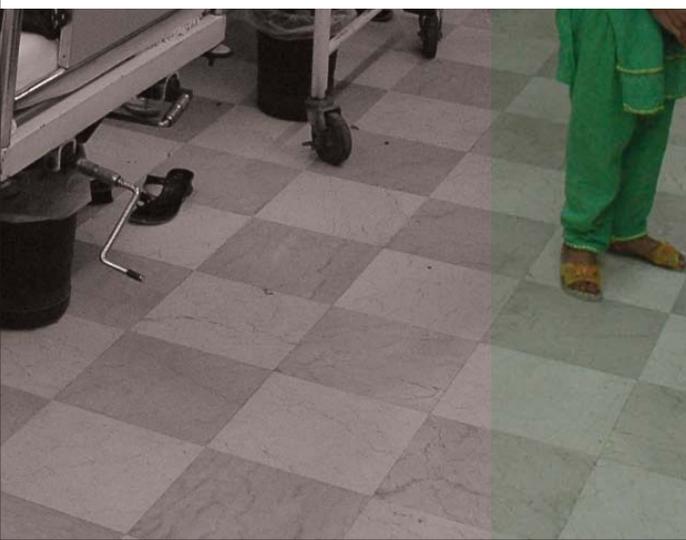


Dar ul Shifa Clinic

Since 2002, the Dar-ul Shifa Clinic, an evening clinic in a dedicated room at Sahara Welfare Society, provides free medical consultation services to patients (mostly women and children). The clinic has treated over 47,000 patients since its establishment. In 2009, 4,073 patients availed this facility and received free or highly subsidized medicines. The most commonly treated medical ailments

were respiratory tract infections (over 60% of total patients treated), skin diseases (approximately 24% of total patients treated), and gastro-intestinal tract infections (over 9% of total patients treated). The highest number of patients treated by the clinic in 2009 were children (1,901 or nearly 47% of total patients), followed by women (1,791 or around 44% of total patients) and men (381 or 9% of total patients).





Clinic in partnership with Marie Stopes Society

Since 2005, Engro has been working in partnership with Marie Stopes Society to support a weekly clinic on Sundays in a dedicated room on the premises of the Sahara Welfare Society. Between 2005 and 2009, the clinic has offered reproductive health and general medical consultation services to over 9,000 patients. 2,226 patients benefitted from the services offered by the clinic in 2008, while 2,353 patients in 2009.

Engro Thalassemia Center

In 2008, the Engro Thalassemia Center in Sukkur, housed at Sukkur Blood & Drug Donating Society, provided free blood transfusion

facilities to 4,413 patients. Of these patients, 3,309 girls and 1,104 boys received blood transfusions.

.In 2009, the Engro Thalassemia Center in Sukkur, housed at Sukkur Blood & Drug Donating Society, provided free blood transfusion facilities to 5,217 patients. Of these patients, 1,855 girls and 3,362 boys received blood transfusions.

This facility serves as a critical life saving function for the most vulnerable children who are the main users of the facility, many of whom travel with their parents from far away communities to avail this facility.

Kidney Dialysis Centers

Established with Engro's support in 2001 and 2005 respectively, two dialysis centers are operating in government hospitals at Dharki and Mirpur Mathelo. These centers offer free dialysis services to the needy patients with ongoing financial support from Engro for the running costs. In 2008, the two facilities jointly conducted a total of 867 dialyses for patients (525 at Mir Pur Mathelo; 342 at Dharki). Patients visit these facilities not only from surrounding areas, but also from far flung areas like Kashmir and Rahim Yar Khan.

Malaria Control Program

Engro continued to work closely with local health department to promote healthy living in the Dharki Union Council in 2008 by helping to effectively control the threat of malaria in surrounding villages. The inefficient drainage systems in these villages cause water pools to form, which in turn serve as breeding grounds for

mosquitoes. Engro's contribution consisted of fuel and anti-malarial insecticides for two anti-malarial spraying campaigns. These spraying campaigns were held in July and September, considered peak months for the spread of malaria, in Dharki and villages of Jam Abdul Fateh, Raharki, Kahir Mohammad, Fateh Pur and Dad Lighari.

Polio Immunization Campaign

Engro partnered with the Department of Health, Government of Sindh, and World Health Organization to undertake 10 polio immunization campaigns in Taluka Dharki in 2008. On average, 55,000 children were vaccinated during each campaign. Engro's contribution consisted of providing logistical support in the form of hired vehicles for mobilization of polio immunization teams in far-flung areas for the entire length of the campaigns, as well as providing lodging and boarding facilities for WHO teams.

Earthquake Relief in Balochistan

In response to the devastation caused by the earthquake in Balochistan in October 2008, Engro provided 4,000 cartons of milk as part of the primary relief efforts. The milk cartons were distributed among the earthquake affectees of seven union councils of Ziarat and Pishin districts in Balochistan, in partnership with Hisaar Foundation.

Eye Camp in Sahiwal

With Engro's support, a two-day free eye camp was organized on November 14 and 15, 2008 at Sahiwal by the Al-Shifa Eye Trust Hospital. This event was well publicized for the benefit of local communities and there was a large patient turnout. Over 900 patients availed the facilities at the camp, 600 patients received free medicine, while 300 patients received free eye glasses. 120 patients were diagnosed for surgery at Al-Shifa Eye Hospital, Rawalpindi, with the traveling expenses borne by Engro.



Skill Development and capacity building within communities

Vocational Training Program

Engro successfully concluded arrangements to launch a Vocational Training Program at Dharki in January 2009 to promote employment opportunities for local youth by expanding the pool of well trained and skilled labor. Initial training is provided by highly skilled and experienced in-house faculty from Engro Fertilizers, and includes classroom instructions and hands-on practical training in the professional environments, conducive for learning at the Dharki urea manufacturing facility.

In 2009, two batches of 55 students have completed training. Of these, 30 students are employed in Descon, surrounding industries while several have found jobs in the Middle East. Second batch has completed its class work and hands on training, will be certified in January 2010 as per plan.

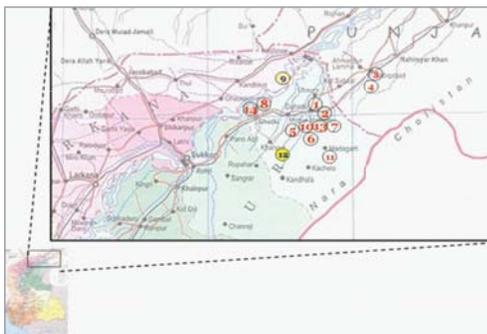
Sahara Arts & Crafts Center

The Sahara Arts & Crafts Center was established in 2003 to impart vocational training to females in the surrounding communities to enhance their income generation skills. The center has four well qualified instructors who provide training in different skills including drafting, cutting, stitching, hand embroidery, machine embroidery and adda embroidery. All training activities of the center are designed and carried out in accordance with the curriculum of the Sindh Board of Technical Education.

Since its inception, the center has trained over 900 students in various arts and crafts, including 43 who enrolled in diploma courses. In 2009, the center imparted training to 128 students in stitching and embroidery, while an additional 2 enrolled in the diploma course.

Technical Training Center (TTC)

Engro continues to spearhead efforts to establish a Technical Training Center in Dharki, District Ghotki, to develop skilled labor for the energy and chemical industrial cluster located in Upper Sindh. 14 industries are located in this region (as shown on the map 1); however, they all face shortages of adequately trained local labor. Expanding the pool of locally available trained labor is expected to reduce social frictions, improve corporate-community relations, and boost the local economy.



TTC is governed by the Pakistan Chemical and Energy Sector Skill Development Company (PCESSDC) which makes all decisions regarding recruit-

ment, financing, curriculum, selection criteria for students etc. In 2009, CEO for PCESSDC has been recruited; 16.14 acres of land has been bought on Raharki Road, while other formalities have also been completed or are in progress. In addition, affiliation with national / international accreditation bodies for diploma and short duration training courses to be offered by TTC is being sought.

Infrastructure Schemes

Engro regularly contributes towards improving basic infrastructure in the local communities through drainage and brick-paving schemes to improve hygiene and health conditions. In 2009, an open drain scheme was completed in Kotlo Mirza village while a brick payment scheme was completed in Syed Noor Hasan Shah village. Engro implemented both these projects in collaboration with PPAF and SRSO through community mobilization. In addition, two drain schemes were also completed in Jung colony.



Philanthropy

Relief Activities for IDPs

In response to the IDPs' suffering caused by security operations in Malakand division, various Engro affiliates provided support of over Rs. 3 million in cash and kind. In addition, 4 milk trucks and 2 water filtration plants were donated for IDPs' relief. Total contributions, in cash and kind, for IDPs exceeded Rs. 8 million.

Engro Corp and its affiliates provided financial support to over 50 organizations in 2009 which are listed in table below.

Table 15- Various Organizations Supported in 2009

- Marie Adelaide Leprosy Center
- Karwan-e-Hayat
- Project Hope - Telemedicine Project, JPMC
- Sukkur Blood and Drug Donation Society
- Kidney Centre
- Sindh Institute of Urology and Transplant
- Fatimid Foundation
- Lady Dufferin Hospital
- AKUH Patients Welfare Society
- Medical Aid Foundation (Rahat Kadda)
- Behbud Association of Pakistan
- IDA RIEU Poor Welfare Association
- Dar-ul-Sukoon
- Al Mehrab Tibbi Imdad (Cancer Hospital)
- Hussaini Blood Bank
- Thalassemia Patients Welfare Care Centre Nawabshah
- Pakistan Association of the Blind
- Child Aid Association
- LUMS National Outreach Program
- IBP School of Special Education
- Karachi Education Initiative
- TCF Engro Campus, Daharki
- Dream Foundation Trust
- WWF Indus River Dolphin Conservation Program
- World Food Program
- Edhi Foundation
- Pakistan Red Crescent Society
- Mir Khalil ur Rehman Foundation
- Omar Asghar Khan Foundation
- Prime Minister Relief Fund
- UN High Commissioner for Refugees
- Chief Minister Punjab Fund for Swat
- All Pakistan Women's Association
- Panah Trust
- Rotary Club
- Network of Organizations Working for People with Disabilities (NOWPDP)
- Family Education Services
- Children Health and Education Foundation
- Al Ibrahim Eye Hospital
- Markaz-e-Umeed
- Pakistan Centre for Philanthropy
- Textile Institute of Pakistan
- Karachi Press Club
- Old Association of Kinnaird Students (OAKS), Kinnaird College
- Lahore Businessman Association Rehabilitation of the Disabled (LABARD)
- Pakistan Navy Engineering College
- Civil Hospital's Poor Patients Aid Society
- Medical camp at Syedanwala Farm Kasur
- Rescue 1122- R.Y.Khan
- Al Noor Trust



Foundation of Engro's sustainable strategy:
Balancing growth with Responsibility!



Commitment to UN Global Compact and Global Reporting Initiative

Engro met or exceeded nearly all sustainability goals for 2009. This year again we report our sustainability performance using UNGC and GRI-defined voluntary disclosure indicators, collated through a process of internal review and external validation.

Within the context of our current growth strategy and from the perspective of sustainable stakeholder benefit, our report shares what we perceive as unique challenges and opportunities emerging from our expanding products and markets. It depicts our continuous efforts to align our business objectives with the evolving needs of society, today and in the future

Aligning the Ten Principles of UNGC and GRI Compliance

The Global Compact asks 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 which are aligned and articulated through the GRI framework and set of indicators as reproduced below:



10 UN Global Compact Principles	Relevant GRI 3 Indicators
<p>Human Rights</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;</p> <p>Principle 2: Make sure that they are not complicit in human rights abuses.</p>	<p>Human Rights</p> <p>EC 5, LA 4, LA 6–9, LA 13–14, HR 1–9, SO 5, PR 1–2, PR 8</p> <p>HR 9, SO 5</p>
<p>Labor Standards</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: The elimination of all forms of forced and compulsory labor;</p> <p>Principle 5: The effective abolition of child labor;</p> <p>Principle 6: The elimination of discrimination in respect of employment and occupation.</p>	<p>Labor Standards</p> <p>LA 4-5, HR 1–3, HR 5, SO 5</p> <p>HR 1–3, HR 7, SO 5</p> <p>HR 1–3, HR 6, SO 5 EC 7, LA 2, LA 13 – 14, HR 1 – 4, SO 5</p>
<p>Environment</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p>	<p>Environment</p> <p>EC 2, EN 18, EN 26, EN 30, SO 5</p>

10 UN Global Compact Principles	Relevant GRI 3 Indicators
<p>Environment</p> <p>Principle 8: Undertake initiatives to promote greater environmental responsibility;</p>	<p>Environment</p> <p>EN 1–30, SO 5, PR 3–4</p>
<p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies.</p>	<p>EN 2, EN 5–7, EN 10, EN 18, EN 26–27, EN 30, SO 5</p>
<p>Anti-Corruption</p>	<p>Anti-Corruption</p>
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>SO 2–6</p>

The performance of the company in all these parameters is reflected in GRI 3 Tables the following section.

GRI 3 Performance Indicators	
Economic Performance Indicators	
ASPECT : ECONOMIC PERFORMANCE	Rs million
EC1 Direct economic and distribution.	<p>Direct economic value generated</p> <p>Revenues 32,125</p> <p>Economic value distributed</p> <p>Operating costs 23,016</p> <p>Employee wages and benefits 1,551</p> <p>Payments to providers of capital</p> <p>- Financial Institutions 1,321</p> <p>- Shareholders 1,617</p> <p>Payments to government 1,607</p> <p>Community investments 42</p> <p>Economic value retained 2,964</p>
EC2 Risks and Opportunities for the organization's activities due to climate changes	-

GRI 3 Performance Indicators

GRI 3 Performance Indicators	
<p>EC3 Coverage of the organization's defined benefit plan obligations</p>	<p>Senior management of Engro is engaged in exploring the opportunities related to the issue of climate change. Engro will invest on developing alternative energy and less carbon-intensive sources, especially solar geysers.</p> <p>Engro provides competitive compensation and benefits to employees' vis-à-vis other top companies in the market.</p> <p>Engro offers a structured, grade wise defined benefit gratuity scheme for management and non-management employees.</p> <p>Additionally, Engro offers defined contribution pension plan to management employees with the company contributing a fixed percentage of basic salary. The company also operates a defined contribution provident fund for its management & non-management employees.</p>
<p>EC4 Financial assistance received from government.</p>	<p>No significant financial assistance received. Rs 4,997 m, received on account of lower feed gas prices was passed on to farmers in the form of lower Urea prices.</p>

GRI 3 Performance Indicators

GRI 3 Performance Indicators	
ASPECT : MARKET PRESENCE	
EC5 Range of ratios of standard wage compared to local minimum wage.	Average salary for non management employees is Rs. 22,623, in comparison to Rs. 6,000 as defined by law (2:1). Engro does not use minimum wage rules to define compensation strategy for employees, but does comply with any applicable minimum wage requirement
EC6 Purchases from local suppliers	Decided as per situation
EC7 Local hiring and proportion of senior management hired from the local community.	Equal opportunity employer at all locations
ASPECT : INDIRECT ECONOMIC IMPACTS	
EC8 Infrastructure investments and `services provided for public purposes.	Refer to Social Investments Section
EC9 Significant indirect economic impacts, including the extent of impacts.	Refer to Social Investments Section

GRI 3 Performance Indicators

GRI 3 Performance Indicators			
Economic Performance Indicators			
ASPECT : MATERIALS			
EN1 Materials used by weight or volume.	Material	Quantity	Unit
	natural gas	36,170	MMSCF
	water	1,558,261	K Gal
	lube oil	828	drums
	Resin	7,050	lit
	Anthracite	8.75	MeT
	lime	135	MeT
	coating earth	14	MeT
	vehicle batteries	29	no.
	mercury lamps	1,704	no.
Paper	3,500	reams of 500 sheets of paper	
EN2 Recycled input materials.	NIL		

GRI 3 Performance Indicators				
ASPECT : ENERGY				
EN3 Direct energy consumption.		Material	Quantity	Unit
	Direct Energy consumption by primary energy source	Natural gas	36,170	MMSCF
	Direct energy source produced	Natural gas	399,529,445,784	GJ
EN4 Indirect energy consumption	NIL			
EN5 Energy saved due to conservation and efficiency improvements.	<p>VFD installation at selected motors carried out which has reduced power consumption.</p> <p>26000 Giga Joules of energy were saved due to VFD installation project</p> <p>20.45 MRs were saved due to energy efficiency.</p>			

GRI 3 Performance Indicators

GRI 3 Performance Indicators							
<p>EN6 Provide energy-efficient or renewable energy based products and services.</p>	<p>Replacement of a control valve (HIC-141) at ammonia-2 plant has reduced startup time by 10 hours resulting in low CO2 emissions from Ammonia plant.</p> <p>The scope of the VFD installation at different motors is being expanded and new VFDs will be installed in 2010 to ensure maximum saving.</p>						
<p>EN7 Initiatives to reduce indirect energy consumption and reductions achieved.</p>	N/A						
<p>ASPECT : WATER</p>							
<p>EN8 Total Water withdrawal.</p>	<table border="1"> <thead> <tr> <th>Material</th> <th>Quantity</th> <th>Unit</th> </tr> </thead> <tbody> <tr> <td>water (from canal and ground)</td> <td>5,898,660.52</td> <td>m³/year</td> </tr> </tbody> </table>	Material	Quantity	Unit	water (from canal and ground)	5,898,660.52	m ³ /year
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water (from canal and ground)	5,898,660.52	m ³ /year					
<p>EN9 Water sources significantly affected by withdrawal of water.</p>	NIL						
<p>EN10 Percentage and total volume of water recycled and reused.</p>	NIL						

GRI 3 Performance Indicators

GRI 3 Performance Indicators				
ASPECT: BIODIVERSITY				
EN11	Location/scope of land owned near protected areas/areas of biodiversity value	NIL		
EN12	Factors that help biodiversity.	NIL		
EN13	Habitats protected or restored.	NIL		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	NIL		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NIL		
ASPECT: EMISSIONS, EFFLUENTS, AND WASTE				
EN16	direct and indirect greenhouse gas emissions.	Material	Quantity	Unit
		CO ₂	797,426.35	MeT
		CO	2,080.033	MeT

GRI 3 Performance Indicators

GRI 3 Performance Indicators					
EN17 Other relevant indirect greenhouse gas emissions.		NIL			
EN18 Initiatives to reduce greenhouse gas emissions		NIL			
EN19 Emissions of ozone-depleting Substances by weight.		Material	Quantity	Unit	
		Freon 22	0.405	MeT	
EN20 NO, SO, and other significant air emissions.		Material	Quantity	Unit	
		NOX	524	MeT	
		SOX	74	MeT	
		Particulate matter	1,186	MeT	
EN21 Total water discharge by quality and destination.		Material	Material	Quantity	Unit
		1187798.623	NH ₃	23.0	ppm
		m ³ /year	SO ₄	600.0	ppm
		313783200	COD	60.0	ppm
		gallons per	BOD	16.0	ppm
		year [TK-	Oil	2.7	ppm
		417 to canal	Zn	0.5	ppm
		for 2009]	Cl	234.4	ppm
			TDS	1,563.6	ppm
			SS	132.1	ppm
		NH ₃	23.0	ppm	

GRI 3 Performance Indicators

GRI 3 Performance Indicators			
	Material	Quantity	Unit
EN22 Waste	Stored in waste yard		
	LTSC catalyst	78	MeT
	anthracite	8.75	MeT
	Resin	7,050	lit
	total batteries	29	ea
	total mercury bulbs	1,704	ea
	total tube lights	4,022	ea
	total bulbs	3,664	ea
	asbestos	570	sheets
	caustic sludge	8	MeT
	Mol Sieve	14	MeT
	old catalyst	6.48	MeT
	spent carbon	4.5	MeT
	Stored in land fill		
	coating earth	14	MeT
lime	135	MeT	
Freon 22	0.405	MeT	
EN23 Significant spills.	NIL		
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.	NIL		
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.	NIL		

GRI 3 Performance Indicators

GRI 3 Performance Indicators											
<p>ASPECT : PRODUCTS AND SERVICES</p> <p>EN26 Actions to reduce environmental impacts of products and services.</p>											
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GRI 3 Performance Indicators

GRI 3 Performance Indicators			
EN27 Products sold and their packaging materials that are reused.	NIL		
ASPECT: COMPLIANCE			
EN28 fines sanctions for non compliance with applicable laws.	NIL		
EN29 environmental impacts from transport	NIL		
EN30 Total environmental protection expenditures and investments by type.	Material		
	Quantity		
	Unit		
	Costs of non product outputs		0.50
Fine for noncompliance with environmental regulations	NIL	NIL	NIL
Treatment and disposal of waste			

GRI 3 Performance Indicators

	Material	Quantity	Unit
Treatment of emissions	NIL	NIL	NIL
Expenditures for purchase and use of emissions certificates	NIL	NIL	NIL
Depreciation of related equipment, maintenance and operating material and services, and related personnel cost	N/A	N/A	N/A
Insurance for environmental liability	N/A	N/A	N/A
Clean-up cost	NIL	NIL	NIL

GRI 3 Performance Indicators

	Material	Quantity	Unit
Personnel employed for education and training		2	Salaried employees
External services for environmental management		ISO-14001 by SGS	
External certification of management systems		5-star Environmental Audit by British Safety Council	
Personnel for general environmental management activities		E & IH Advisor and Engineer	
Research and development	NIL	NIL	NIL

GRI 3 Performance Indicators

GRI 3 Performance Indicators				
		Material	Quantity	Unit
	Extra expenditures to install cleaner technologies	NIL	NIL	NIL
	Extra expenditures on green technologies	NIL	NIL	NIL
	Other environmental management costs	NIL	NIL	NIL

Social Performance Indicators

1. Labor Practices & Decent Work

Performance Indicators

Aspect: Employment

LA-1 Total workforce by employment type, employment contract and region

Employees by Contract Type

Management	612
Non Management	529
Graduate Trainees	28
Trade Apprentices	151
Total	1,320

Dharki based	883
Karachi based	172
Other locations (Mktg)	265
Total	1,320

LA-2 Rate of employee turnover.

Attrition (%)

Total	6.89
Manufacturing	6.00
Marketing	8.68
Corporate Services	8.72

Social Performance Indicators

Social Performance Indicators																	
	<p>Permanent Employees</p> <p>By Gender</p> <table border="0"> <tr> <td>Male</td> <td>6.67</td> </tr> <tr> <td>Female</td> <td>0.23</td> </tr> </table> <p>By Age</p> <table border="0"> <tr> <td>Below 30</td> <td>4.09</td> </tr> <tr> <td>30 – 50</td> <td>2.80</td> </tr> <tr> <td>50+</td> <td>-</td> </tr> </table> <p>By Region</p> <table border="0"> <tr> <td>Daharki</td> <td>5.55</td> </tr> <tr> <td>Karachi</td> <td>13.37</td> </tr> <tr> <td>Other Locations</td> <td>7.17</td> </tr> </table>	Male	6.67	Female	0.23	Below 30	4.09	30 – 50	2.80	50+	-	Daharki	5.55	Karachi	13.37	Other Locations	7.17
Male	6.67																
Female	0.23																
Below 30	4.09																
30 – 50	2.80																
50+	-																
Daharki	5.55																
Karachi	13.37																
Other Locations	7.17																
LA-3 Benefits provided to full-time employees	Full time employees have life and health insurance coverage. Other facilities include loans, bonus and housing assistance. (only offered in certain cases at Plant site, Dharki)																
Aspect: Labor / Management Relations																	
LA-4 Percentage of employees covered by collective bargaining agreements	40 %																
LA-5 Minimum notice period regarding operational changes.	Notices as specified in relevant applicable laws																

Social Performance Indicators

Social Performance Indicators		
Aspect: Occupational Health & Safety		
LA-6 Percentage of total workforce represented in health & safety committees.	100 %	
LA-7 Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities.	Total work force (employees)	685
	Independent contractors working on-site	684
	Whether first aid is included in injury data	YES
	Lost days mean	Scheduled work days
	Lost days count begins	the day after the accident
	Injury rate	0.34
	Occupational disease rate	0.00
	Lost day rate	0.00
	Absentee rate	0.00
	Fatalities	0.00
	System of rules applied in recording and reporting accident statistics	OSHA

Social Performance Indicators	
<p>LA-8 Programs to assist workforce members, their families or community regarding serious diseases</p>	<p>Engro offers medical benefits to employees and their families, covering preventive, diagnostic and treatment services. Programs and assistance vary by location and other criteria including age, employment category, and include:</p> <ul style="list-style-type: none"> - Onsite Clinics in Karachi and Dharki - Employees offered periodic (two year) health assessment exams - Educational courses - Free Eye Camps(with marketing office) - Partnership with AKUH for employees to be trained in First Aid and CPR
<p>LA-9 Health and safety topics covered in formal agreements with trade unions</p>	<p>Yes</p>
<p>Aspect: Training & Education</p> <p>LA-10 Average hours of training per year per employee.</p>	<p>Inhouse soft skill training man-hours/ employee for 2009 = 6.3 hrs</p> <p>Professional/ Technical skill training man-hours/ employee (MFG) = 16.6 hrs</p> <p>Aggregate total = 11.4 hrs approx</p>

Social Performance Indicators

<p>LA-11 Programs for skills management and lifelong learning.</p>	<p>Trainings to develop:</p> <ul style="list-style-type: none"> - Supervisory Skills - Leadership Skills - Six Sigma (white, yellow, green and black belt) trainings - Performance Management & Appraisal Systems - Classroom Trainings - Other behavioral interventions
<p>LA-12 Percentage of employees receiving regular performance reviews</p>	<p>100%</p>
<p>Aspect: Diversity & Equal Opportunity</p> <p>LA-13 Composition of governance bodies and workforce.</p> <p>LA-14 Ratio of basic salary of men to women.</p>	<p>Board of Directors: All male Age group 34 to 67 years</p> <p>Management & Corporate HSE Committees: All male Age group 36 to 55 years</p> <p>Distinction based on talent, not gender</p>

Social Performance Indicators	
2. Human Rights Performance Indicators	
Aspect: Investment & Procurement practices	
HR-1 Consideration of human rights clauses in regard to investments	NIL
HR-2 Human rights in the supplier chain.	NIL
HR-3 Training & Education in human rights	NIL
Aspect: Non-Discrimination	
HR-4 Total number of incidents of discrimination and actions taken	NIL
Aspect: Freedom of Association & Collective Bargaining	
HR-5 Operations where freedom of association and collective bargaining may be at a significant risk and actions taken.	NIL

Social Performance Indicators

Social Performance Indicators	
<p>Aspect: Child Labor</p> <p>HR-6 Operations where there is a risk for of child labor and actions taken</p>	NIL
<p>Aspect: Forced and Compulsory Labor</p> <p>HR-7 Operations identified as having significant risk for incidents of forced & compulsory labor actions taken.</p>	NIL
<p>Aspect: Security Practices</p> <p>HR-8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights.</p>	<p>total number of security personnel 21</p> <p>%age of security personnel who have received formal training 100%</p> <p>whether training requirements also apply to third party organization provising security personnel Yes</p>
<p>Aspect: Indigenous rights</p> <p>HR-9 Total number of incidents of violation involving rights of indigenous people and actions taken</p>	NIL

Social Performance Indicators	
3. Society Performance Indicators	
<p>Aspect: Community</p> <p>S-O1 Programs for evaluating the operations impact on communities.</p>	<p>Environmental Impact Assessments are carried out to assess impact of new facilities or processes introduced</p>
<p>Aspect: Corruption</p> <p>S-O2 Business units analyzed for risks related to corruption</p>	<p>100%</p>
<p>S-O3 Employees trained in organization's anti-corruption policies and procedures</p>	<p>100%</p>
<p>S-O4 Actions taken in response to incidents of corruption</p>	<p>No incidents reported.</p>
<p>Aspect: Public Policy</p> <p>S-O5 Participation in Public policy development and lobbying</p>	<p>Company plays an active role in policy development through various Government Ministries, Forums, e.g.</p>
<p>S-O6 Total value of financial contributions to political parties, politicians and related institutions by country.</p>	<p>NIL</p>

Social Performance Indicators

Social Performance Indicators	
<p>Aspect: Anti-competitive behavior</p> <p>S-07 Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes</p>	<p>CCP initiated a case on the 5 major fertilizer companies in Pakistan claiming a breach of Competition Ordinance. It was based on the claim that fertilizer companies display anti-competitive behavior when they tie in products to increase sales. We defended the claim by presenting data showing there was no evidence of tie-in sales. The case was heard by CCP and as requested by them, the sales data of our top 50 dealers was provided in Jan 2010. CCP has taken note of our evidence but decision on this matter is still awaited.</p>
<p>Aspect: Compliance</p> <p>S-08 Monetary value of fines for non-compliance with applicable laws</p>	<p>NIL</p>

Social Performance Indicators	
4. Product Safety Performance Indicators	
<p>Aspect: Customer Health and Safety</p> <p>PR-1 Life cycle stages in which health and safety impacts of products and services are assessed.</p> <p>PR-2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety.</p>	<p>NIL</p> <p>Non applicable as urea is a nitrogeneous best for crops.</p>
<p>Aspect: Product & Safety Labeling</p> <p>PR-3 Product Labeling and Information</p>	<p>Engro's products do comply with labeling requirements laid down in the laws and regulations of the country, namely, the Provincial Fertilizer Control Order. These include the net weight of the bags, the chemical name of the fertilizer inside the bag and the chemical composition of the fertilizer in addition to the name of the manufacturer and marketer.</p>

Social Performance Indicators

	<p>Our extensive market development field force appraises the users at large through farmer meetings and one to one direct contact about the dosage and use of fertilizers in the farmer's fields.</p> <p>Moreover we also print and distribute dosage and application guidelines for the consumers through the same contact mechanism and through our extensive dealer network through out the country. Some products also carry fertilizer recommendation cards inside the bags.</p> <p>Customer queries, regarding usage of our products and their application, are also answered. There is a provision of a free soil sampling service through our extensive field force having two fully equipped laboratories to test the soil samples, received from the farmers. We then recommend the optimal fertilizer usage based on the results of these analyses.</p>
<p>PR-4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.</p>	<p>According to Fertilizer Control Order, we are required to print date of manufacture on the bags; We have requested the relevant authorities for an amendment, as Fertilizer has a long shelf life and does not lose nutrients during increased storage periods. Matter is still pending final decision from the relevant authority.</p>

Social Performance Indicators

<p>PR-5 Practices related to customer satisfaction.</p> <p>Aspect: Marketing Communications</p> <p>PR-6 Programs for adherence to laws, standards, and voluntary codes.</p>	<p>Extensive brand health surveys are conducted every year through third party market researches and all product ranges in all operating locations are covered. Majority of the customers are overwhelmingly satisfied with the products and services being offered by Engro</p> <p>Marketing communication programs and materials are reviewed by specialists and comply with all local laws and regulations as well as Engro's Ethics Policy. This includes product marketing information on product packaging, literature, point of sales material like posters, banners etc, billboards, TV and radio advertising, news releases and other brand activation activities.</p>
<p>PR-7 Total number of incidents of non-compliance with regulations and voluntary codes.</p>	<p>NIL</p>
<p>Aspect: Customer Privacy</p> <p>PR-8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data</p>	<p>NIL</p>
<p>Aspect: Compliance</p> <p>PR-9 Monetary value of fines for non-compliance with regulations concerning the use of products and services</p>	<p>NIL</p>

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