



# values, sustenance, excellence



ethics & integrity



health, safety &  
environment



innovation &  
risk taking



our people



community &  
society



# SCOPE

Engro Polymer & Chemical Ltd. (EPCL) is pleased to announce the launch of sustainability report 2011 which focuses on its ethical, social, innovational and environmental performance based on Global Reporting Initiative (GRI) for the year 2011.

The report comprehends EPCL's five core values – namely Ethics & Integrity, Health, Safety & Environment, Innovation & Risk Taking, Our People and Community & Society. The purpose of this report is to share EPCL's attainments with its key stakeholders, emphasizing the basic organisational philosophy enclosed in the core values.

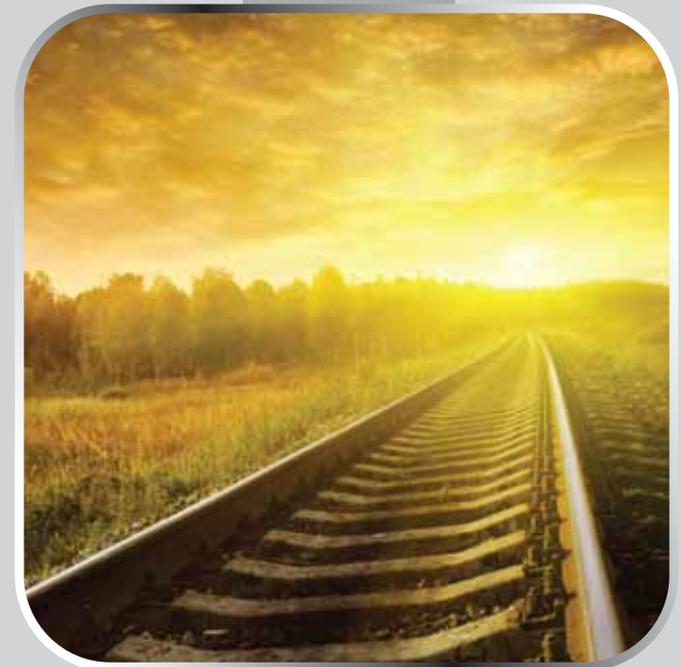
The report is also self assured and qualifies for the GRI-Application level A+, accredited as the most accepted standard for sustainability reporting. We would like to acknowledge the contributions of our valued team members and colleagues during the development of this sustainability report.

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This report is also available on our website.  
[www.engropolymer.com](http://www.engropolymer.com)



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# mission

Our mission is to achieve innovative growth which creates value for our stakeholders, customers and employees.

Our commitment is to maintain higher standards of ethics, safety and environmental responsibility.



# CEO's message



The year 2011 was indeed eventful, with the company continuing its focus and commitment on ensuring the element of Health, Safety & Environment along with sustainability in all areas of its operations. The year witnessed wide range of activities at Engro Polymer's production facility where production of VCM, PVC and Caustic Soda increased to the extent that Engro has started to export VCM to other countries.

It is indeed an honor to present our Third Sustainability Report which represents Core Values of the organization, with focus on Ethics & Integrity, Health Safety & Environment, Innovation & Risk Management, Our People and Community & Society. The Company maintains its focus on Community & Society to fulfill social responsibility and become responsible corporate citizens. Furthermore, a program for environment protection, water conservation, education and health to uplift social standards has also been devised.

It gives me great pleasure to be a part of the organization's commitment towards promoting environmental sustainability, enforcement of basic human rights, setting a new bar in terms of ethical practices, labor safety and health. The organization is one of the signatories of the United Nations Global Compact and has already inculcated the Ten Principles of the UNGC within its modus operandi.

During the year of 2011, the organization focused its social investments in the area of water conservation and launched various projects including the Demand Based Irrigation System and the Mini Drip Micro Irrigation Schemes to further bolster the agricultural infrastructure present in Abbottabad and Swat Valley alongside many other villages and far flung areas.

The company also maintained its focus on agricultural rehabilitation of flood affected communities of upper and lower Swat by providing local farmers with opportunities to help them generate income. The organization also worked with the Pakistan Army for installation of Hydro Power units at villages to provide electricity to people. I acknowledge the assistance extended to us by the Pakistan Army, without which these projects would have been impossible to undertake. Moreover, the company continued to work on its reforestation program launched in 2009, expanding its scope and planting more trees to compensate for trees felled for the sake of progress.

As one of the leading market players in a number of categories and having a number of strategic business units operating under the umbrella term of Engro, we realize that similar to the potential impact that our organization has on the state, our responsibility is also great. We vow to cut no corners in our endeavors to provide the community with opportunities to grow and to strengthen the social fabric of the country.

I am very grateful for the support of our shareholders, customers, employees and business partners to the Company and look forward to continue our mutually beneficial business relationship in 2012.



**Khalid Siraj Subhani**  
President & CEO  
Engro Polymer & Chemicals Ltd.

## sustainability strategy & focus



For EPCL, its core values define every aspect of doing business. Success for the company lies in practicing its belief system, and comprehending its core values in everyday life. The core value gives business a strategic direction which is governed by the company's board and spearheaded by its management.

EPCL employees seamlessly move from one role to another ensuring that their belief system are kept alive and sustain the values effortlessly and responsibly.

The sustainability report for the year 2011 is based on company's "CORE VALUES" and how they are advocated and implemented within operations. Aligned under the triple bottom line philosophy of People, Planet and Profit; company investment focuses on innovative ideas that result in improved solutions and services, improving Health, Environment and Occupational safety (HSE) systems, technological support programs, its people and improving socio-economic conditions of the community in which it operates thus benefiting society at large through its products and services.

### ethics and integrity

EPCL strongly believes in the demonstration of honest business behavior, ethics and integrity in all activities. The Company has established and maintaining highest course of integrity in professional environment thus encouraging its employees to maintain personal ethical standards at work place.

EPCL has designed its governance framework in accordance with the code of Corporate Governance and industry's best practices. The Company promotes the philosophy of fairness and transparent dealing approach of conducting its business. Board Audit Committee (BAC) and Board Compensation

Committee (BCC) have also been established to assist board of directors in monitoring normal business challenges. To maintain the system of Ethics and Integrity, Company has its proper governance policies and systems well in place.

*For further details related to Ethics & Integrity, GRI-Society performance, refer to chapter 01.*

### health, safety and environment

EPCL always prioritize Health, Safety and Environment as one of its fundamental core value and wants the business to operate safely and in an environmental friendly manner. Company educates its employees and contractors by engaging them in learning activities, run extensive programs for educating employees on the safety standards that are required for operations. To ensure continued focus on occupational and non occupational HSE, a certain portion of an employee's objective is based on maintaining HSE values within their domain.

In 2011, EPCL management continued its commitment towards maintaining safe business operations and was dedicated to achieve excellence in safety by implementing the world class safety systems such as DuPont PSM (personal safety management) & PSRM(process safety and risk management) as a result, company was awarded rating of 3.2 by the DuPont external auditors. The management ensures that high HSE standards are maintained in all aspects related to policies, procedures and trainings.

*For further details of Year 2011 HSE performance & GRI-Labor practices & decent work performance indicators, Product safety and environmental indicators, refer to chapter 02.*

## innovation & risk taking

EPCL believes in striving for accepting the challenges that are generated, nurtured and developed for the growth of organization. The company appreciate its employees to take challenges and encourage them to come up with innovative ideas that produce improved solutions and services, acknowledging the fact that not all risks will result in success.

One of the example is its recent expansion and back integration project that was initiated in 2007. Growth was set in motion in 2010, when EPCL became the only fully integrated chemical complex in Pakistan. The Company is the only manufacturer of PVC in the country besides manufacturing and marketing other allied products such as Caustic Soda and Hypochlorite and is now listed on all three stock exchanges of the country.

In 2011 EPCL achieved a sustainable and full load VCM plant operation, VCM production this year has increased by 53% and first ever VCM exports was done In Dec,2011.

*For further details of Year 2011 financial performance, business review & GRI-Economic Indicators, refer to chapter 03.*

## our people

EPCL strongly believes in human resource as its prime asset. It has around 410 employees at the end of 2011. Being a responsible employer, it strives

towards ensuring the highest occupational health and safety at workplace, improving employee training and skill development, excellent career support and compensation & benefits to promote the professional growth of employees.

The company care and respects its work force, in this regard several policies have been made to promote fair treatment, open dialogue, programs to maintain work life balance and eliminate discrimination and harassment.

In 2011 the company conducted an Employee Engagement Survey with the assistance of third party to provide an analysis and insight on the priority dimensions that has the greatest influence on employee engagement such as leadership, communication and information exchange, quality and customer focus, performance management system, training and development etc.

*For further details of Year 2011 Human Recourse related activities & GRI-Labor practices & decent work performance, Human Rights Indicators refer to chapter 04.*

## community and society

EPCL maintains its focus on active participation in social and community development programs. Sufficient resources are allocated to manage social-economic programs that revolve around changing lives and creating a valuable difference by targeting the communities within which it operates.

The community is served with the participation and commitment of key stakeholders including

management, employees and partners to provide handful benefits through its social investment based on its defined corporate investment guidelines. Company actively takes part in alleviating poor masses through philanthropic activities in times of crisis and disasters creating a positive impact as a responsible corporate citizen that supports the society at large.

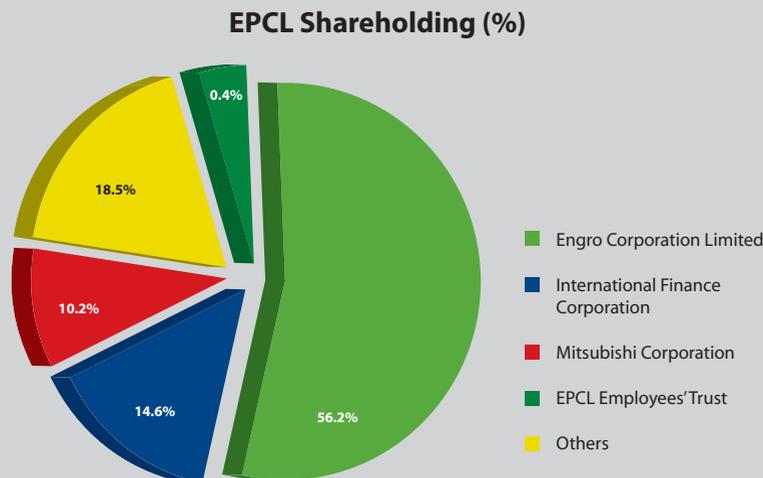
EPCL Corporate Social Responsibility Policy and Strategy is in line with its core values that focuses on environment & water conservation, education and awareness for empowering neighboring communities and benefiting society from all its products.

In 2011, the CSR financial commitment remained Rs. 6.5M which was mainly spent on environment & water conservation programs, flood rehabilitation activities in upper and lower swat mainly agricultural rehabilitation and setting up hydro power units at different villages for generating electricity for communities and bringing in much awaited development to this remote area of Pakistan.

The company's major social investment other than Go Green Drive was on water conservation programs such as installation of Demand Based Irrigation Schemes in Galiat, KPK that helped advocating the usage of PVC pipes utilized for conserving water. Through these agricultural rehabilitation schemes water was made accessible to the lands with great crop potential but having water scarcity and storage issues which resulted in increase crop yield using minimum amount of water.

*For further details of Year 2011 CSR activities & GRI-Society Performance Indicators, refer to chapter 05.*

Engro Polymer & Chemicals Limited (EPCL) was established in 1997 and after successfully commencing commercial production of VCM plant in 2010 it became the only fully integrated Chemical Complex in Pakistan. The company manufactures and market PVC under the brand name SABZ.



High quality Ethylene base Vinyl Chloride Monomer (VCM) and Ethylene Dichloride (EDC) were also produced in Pakistan's first and the largest Chlor-Vinyl Complex, using state-of-the-art technology and backed by Cryogenic Storage. This technological innovation has expanded the EPCL's capacity to operate which resulted expansion in productivity, self-reliance and assisted it to acquire customer base locally and internationally.

To enhance the product range, Expansion & Back Integration Project was initiated in the year 2007 with the investment of US \$260 Million. Strict quality control systems and dedicated distribution fleet are further designed to ensure that all its valued customers across the country receive timely supplies of the highest quality products.

PVC industry has enhanced country's economical growth by reducing dependency on imports and earnings from exports. Further, local salt industry has helped in the development of under-developed areas in Thar, Sindh.

Expansion also provided hundreds of direct and thousands of indirect jobs related to the chemical and PVC industry.

Products	Manufacturing Capacity
PVC Resin	150,000 T
Caustic Soda	107,000 T
Sodium Hypochlorite	20,000 T
Ethylene Dichloride	230,000 T
Vinyl Chloride Monomer	204,000 T

Table: Product and manufacturing capacity 2011

Plant Inputs		Plant Outputs	
Gas	131,933,825 M <sup>3</sup> / Annum	PVC	122 KT / Annum
Water	4,186,955 M <sup>3</sup> / Annum	Caustic Soda	100 KT / Annum
Steam	429,108 T / Annum	Sodium Hypochlorite	19 KT / Annum
Salt	153,046 MT / Annum	VCM	98 KT / Annum
Ethylene	57 KT / Annum	EDC	104 KT / Annum

Table: Product and plant manufacturing capacities 2011

Key Highlights 2011	
Net Revenue (Rs.)	168,886 M
Gross Profit (Rs.)	2075 M
CSR Spend (Rs.)	6.5 M
Loss Work Injury (LWI)	0 (zero)
Man Hours	1.580 M
Man Hours since last LWI	8.762

Table: Key highlights 2011

## accreditation

Accreditation is considered a standard through which an organization establishes practices which are in line with international guidelines. EPCL, with an aim to establish itself as not just a responsible corporate citizen but as an efficient organization, vying to consolidate its position as a market leader in terms of production and employee engagement. EPCL has had its operations verified and accredited by various international standards, information about which is given below:

## certifications

### hse certification

DuPont's Safety System is recognized among the best safety management systems in the world. In 2011, EPCL achieved a DuPont rating of 3.2 in the Personnel Safety Management systems (PSM) audit over and above the rating of 3 achieved in Process Safety and Risk Management (PSRM) in 2010.

The system provides overall safety guidelines regarding safety of process, safe work practices, risk management, quality assurance and advices regarding safety and manufacturing, storage and transportation of highly hazardous chemicals in a way that is in accordance with PSHA and EPA regulations.

### ems – ISO 14001 certification

EPCL received ISO 14001 Certification in 2010 through United Registrar of Systems Ltd. (URS), accredited by United Kingdom Accreditation Services (UKAS). Since then, the company has increased its focus on Environmental system resulting in the absence of reporting any non-conformity during Surveillance Audits. Upon further review in 2011, the organization was honored with the award for a second time.

### qms – ISO 9001-2008 certification

During the first year of embarking upon its operation in 1999, EPCL managed to acquire ISO 9001-2000 certification. This meant enhanced customer satisfaction through documented systems and procedures, setting high standards and meeting challenging objectives through training of personnel. In the year 2010, the Company was awarded ISO 9001-2008 certification which included the manufacturing and marketing areas of PVC resins.

### gri

Engro is Pakistan's first organization which has qualified for Global Reporting Initiative (GRI) certification. GRI is a network-based organization pioneering the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. This certification helped the Company to contextualize the reporting framework on standardized pattern and to plan, report and evaluate sustainability reports in a much better way. The Company secured A+ in 2009 and 2010 as the evaluation was done by a third party, later in 2011 it secured A+ on self evaluation basis.

## credibility

EPCL, through its decades of serving its valuable customers, being a responsible employer and corporate citizen, has cut no corners in ensuring and delivering upon excellence in all areas of its mandate. It has earned a substantial degree of credibility in regard to the aforementioned areas and continues to strive for brilliance.

### best corporate report awards 2011

EPCL's Annual Report achieved second position at the ICAP-ICMAP Best Corporate Report Awards 2011 for reporting on the Company's sustainability and financial outcomes of past year. The evaluation committee for annual report was presided by chairman FCA and FCMA; they judged it on the basis of an adequate establishment of clearly defined corporate objectives.

The criterion of the award was based on transparent disclosure of information regarding financials, stakeholders, Director's Report and corporate governance and the EPCL Report stood second in the overall categories.

### acca-wwf pakistan environmental reporting awards

ACCA-WWF Pakistan awarded EPCL with Best Environment & Sustainability Report Awards and applauded the company's effort for transparently reporting of its strong commitment to safeguard the environment and promoting sustainable development.

EPCL Environment Performance Reports have been winning ACCA-WWF Environmental Reporting Awards since 2005 to 2009 and after that the Company was disqualified due to having their representation in judges' panel. The Company is feeling honored to have its Vice President as one of the panel of judges of ACCA-WWF Forum.

### ungc global compact

In 2010 officially signed the UNGC to take part in the initiative and as an official commitment to follow the ten principles of the Compact, the program was signed to gain the highly prestigious worldwide benchmark of sustainable and socially responsible policies standard known as UNGC Global Compact. The Company participated in UNGC-Master Training Program as one of the leading participants among selected 20 candidates for the US ESCAPE program held in March 2011.

The EPCL aims to work in a principle-based framework with the UNGC that combines the efforts of other UN agencies, civil societies and local labor groups to counter human rights abuses, deterioration of environment and corporate corruption.

## appreciation and acknowledgement

Pakistan Army unit in Swat awarded EPCL team with the special appreciation shield for the rehabilitation activities in the flood affected area of Swat. The Company has further received appreciation from Brigadier Commander Operation of Swat and Nowshera.

## ethics & integrity

We do care how results are achieved and will demonstrate honest and ethical behavior in all our activities.

In a world plagued with corporate misdealing, espionage and financial ambiguity, an ethical perspective with which a corporation can operate seems entirely absent. However, EPCL takes pride in installing a sense of ethics and integrity in all its operations ensuring transparency and accountability from the point of inception of a product till the point of sale and after sale. EPCL has in place, a rigorous auditing and reporting framework with special emphasis on developing and maintaining a translucent system that assists employees in developing themselves as responsible adults.

Company has a monitoring and auditing framework which has been designed in accordance with the best practices observed within the industry and adheres to the Code of Corporate Governance. The Organization strictly believes in fair practices with its employees, and its customers. Furthermore, essential information pertaining to such activities is disseminated amongst the employees, stake holders, external bodies and the public.

Board Audit Committee (BAC) and Board Compensation Committee (BCC) have also been established to assist EPCL board of directors in monitoring and analyzing critical business risks.

## governance

Driven by the highest governance standards of Integrity and transparency and zeal to accomplish business goals and optimize individual performance, EPCL has aligned its governance framework to industry's best practices. The Board of Directors, senior management and principal Board Committees place significant emphasis on internal controls and ensure every employee is a part of the governance system and is required to adhere to clearly laid out policies and procedures.

Governance affects the way we direct our company and safeguard the interests of the stakeholders. EPCL's overriding mission is to develop a flexible, broad-scoped structure for corporate governance founded on the principles of efficient managerial oversight and accountability in all matters.

The company understands the essentiality of conducting its business in an atmosphere that is open and transparent with the goal of improving working relationships and enhancing trust in the operation of its affairs. Unless there are compelling reasons to the contrary, the Company provides to its employees, stakeholders, external bodies and the public, relevant information affecting them and the actions of EPCL in a timely manner.

EPCL separately discloses all its related party transactions on a quarterly basis as per requirements of financial reporting framework applicable in Pakistan. The

interests of stakeholders are also safeguarded through annual independent audit and half yearly review conducted by external auditors appointed by shareholders themselves. The management has also established an independent audit function for continuous improvement of the Company's overall internal control environment.

We at EPCL are firmly committed to the following policies:

- ▶ Competition (previously Statement of Anti-Restrictive Trade Practices Policy)
- ▶ Insider Trading
- ▶ Statement of Best Practices
- ▶ Statement of Business Ethics
- ▶ Conflict of Interest
- ▶ Directorships in Non-Affiliated Organizations
- ▶ Health, Safety, Environment
- ▶ Statement of Management Control
- ▶ Quality
- ▶ Borrowing Money
- ▶ Delegation of Powers
- ▶ Donations, Charities and Contributions
- ▶ Acquisition and Disposal of Fixed Assets
- ▶ Human Resources Management
- ▶ Marketing
- ▶ Procurement of Goods and Services
- ▶ Transactions with Related Parties
- ▶ Risk Management
- ▶ Gifts & Business Entertainment
- ▶ Whistleblower - Speak Out

## corporate audit function

The audit function plays an essential and useful role in the conduct of successful operations of EPCL. It serves to examine and evaluate financial, administrative and operations activities of the enterprise, assisting management in the effective discharge of their responsibilities by furnishing them with reports setting forth independent and objective analysis, appraisals and recommendations concerning the activities audited.

The main tasks of internal audit at EPCL are to establish a sound control environment and determine whether policies and procedures that exist are being interpreted properly, are adequate, effective and compliant with applicable laws and regulations. The internal audit section at EPCL presently comprises of a three member team. The Corporate Audit Manager heads the section and reports to the Board Audit Committee.

## board of directors

**muhammad aliuddin ansari** | chairman

Muhammad Aliuddin Ansari is a graduate of Business Administration with a specialization in Finance & Investments. Mr. Ansari started his career as an Investment Manager at Bank of America in London which later became Worldinvest after a management buyout. He worked with Credit Lyonnais Securities Asia (CLSA), a management led company as its CEO, Pakistan and subsequently as COO, Emerging Europe. On his return to Pakistan he became the CEO of AKD Securities where he was responsible for launching a number of projects including Online Trading, Venture Capital and Private Equity investments which turned AKD into a market leader in Capital Markets. In 2006 he partnered with an oil and gas company to form Dewan Drilling, Pakistan's first independent drilling company which he led as its CEO. He is a member of the Board of Directors of Sindh Engro Coal Mining Company, Dawood Hercules Corporation Limited, Pakistan Chemical & Energy Sector Skill Development Company, Pakistan Business Council, National Clearing Company of Pakistan (NCCPL) and is a Charter Member of The Indus Entrepreneurs (TIE). He has Chaired a number of SECP committees, NCCPL and also served on the Boards of the Karachi Stock Exchange, Lucky Cement and Al Meezan Investment Management amongst others. He joined the Board in 2009.

**khalid s. subhani** | president & ceo

Khalid Subhani is the President and Chief Executive Officer for Engro Polymer and Chemicals Limited and Senior Vice President for Engro Corporation Limited.

Mr. Subhani is a Director on the Boards of Engro Corporation Limited, Engro Fertilizers Limited, Engro Vopak Terminal Limited, Engro EXIMP Private Limited and Engro Polymer & Chemicals Limited. He is Chairman of the Board of Engro Polymer Trading (Pvt) Ltd. He has also served as Chairman of the Board of Avanceon in the past.

Mr. Subhani began his career in the Manufacturing Division at Exxon Chemical Pakistan Limited in 1983 and has held a variety of leadership roles within the Company, including long term assignment with Esso Chemical Canada. He has served as Manager for New Projects, General Manager for Operations, Vice President for Manufacturing, Senior Vice President for Manufacturing and New Ventures and as President & Chief Executive Officer for Engro Fertilizers Limited.

Mr. Subhani is a member of the Pakistan Engineering Council, Faculty Selection Board of Institute of Business Administration - Sukkur, and Standing Committee on Environment of Federation of Pakistan Chambers of Commerce & Industry. He has also been a member of Federal Government's Committee on Dawood Engineering College rejuvenation and American Institute of Chemical Engineers.

Mr. Subhani graduated from NED University of Engineering and Technology, Pakistan with a degree in Chemical Engineering and has completed programs on advance management from MIT and Hass School of Business Management, University of Berkeley, USA.

**asif qadir** | director

Mr. Asif Qadir holds a Degree in Chemical Engineering from Columbia University, New York. He joined Exxon Chemical Pakistan Ltd. in 1978, and has held key assignments with the Company and with Esso Chemical Alberta Ltd, Canada. He serves on the Board of Engro Fertilizers Ltd, Engro Polymer & Chemicals Ltd, Engro Powergen Ltd, Engro Powergen Qadirpur Ltd, Sindh Engro Coal Mining Company Ltd, Pakistan Poverty Alleviation Fund, Karachi Stock Exchange (Guarantee) Ltd, and Jin Kwang JAZ (Pvt) Limited. He is Chairman of the Board for Inbox Business Technologies (Pvt) Ltd and Unicol Limited.

**shahzada dawood** | director

Mr. Shahzada Dawood serves as a Director on the Boards of Dawood Hercules Corporation Ltd, Engro Corporation Ltd, DH Fertilizers Ltd, Dawood Corporation (Pvt) Ltd, Engro Foods Ltd, Engro Powergen Ltd, Engro Powergen Qadirpur Ltd, Engro Vopak Terminal Ltd, Pebbles (Pvt) Ltd, Patek (Pvt) Ltd, Engro Polymer & Chemicals Limited, Sirius (Pvt) Ltd, Tenaga Generasi Ltd, Mr. Dawood also serves as a Director of Dawood Lawrencepur Ltd and Engro Fertilizers Ltd. He is a Trustee of The Dawood Foundation, which is one of the largest public charitable trusts in Pakistan, supporting education and health initiatives. He serves as a Member of the Board of Governors of the National Management Foundation, the sponsoring body of Lahore University of Management Sciences (LUMS). Mr. Dawood is an M.Sc. in Global Textile Marketing from Philadelphia University, USA, an LLB from Buckingham University, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance.

**isar ahmad** | director

Isar Ahmad holds a Masters Degree in Economics and is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales. Mr. Ahmad has a diversified experience of working in senior management positions in multinational and large Pakistani Organizations, having served as Finance Director, Supply Chain Director and Head of Business Unit at Reckitt Benckiser (previously Reckitt & Colman), Managing Director, Haleeb Foods Limited, (previously CDL Foods Limited), as well as having been the Financial Advisor at Indus Motor Company Limited. He is on the Boards of Engro Polymer & Chemicals Limited, Cyan Limited (formerly Central Insurance Company Limited) and Dawood Hercules Corporation Limited (formerly Dawood Hercules Chemicals Limited) and joined the board in 2006, where he was the Chief Executive till recently.

**kimihide ando** | director

Mr. Kimihide Ando was posted as General Manager for Pakistan Mitsubishi Corporation in April 2010. This is his second assignment to Pakistan, the 1st of which was during 1998 – 2003. He has a degree of Bachelor in Liberal Arts from the International Christian University, Tokyo and joined Mitsubishi Corporation, Japan in 1982. He has spent most of his career in the Chemical Group. During his tenure, other than Pakistan he was assigned to Egypt, Iraq, Saudi Arabia, and Indonesia, and has diverse experience in Chemicals, HRD and Manufacturing. He became a member of the board of Engro Polymer & Chemicals Ltd. in 2010. He is also Director of Tri-Pack Films Limited. Moreover, he is chairman of JACI, the Japanese Association of Commerce & Industry and is also MC Member of OICCI, Overseas Investors Chamber of Commerce and Industry.

**takashi yoshida** | director

Mr. Takashi Yoshida has been with Mitsubishi Corporation for 26 years and has held several positions during this time. He is currently the General Manager for Mitsubishi Corporation's Chlor Alkali Unit and has a degree in Economics from the Keio University Japan. He Joined the EPCL Board in 2010.

**waqar malik** | director

Mr. Waqar Ahmed Malik, Chief Executive of ICI Pakistan Limited has over 26 years of extensive experience in senior management positions in the company and internationally within the group. He has been a Director of ICI Pakistan Ltd. since October 1, 2005 and has also served as Chief Executive and Chairman of Pakistan PTA Limited (now Lotte Pakistan PTA Limited).

His other engagements outside ICI Pakistan Limited are: Director on the Central Board of the State Bank of Pakistan, Director Pakistan Business Council, Non-Executive Director on the Boards of Engro Polymer & Chemicals Limited and IGI Insurance Limited. A former President of Overseas Investors Chamber of Commerce & Industry (OICCI) and Management Association of Pakistan (MAP), he is also a member of the Board of Governors of LUMS and a trustee of the Duke of Edinburgh's Award Foundation.

An alumnus of Harvard Business School and INSEAD, Mr. Waqar is a Chartered Accountant by profession and a Fellow of the Institute of Chartered Accountants in England & Wales.

Principles' committee	Scope
▶ Principle Board Committee	
▶ Board Audit Committee	<p>EPCL Board of Directors has constituted the Board Audit Committee (BAC) that comprises of four non executive directors as members and the Corporate Audit Manager as the Secretary. The Committee is required to meet on a regular basis, at least once in each quarter, prior to the appraisal of interim results of the company. Special meetings are also held at the request of any member of the committee, management or external or internal auditors.</p> <p>The Board Audit Committee is one of the most critical of governing bodies, ensuring adequacy of the financial reporting process, maintaining the integrity of internal audits and control systems, assessing the effectiveness of risk management strategies as well as monitoring compliance with SECP regulations.</p>
▶ Board Compensation Committee	Refer to LA3 indicator of our people section.
▶ Principle Operation Committee	
▶ Management Committee	Refer to innovation & risk taking section.
▶ Corporate HSE Committee	Refer to LA6 indicator of HSE section.
▶ Committee for Organization & Employee Development	Refer to LA3 indicator of our people section.
▶ Salary & Compensation Committee	Refer to LA3 indicator of our people section.
▶ Business Control Groups	An integral component of the system of management control at EPCL is the Business Control Group (BCG) which is subdivided into 14 Unit Control Groups (UCG). The objective of BCG is to enhance employee's knowledge about processes and policies and creating an online dialogue on the same. The BCG consists of the management team and meets bi-annually to review the concerns raised by the UCGs.
▶ Unit Control Groups	Every employee at EPCL participates in UCG meetings which are held by each UCG group on a quarterly basis. The concerns raised by UCG are then sent to Corporate Audit Department. The principal focus of the UCG is to highlight any control and ethical issues which are then resolved at the BCG.
▶ Inquiry Committee	For ensuring an environment where individuals, regardless of gender, ethnicity and other factors are provided equal opportunities and are provided an environment conducive to employee efficiency, the Inquiry Committee has been formulated to ensure that no harassment or such derogatory act towards employees is carried out and to guarantee a work environment which is professional and transparent.

## society performance indicators

aspect: corruption

**SO2:** Percentage and total number of business units analyzed for risks related to corruption

Response – 100%.

EPCL has Risk based control program in place governed by Board Audit Committee.

Company has policies in place such as:

- ▶ Business ethics, Business practices, Conflict of interest, Insider trading policy, Anti-restricted trade practices policies, Whistle blower policy, Gifts and business entertainment policy, Directorship in non-affiliated commercial, Industrial and financial organization and High risk areas which were 100% covered
- ▶ System of internal audit is in place
- ▶ Frequency of risk evaluation exercise is on yearly basis as per COSO guidelines
- ▶ Audit & compliance monitoring program is also in place

**SO3:** Percentage of employees trained in organization's anti-corruption policies and procedures

Response – 100%.

In 2011 all employees were trained companywide on ethics and business control. These policies are certified by employees on yearly basis and are part of the orientation package as well, Unit Control and Business Control groups are also in place.

**SO4:** Actions taken in response to incidents of corruption

Response – None.

aspect: public policy

**SO5:** Public policy positions and participation in public policy development and lobbying

The company participates through proper government ministries and forums, e.g. Ministry of Industry, Commerce, OICCI and others.

**SO6:** Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country

Response – None.

aspect: anti-competitive behavior

**SO7:** Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes: None

Note: EPCL's anti-restricted trade policy is in place. Also company complies 100% with Competition Ordinance, 2007 regulations.

aspect: compliance

**SO8:** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

Response – None.

## product safety indicators

aspect: marketing communications

**PR6:** Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship

Market communication programs and materials are reviewed by marketing along with corporate communication team and comply with all laws and regulations as well as EPCL's Ethics policy. This includes product marketing information on product packaging, newsletters' literature, product advertisements, bill boards, news releases, etc.

**PR7:** Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions, and sponsorships, by types of outcomes

Response – None.

aspect: customer privacy

**PR8:** Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

Response – None.

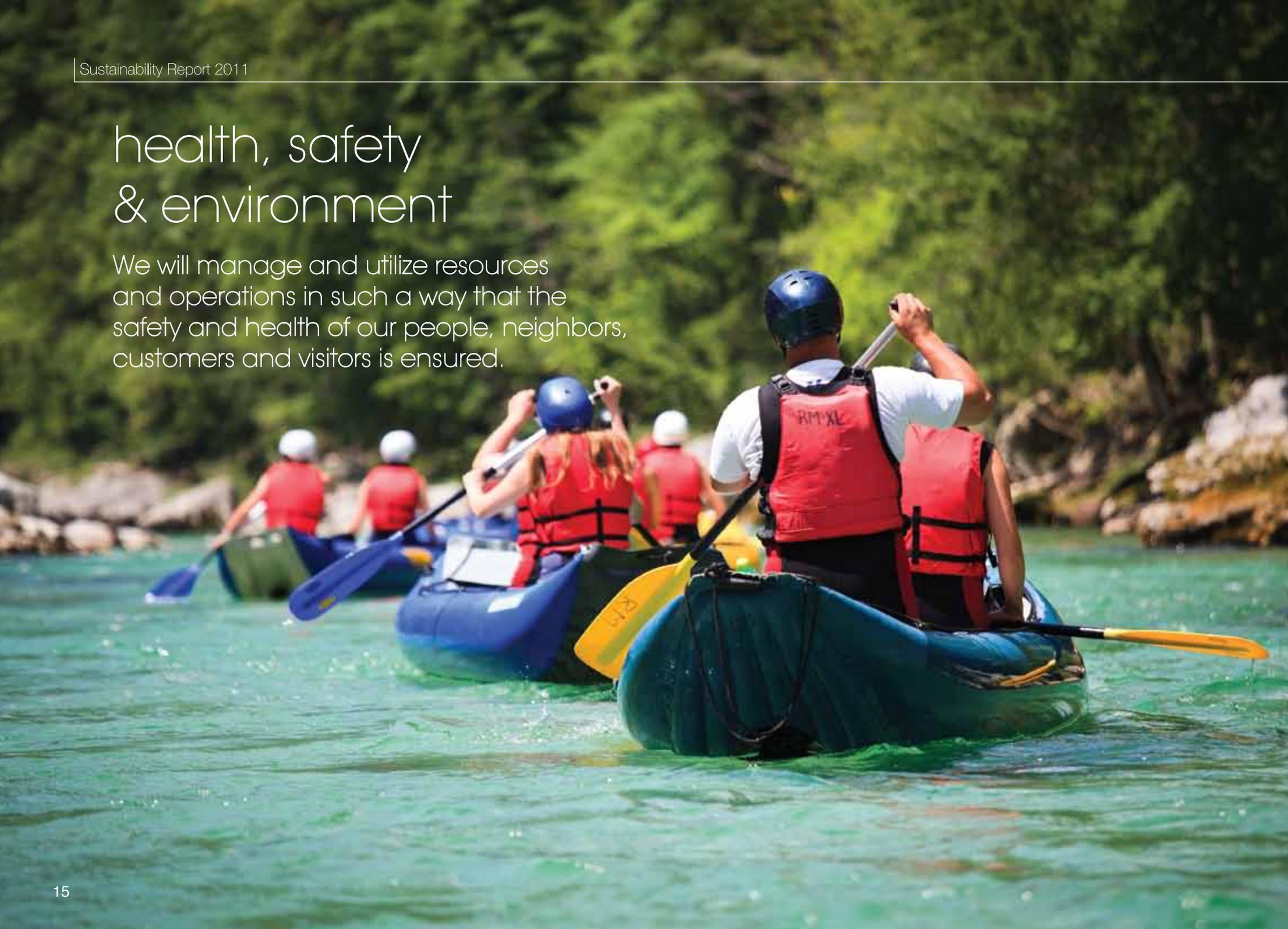
aspect: compliance

**PR9:** Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Response – None.

# health, safety & 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.



EPCL has always prioritized the health and safety of its employees and ensured the sustainability of the immediate environment. The organization, as a whole, dedicates its resources towards educating and training its employees on all aspects of HSE.

In 2011, EPCL's management continued its commitment towards maintaining safe business operations and was dedicated to achieve excellence in safety by implementing the world class safety systems such as DuPont PSM (personal safety management) & PSRM (process safety and risk management) as a result the company was awarded rating of 3.2 by the DuPont Safety Management System.

This year saw a greater level of involvement in safety throughout the company to ensure implementation of 'Behavioural Safety Management System'. The dedicated & focused approach to safety has resulted in a safe & healthy working environment and also contributed towards employees adopting safety as natural behavior, thus ensuring well being of themselves & family.

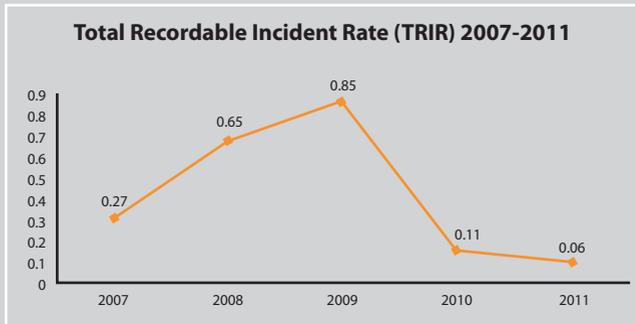


Table 2.1-Total Recordable Incident Rate (TRIR) 2007-2011

labor practice & decent work practice indicators

aspect: occupational health & safety

**LA6:** Percentage of total workforce represented in formal joint management-worker health & safety committees that help monitor and advise on occupational health and safety programs

Response – 100% compliance to HSE Policy & programs. Different forums exist in the organization at manufacturing and non-manufacturing operations which are as follows:

► **corporate health safety environment committee**

It is imperative to continually analyze the Organization's provision for Health & Safety in the work place and to strive for improvement. To achieve this end, EPCL has established different committees which scrutinize various parameters pertaining to Health, Safety and Environment. The committee with a dominant role in the Organization's hierarchy of Health, Safety & Environment is the Corporate Health, Safety Environment Committee whose prime responsibility is the enforcement of standards and practices in accordance with the Organization's HSE policies.

► **manufacturing hse committee**

In accordance with the HSE policies of the organization, HSE Committee reviews HSE performances in all operations. Various indicators analyzed monthly are as follows but not restricted to: Compliance towards results of safety audits, monitoring of critical safety devices, analysis of the results of emergency response drills conducted during the month, observations from Management Safety Audits alongside various safety related recommendations. Other indicators and parameters for analysis are observed on a quarterly or a bi-monthly basis.

► **sub-soc forum**

The Sub-SOC forum reviews the safety aspects of any modification and change taking place in routine operations along with the technical aspects of Mechanical, Process, Instrument & Electrical and Industrial Hygiene related modifications and ensure its proper documentation.

► **d-level forum**

D-Level is the forum where 100% of the workforce gets representation. The forum suggests measures to improve occupational health and safety programs with the help of joint management-worker committee.

► **b-level forum**

The B-Level forum consists of departmental managers which further scrutinize and screen suggestions proposed by the D-Level.

Furthermore, in addition to the above stated forums, a committee named, "Industrial Hygiene Forum" operates, reviewing changes and policies pertaining to occupational health and illness.

- ▶ **non manufacturing hse committee**  
Non Manufacturing Health Safety & Environment Committee (NMHSE) not only achieved its main objective of attaining the 3.2 point DuPont Safety Rating, but also won the first ever “Engro’s Presidential Award for Safety- Non Manufacturing” in 2011.

The NMHSE committee had set out at the year’s start with clear objectives and top-to-bottom commitment to make HSE an integral part of the culture.

Some of the highlights demonstrating the HSE culture included all departments having active participation in Management Safety Audits where behavioral safety & housekeeping aspects were regularly audited & gaps identified were immediately covered, safety procedures defined in operational manuals of various departments, conducting monthly safety talks to inculcate safety as a way of life, expert trainings for safe driving & road safety, guest speaker sessions including tips to stay safe during agitated law & order situations, regular housekeeping audits, safety quizzes & prizes, and rewards for best contribution on safety.

- ▶ **psm contractor committees**  
PSM Contractor Committees for contractors exists for both operating and non operating areas. Representative from contractors are permanent features of these meeting and this particular committee operates under the chairmanship of the Maintenance Manager.

**LA7:** Rates of injury, occupational diseases, lost days and absenteeism, and number of work related fatalities

For Year 2011, Total Recordable Incident Rate (TRIR) is 0.06; No occupational disease; work related fatalities, absenteeism reported during the reporting period. Safety and Health Statistics for the year 2007-2011 are as under:

HSE Statistics	2007	2008	2009	2010	2011
Lost Work Injury(LWI)	0	0	2	0	0
Recordable Injury Case	1	2	9	2	1
First Aid Case (FAC)	3	1	31	26	9
TRIR	0.27	0.65	0.85	0.11	0.06
NEQS Violation	0	0	3	7	1
Near Miss	67	91	528	1085	802
Operational Upset	2	2	36	122	38
Fires	1	0	1	15(minor)	8 (6 minor)
VCM Leaks	1	4	4	1 (major); 24 (minor)	19 (minor)
Avg. Unsafe Situations/Audit Hrs.	8.63	8.37	9.89	8.12	7.56

Table 2.2 – Safety & Health statistics 2007-2011

**LA8:** Education, training, counseling prevention & risk-control programs in place to assist workforce members, their families or community regarding serious diseases

Being a responsible employer, EPCL ensures safety, security not only of their employees but their families and the community within which EPCL operates. To this end, training and counseling is provided to the aforementioned parties to secure a working environment conducive to both the employee’s efficiency and the organization’s continued success.

EPCL relies on comprehensive precautionary measures and promote the active participation of the employees. By managing the system for occupational health and medicine, the company provides the best possible protection for safety and health of employees.

Following risk control, Safety and Industrial Hygiene and other programs are in place including:

- ▶ **psm/prm programs**  
Given the highly sensitive mode of operations undertaken on a daily basis at EPCL, factors of safety. EPCL’s safety policies were mirrored around Exxon’s Safety Management Practices, however, were later reverted to DuPont’s Personnel Safety Management (PSM)/Process Safety & Risk management (PSRM) Safety System. Overall safety guidelines regarding construction, commissioning, startup and operation of hazardous process units are provided under DuPont’s system.

PSRM consists of various canons pertaining to Process Safety Information, Safe Work Practices, Ensuring Mechanical Integrity, Safe Handling, Manufacturing, Storing and Transporting reactive chemicals in accordance with OSHA and EPA regulations.

- ▶ **occupational health & industrial hygiene program**  
Engro Polymer & Chemicals Ltd. is committed to have in place systems to prevent injury/illness of its workforce and stakeholders from its operations. It has a strong focus on occupational health and industrial hygiene to achieve this objective. Occupational Health encompasses health protection and health promotion and the ability to proactively predict the possibility of occupational illness/discomfort,through monitoring and analysis, in order to endeavor for its prevention.

Health protection is achieved through the practice of industrial hygiene which is defined as an art and science of identifying health hazards at the workplace, their evaluation and recommending controls for minimizing personal exposure of the workers.

- ▶ **emergency response program**  
The scope of operations of EPCL is one that requires information pertaining to safety and emergency responses to be disseminated to not just the employees but the neighboring organizations as well. To ensure a working environment where safety and security of the employees and the immediate environment

within which EPCL operates, a detailed package regarding all chemicals used at EPCL and necessary responses in case of an emergency is issued to all neighboring organizations to ensure minimum loss of both, life and property, EPCL advocates safety and to ensure the security of surrounding companies, the Company has associated with the neighboring organizations.

As per PSRM Guidelines, the Organization has classified possible emergencies on the basis of their magnitude, which in layman terms can be simply be put as: wider the geographical impact of the emergency, the greater the response and therefore, risk of the emergency. A Level 1 Emergency is declared in a situation where the impact of the accident is isolated within the geographical boundaries of the plant. A Level 2 Emergency is declared in the situation where the accident spills over the geographical boundaries of the EPCL plant and poses a direct threat to the external environment.

To ensure a quick response and timely handling of any possible emergency, the Organization has a purpose built Emergency Control Center (ECC).

**LA9:** Health and safety topics covered in formal agreements with trade unions  
 There is no trade union so no agreements exist

Note: Our service contracts and agreements cover HSE specific clauses.

product safety performance indicators  
 aspect: customer health and safety

**PR1:** Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures

Health and safety impacts of products while manufacturing, are managed thoroughly by Manufacturing division. Further, MSDS are given to all the customers.

**PR2:** Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes

Response – None.

aspect: product and service labeling

**PR3:** Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements

For PVC, customers already have MSDS for grade which they specifically use. COA

is provided on need basis to customer on specific lots which is shipped to them .In case of Caustic Soda, analysis report is accompanied with product dispatch. Safety related information provided along with safe disposal of product through MSDS. Customers are also provided caustic safe decanting training and handling posters. MSDS also placed on website.

**PR4:** Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by types of outcomes

Response – None.

**PR5:** Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

Customer Satisfaction Surveys are conducted every year.

Adherence to product specs, delivery schedules and technical support are other areas where customer needs are met for customer satisfaction. Customer Complaint Report (CCR) System captures all customer complaints and is monitored regularly. Methodology adapted for the surveys involve third party verifications, face to face interviews with customers, etc. The last survey was conducted by a third party for the period 2010.

EPCL strongly believes in protecting the environment from the adverse effects of human progression. A strong advocate of ensuring of not just a habitable planet but a resourcefully rich planet for the future generations, Environment has a priority position amongst EPCL's Core Values. An increase in business development in turn increases the level of industrial development, causing adverse effects on the environment. EPCL, through its various projects and programs ensures to mitigate the risks of environmental degradation.



Table 2.3-Environmental Performance Scores 2007-2011  
 Note: The Environmental Performance Scores monitors the parameters of effluent quality, emissions quantity, natural resources and GHG emissions on the basis of performance.

## environmental performance indicators

aspect: material

### EN1: Materials Used by Weight or Volume

The material used by weight and volume for the year 2011 is as follows:

Material	Quantity	Unit
Natural Gas	131,933,825	M <sup>3</sup> / Annum
Steam	429,108	T / Annum
Gas	4925	MMSCFD
Water	4,186,955	M <sup>3</sup> / Annum
Salt	153,046	T/ Annum
Ethylene	57,000	T/ Annum

Table 2.5-Material used by weight and volume

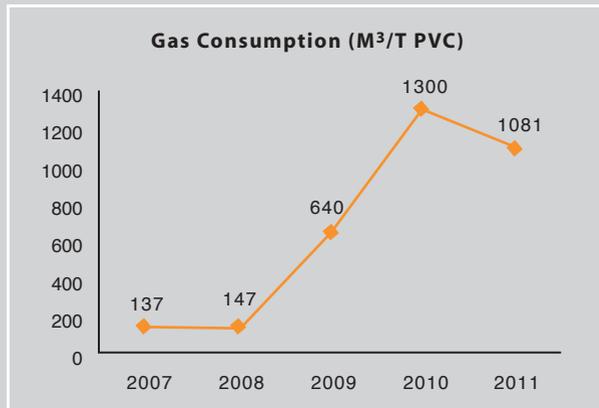
### EN2: Percentage of Materials Used that are Recycled Input Materials

Response – Nil.

aspect: energy

### EN3: Direct Energy Consumption by Primary Energy Source

For 2011, the Gas Consumption=131,933,825 m<sup>3</sup>/Annum of Natural gas as fuel  
The Gas consumption m<sup>3</sup>/Tons of PVC from 2007 to 2011 are as follows:



Graph 2.1-Gas Consumption data 2007-2011

Note: The major difference in operation can be observed within the year of 2009-2010. The Power Plant in question was commissioned after 2008, during the Back Integration Project.

### EN4: Indirect Energy Consumption by Primary Source

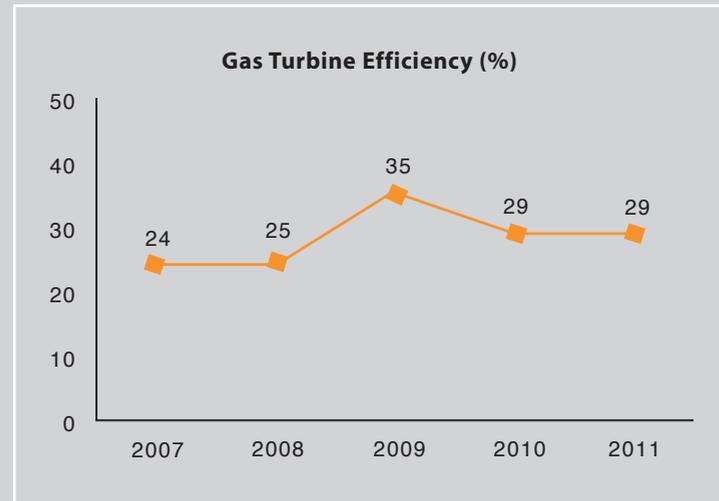
EPCL does not consume & purchase any indirect energy.

### EN5: Energy Saved Due to Conservation and Efficiency Improvements

Given below is the Energy Conservation for the years 2009-2011:

Elimination of STG Bypass Condenser	2009	2010	2011
Energy Saved (MWhr) / Annum	3200	3200	3033

Table 2.6-Energy Conservation Comparison 2009-11



Graph 2.2-Gas Turbine Efficiency for the year 2007-2011

**EN6: Initiatives to Provide Energy Efficient or Renewable Energy-based Products and Services, and Reductions in Energy Requirements as a Result of these Initiatives**

Response – None.

**EN7: Initiatives to Reduce Indirect Energy Consumption and Reductions Achieved**

Initiatives to reduce the indirect energy consumption include reductions achieved through carefully selecting energy-efficient materials, substituting phone, video conferences for travel.

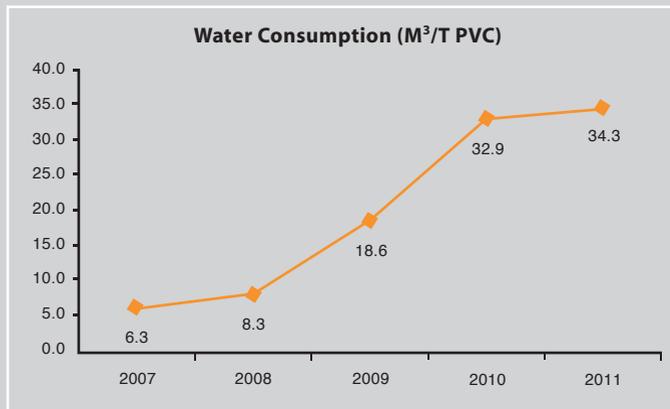
Note: Reduction has not been calculated in numerals for the year, 2011.

aspect: water

**EN8: Total Water Withdrawal by Source**

The Water withdrawal from Kinjhar Lake for the year 2011 is 4,186,955 m<sup>3</sup>/annum.

The water withdrawal in m<sup>3</sup>/Tons of PVC from 2007 to 2011 is as follows:



Graph 2.3-Water consumption for the year 2007 - 2011

Note: The increase in water consumption for the year 2011 was due to the increase in production.

**EN9: Water Sources Significantly Affected by Withdrawal of Water**

Response – Kinjhar lake.

**EN10: Percentage and Total Volume of Water Recycled and Reused**

Response – Nil.

aspect: biodiversity

**EN11: Location and Size of Land Owned, Leased, Managed in, or Adjacent to, Protected Areas and Areas of High Biodiversity Value outside Protected Areas**

Response – EPCL planted 5 acres of mangrove plantation (refer EN12 for details).

**EN12: Description of Significant Impacts of Activities, Products, and Services on Biodiversity in Protected Areas and Areas of High Biodiversity Value outside Protected Areas**

Response – Mangrove Rehabilitation Program, Port Qasim Karachi.

EPCL has planted Mangrove along the shorelines of the Arabian Sea. The initiative was taken in 2005 with the help of WWF Pakistan and yet 100,000 saplings have been planted.

EPCL is using plant effluent for plantation of mangroves. The water is considered healthy for Mangrove Plantation. Presently more than 100,000 mangroves are thriving on the designated site along the coast.

**EN13: Habitats Protected or Restored**

Response – Mangrove in Port Qasim Area (Refer EN12 for details).

**EN14: Strategies, Current Actions, and Future Plans for Managing Impacts on Biodiversity**

Response – Refer SO1 & EN12 for details.

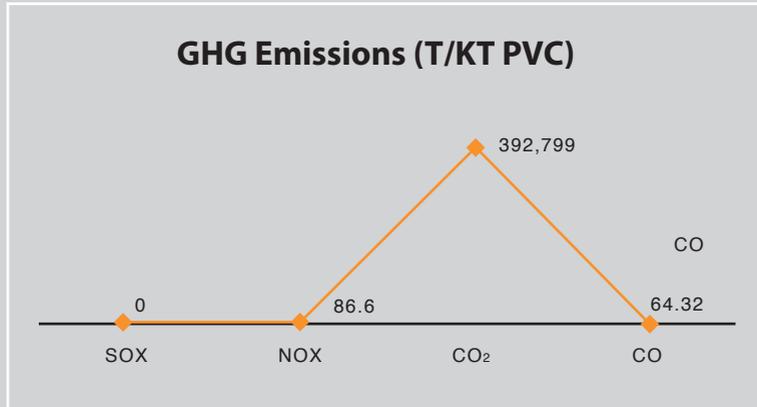
**EN15: Number of IUCN Red List Species and National Conservation List Species with Habitats in Areas Affected by Operations, by level of Extinction Risk**

Response – None.

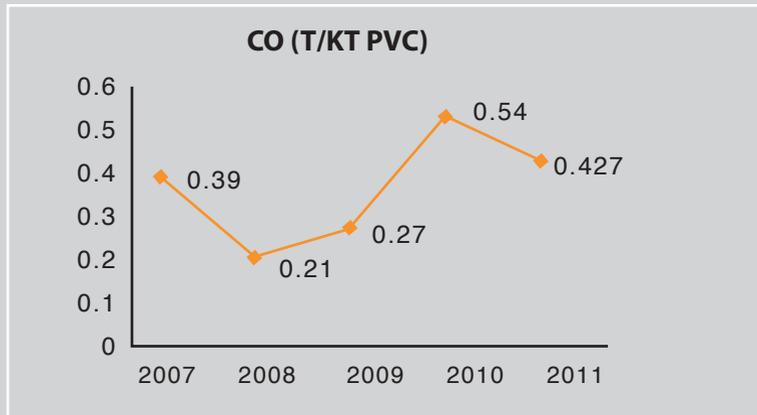
aspect: emissions, effluents & waste

**EN16: Total Direct and Indirect Greenhouse Gas Emissions by Weight**

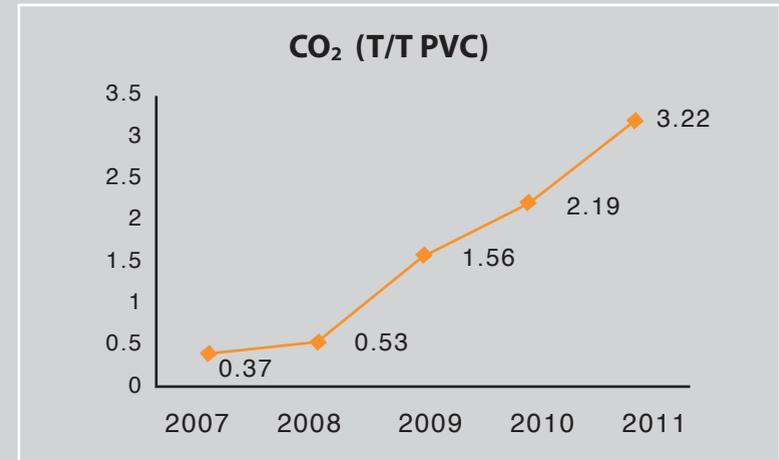
Response – The GHG Emissions for the year 2011 is 392,799 T/Annum of CO<sub>2</sub>.



Graph 2.4-GHG Emissions for the year 2011



Graph 2.4.1-CO Emissions profile from the year 2007 to 2011



Graph 2.4.2-CO<sub>2</sub> Emissions profile from the year 2007 to 2011

Note: The CO<sub>2</sub> for the year 2011 increased due to the increase in production of caustic soda in 2011 which as a result increased the consumption of the gas hence the rise in emission of CO<sub>2</sub>.

Note: CO<sub>2</sub> followed an increasing trend due to expansion project of the company.

**EN17: Other Relevant Indirect Greenhouse Gas Emissions by Weight**

Response – None.

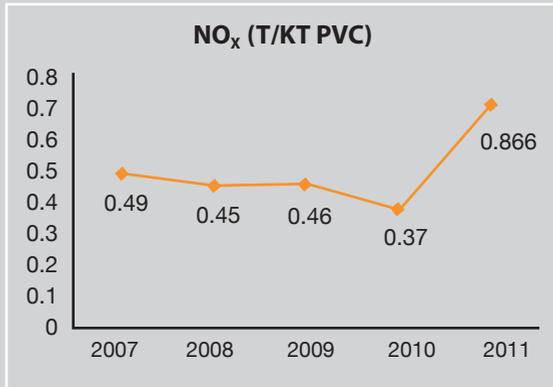
**EN18: Initiatives to Reduce Greenhouse Gas Emissions and Reductions Achieved**

Projects include Hydrogen firing at VCM Plant furnace.

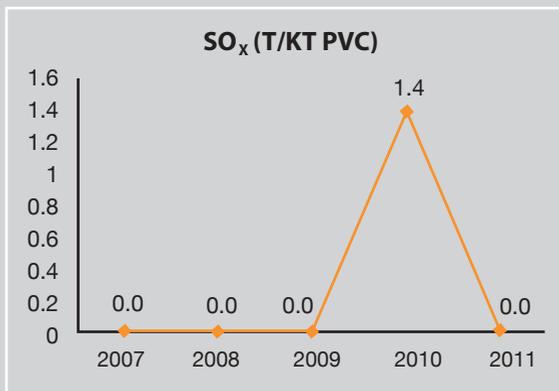
Refer Indicator S01-Go Green Drive.

**EN19: Emissions of Ozone-depleting Substances by Weight**

Response – None.

**EN20: NO<sub>x</sub>, SO<sub>x</sub> and Other Significant Air Emissions by Type and Weight**  
 The NO<sub>x</sub> and SO<sub>x</sub> emission for the year 2011 are as follows:

 Graph 2.5-NO<sub>x</sub> Emissions profile from the year 2007 to 2011

Note: The NO<sub>x</sub> for the year 2011 increased due to the increase in production of caustic soda in 2011 which as a result increased the consumption of the gas hence the rise in emission of NO<sub>x</sub>.


 Graph 2.6-SO<sub>x</sub> Emissions profile from the year 2007 to 2011

**EN21: Total Water Discharge by Quality and Destination**

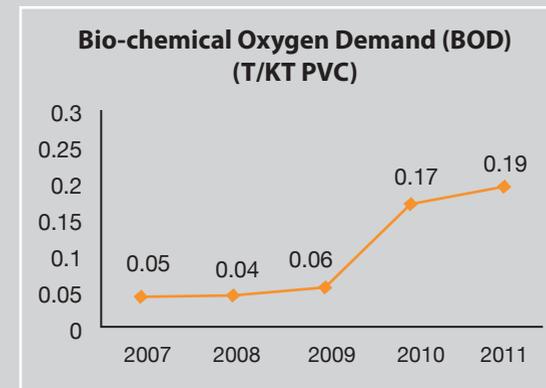
One of the major sources of environmental degradation is untreated industrial wastage water dumped into major arteries of the state or into the ocean. EPCL, committed to its objective of environmental sustainability invested significant resources and installed the Aerobic Bacteria based system of water treatment, ensuring the safe disposal of water, causing no damage to the ecosystem. The major investment for restoring water consumption is done by installing Aerobic Bacteria based system of water treatment. Water is being treated in the plant before disposed off.

EPCL believes that in the near future, when all environmental related projects are nearing completion or have already been completed, no room for any environment mishap or damage would be left, including no NEQS excursion, no Non-Conformity Report (NCR) related to environment and its facilities will have no environmental incidents.

Total Water Discharge	2009	2010	2011
Wastewater Discharge (m <sup>3</sup> ) NEQS)	615,801	1,603,080	1,752,200

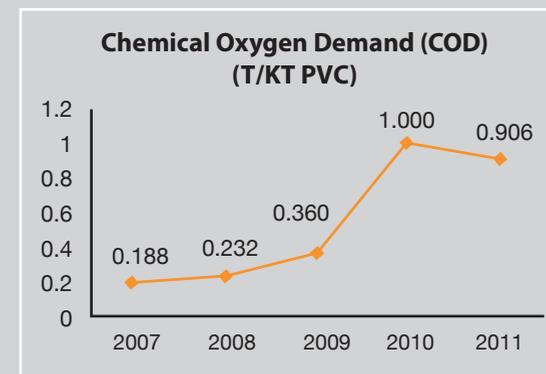
Table 2.7-Wastewater discharge from the year 2009 to 2011

The water discharge effluents for the year 2007 to 2011 are as follows:

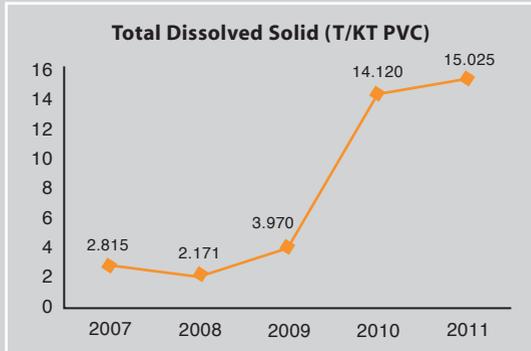


Graph 2.7-Bio Chemical Oxygen Demand Emissions profile from the year 2007 to 2011

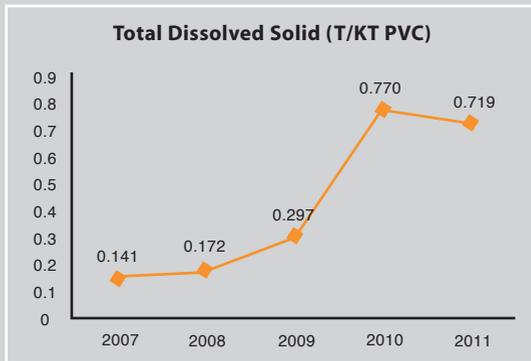
Note: The Bio-chemical oxygen demand for the year 2011 increased due to four more plants operating as compared to previous years.



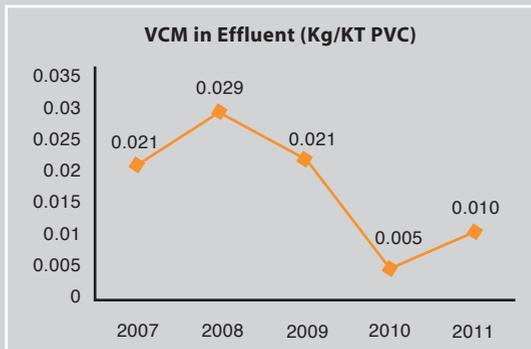
Graph 2.8-Chemical Oxygen Demand Emissions profile from the year 2007 to 2011



Graph 2.9-Total Dissolved Solid Emissions profile from the year 2007 to 2011  
 Note: The Total Dissolved Solid for the year 2011 increased due to four more plants operating as compared to previous years.



Graph 2.10-Suspended solid Emissions profile from the year 2007 to 2011  
 Note: The Suspended Solid for the year 2011 increased due to four more plants operating as compared to previous years.

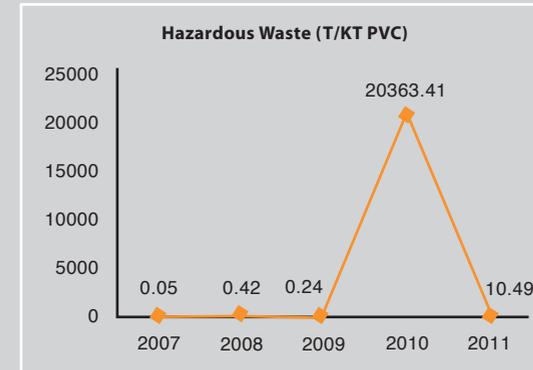


Graph 2.11-VCM in Effluent from the year 2007 to 2011

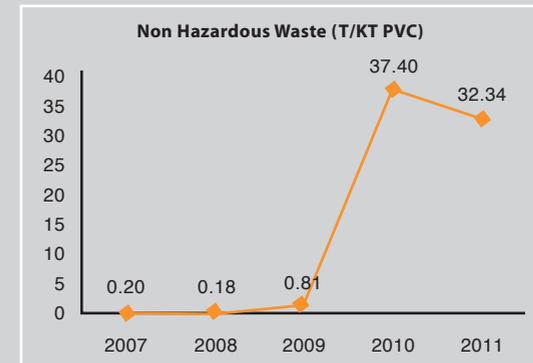
**EN22: Total Weight of Waste by Type and Disposal Method**

The Hazardous and Non Hazardous waste for the year 2011 were 1280.2 T and 3946 T respectively.

The Hazardous and Non Hazardous wastes for the year 2007 to 2011 are as follows:



Graph 2.12-Hazardous Waste Emissions profile from the year 2007 to 2011



Graph 2.13-Non Hazardous Waste from the year 2007 to 2011

All other waste was sold for recycling and re-use.

**EN23: Total Number and Volume of Significant Spills**

Description	2009	2010	2011
Number of Spills	2	21	14
Volume of Spills (litres)	51000	1101	600

Table 2.8-Total Number and Volume of significant spills from the year 2009 to 2011

**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

Response – Refer EN-29 for details.

**EN25:** Identity, Size, Protected Status and Biodiversity Value of Water Bodies and Related Habitats Significantly Affected by the Reporting Organization's Discharges of Water

Response – None.

aspect: product & services

**EN26:** Initiatives to Mitigate Environmental Impacts of Products and Services, and Extent of Impact

Refer to SO1 (Go Green Drive) for further details.

### environment conservation

The Company's initiative for environment conservation includes waste effluent handling; solid and liquid waste disposal, incinerator revamping, DCS control, CFC replacement and Hydrogen firing.

### environment impact assessment

EPCL has established a system to identify environmental aspects of its activities. The procedure to identify significant environmental impacts includes normal operating conditions, shutdown and start up conditions and potential emergency situations. The Company has comprehensive Environmental Management System(EMS) in place, for regulating eco-friendly environment. The system is certified and regularly audited by ISO14001-2004.

### energy conservation

Energy consumed by EPCL is generated from its own Combined Cycle Power Plants which are fuelled by natural gas. Hydrogen gain as by-product of the Chlor-Alkali Plant is being used as a substitute for energy.

**EN27:** Percentage of Products Sold and their Packaging Materials that are Reclaimed by Category

Response – None.

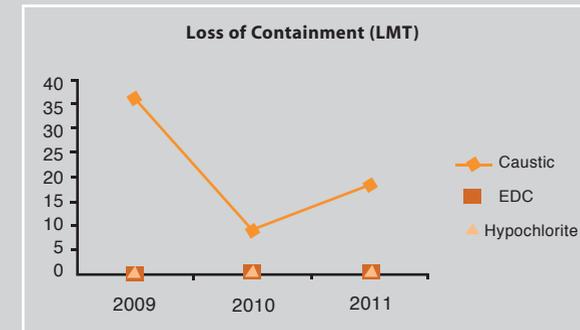
**EN28:** Monetary Value of Significant Fines and Total Number of Non-monetary Sanctions for Non-compliance with Environmental Laws and Regulations

Response – None.

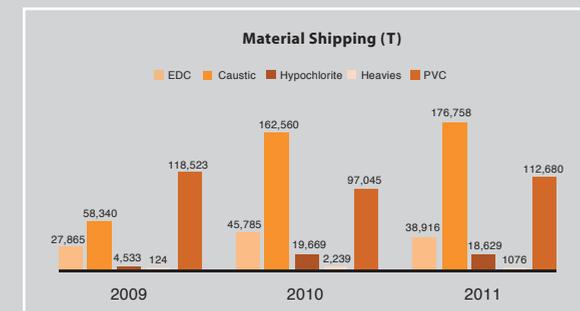
aspect: transport

**EN29:** Significant Environmental Impacts of Transporting Products and Other Goods and Materials Used for the Organization's Operations, and Transporting Members of the Workforce

AT EPCL the products are handled through logistic support, not only for its deliverance to customers but also to transfer within warehouses. By maintaining its quality of product and logistics, EPCL is striving for safe deliverance.



Graph 2.14-Loss of containment data from the year 2009 to 2011  
Note : There were no EDC and Hypochlorite Spills during these years.



Graph 2.15-Material Shipping from the year 2009 to 2011

**EN30:** Total Environmental Protection Expenditures and Investments by Type

EPCL's total spending towards the implementation of the environmental initiatives amounts to US\$ 4.4 Million during Back-integration project in 2009. Other investments include:

Expenditure & Investment	2011	2010	2009
External services for environmental management and certification ISO 14001	Rs. 0.09 M	Rs. 0.09 M	Rs. 0.6M
Fine for non compliance with environment regulation	None	None	None
Disposal of hazardous waste	>Rs.1M	>Rs.1M	>Rs.1M
Disposal of non hazardous waste	Rs. 1,578,400	Rs.60M	Rs. 2.70M
Environmental monitoring cost	Rs. 0.322M	Rs. 0.322M	Rs. 0.494M

Table 2.9-Expenditure & Investment from the year 2009 to 2011



## innovation & risk taking

success requires us to continually  
strive to produce breakthrough ideas  
that result in improved solutions and services.

The concept of employee idea generation and executing risky, yet calculated manoeuvres has been a prospect widely lauded at EPCL. The organization has always believed in employee empowerment and urging its workforce to explore new dimensions of operations, taking risks and learning from its outcome. It is an accepted notion that not all risks will lead to success, however, it is the effort leading up to the execution that births innovation and new avenues that EPCL, as an organization, can explore.

EPCL embarked on an ambitious project worth US\$260M titled the Expansion & Back Integration Project in order to expand the existing product range being offered under the umbrella of EPCL for catering to the growing demand for such products, both globally and domestically. The Expansion & Back Integration project launched in 2007 was concluded successfully in 2010 with the introduction of various new facilities catapulting EPCL once again towards new heights and setting new bars of excellence.

In late 2004, the projects unique in itself were evolved. Since its envisaging, PVC Expansion & Back Integration Project only enhance the production capacity of its existing PVC Plant, but also the acquisition of plants that will enable EPCL to produce most of the raw materials required for PVC production. The project was kicked off in 2007 by signing an agreement with China National Chemical Engineering Group Corporation (CNCEC) and China Tianchen Engineering Corporation (TCC) for Engineering, Procurement and Construction of PVC II, Utilities II, Chlor-Alkali and Combined Cycle Power Plant.

Another major challenge was the relocation of EDC / VCM Plant from Baton Rouge - USA and erecting it back in Karachi, Pakistan. Also included was the laying of 6 KM Water & Ethylene Pipeline.

In 2009, EPCL completed Backward Integration Project after dismantling and transportation of EDC / VCM Plant from USA to Plant Site in Pakistan (December 2008). Start up of PVC II & Utilities (Fast Track) commenced on schedule in December 2008 along with start up of the Utilities plant.

The Operating Profit for the company for the year of 2011 stood at Rs. 421M, evidence of the increased economic activity fostered by the success of the Expansion & Back Integration Project. Opportunities to further expand its business operations have presented themselves and Engro Polymer and Chemicals sets its sights on the markets of other developing and developed countries.

#### management committee (mc)

The Management Committee analyzes and aims for the fulfillment of long term strategic goals and oversees capital and expense budgets and evaluates possible expansion plans. Moreover, the Management Committee aims to channelize the risk

management process effectively through internal administration. Furthermore, the Committee also reviews innovative albeit risky projects and scrutinizes the intricacies involved and encourages such endeavors.

#### business analysis

EPCL continued to engage and expand its core business activity including manufacturing, marketing and selling of Chlor-Vinyl chemicals. Its products included Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Ethylene Di Chloride (EDC), Caustic Soda and Sodium Hypochlorite. Despite challenging circumstances locally as well as globally the Company performed well and maintained its focus on obtaining full economic benefits.

During the year the Company accomplished successful VCM operations which increased VCM production by fifty three percent as compared to last year, in addition to that first VCM export was also done in December.

The year 2011 witnessed fluctuation in PVC and Ethylene prices and demand, both at regional and international level. Due to global economic and industrial conditions prices of PVC and Ethylene increased last year and international prices of PVC declined in last quarter of the year.

Due to PVC pipe exports last year, the demand of PVC in domestic market increased by five percent. The demand particularly augmented because of the demand from flood rehabilitation activities and housing sector, and Company's PVC market share also increased during the year.

Overall domestic Caustic Soda market remained in stable last year. With the major market share, the company continued to be the main supplier of liquid Caustic Soda in South region and additional volume was sold in North region market as well.

Products	Applications
PVC Grades	
AU 67 S	Film, Sheet, Artificial Leather, Wire Coating, Hoses
AU 72	Film, Sheet, Artificial Leather, Wire Coating, Hoses
AU 67 R	Pipe, Sheet, Window Profiles
AU 60	Films, Sheet, Bottle, Window Profiles
AU 58	Films, Sheet, Bottle, Window Profiles
Caustic Soda	Dyeing & mercerizing in textile, FFA removal from edible Oil & Ghee, Soap
Sodium Hypochlorite	Water treatment, Detergents, Denim Bleaching, Paper Bleaching

Table 3.1-Product & Application Description

It is envisioned that the PVC and Caustic Soda demand will remain stable during 2012 but energy crisis is expected to influence it.

Product	PVC (K tons)	Caustic Soda (K tons)	Sodium Hypochlorite (K tons)	VCM (K tons)	EDC (K tons)
Production Volume	122	100	19	98	104
Sales Volume	113 (Domestic) 11 (exported)	87(Rest used in-house to produce Hypo-Chlorite)	19	3 (Exported)	15 (Exported)

Table 3.2-Production & Sales Volume for 2011

### sustainability of PVC use

The company has been maintaining its focus on long term sustainability of PVC use in the country. As PVC applications' manufacturing base is wide and skewed heavily towards manufacturing of PVC pipes and fittings, a lot of market development activities are geared towards this sector. Our technical staff engages into regular capacity building activities for pipe manufacturers. We focus on upgrade of technical know-how and improving upon recipes to produce products which meet customer needs.

Market development activities are focused keeping in mind the emerging trends and therefore considerable time is spent in attracting investments for new applications. As a result of these activities, first of extruder machines for manufacturing Double Wall Corrugated (DWC) PVC pipe were installed in 2011. DWC pipe is used in non-pressure applications and particularly used in sewerage sector globally. Currently, our customer M/s. Adamjee Plastics Industries (Pvt) Ltd is producing DWC pipe in 4 and 6 inch diameters. Joint promotional activities will start in 2011 aiming to replace widespread use of cement pipe in sewerage sector.

Market development activities of pipes in agriculture sector have resulted in ubiquitous use of PVC pipe in high efficiency irrigation systems and tube-wells. Innovative applications like PVC tunnels for tunnel farming have been developed which are gaining ground gradually. These activities generated demand of nearly 500 tons in 2011.

## economic performance indicators

aspect: economic performance

**EC1:** Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

Direct Economic Value Generated & Distributed	Rs. (Millions)
Revenue	20,150
Operating Cost less Employee Compensation (COGS, Selling, Admin)	(13,636)
Employee Compensation (Include net advance)	(865)
Donation and Other Community Investment	(7)
Financial Institution	(1550)
Payment to Government	(3653)
Economic Value Added	439

Table 3.3 Direct Economic Value Generated & Distributed

### EC2: Financial implications and other risks and opportunities for the organization's activities due to climate change

The management is engaged in identifying the risk and opportunities related to climate change and emphasis is given on streamlining our processes to reduce carbon emissions, effluent discharge and utilization / consumption of natural resources below the acceptable levels. Certain amount of the budget has also been allocated to HSE, however, financial implications are not currently measured.

Refer Environment section & GRI performance for details.

### EC3: Coverage of the organization's defined benefit plan obligation

Defined Benefit Plans: Pension Fund and Gratuity Fund (met through a fund held and maintained separately from the resources of the organization).

Other Benefits: Additional Death Gratuity Scheme and Provident Fund.

On the basis of actuarial valuation reports, adequate coverage of the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them.

Equal contribution is made by both the company and employees to Provident Fund @10% of basic salary. (Audit Plan: Compliance with IAS 19)

**EC4: Significant financial assistance received from the government**

No significant financial assistance has been received. However, the government has provided protection to the domestic manufacturers by imposing customs duty on imported products from time to time.

**EC5: Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operations**

Local minimum wage – Rs. 7,000/month.

The organization has both permanent and contracted employees.

Local minimum wage is observed across all locations of operations.

Entry level wages apply at all locations; it is around 150% of the local minimum wage. Ratios calculated excluding bonuses, overtime, retirement benefits and others.

**EC6: Policy, practices and proportion of spending on locally-based suppliers**

Due to the nature of our business which is dependent on imports of input products, the percentage would not give a true and fair view of our preference for local vendors in other areas. For all those goods and services which can easily be procured locally as per our acceptable standards, we prefer local vendors. Situation varies from case to case.

**EC7: Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation**

EPCL believes in Equal opportunity employment, hiring criteria are as per procedures at all locations of its operations. All employees are selected on the basis of merit without any biases or prejudice.

(Refer People section GRI Indicators of Human Resource and Labor practice and Decent Work performance for further details).

**EC8: Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement**

Refer Chapter Community & Society and GRI – Society Indicator - SO1 for details.

**EC9: Understanding and describing significant indirect economic impacts, including the extent of impacts**

Refer Chapter Community & Society and GRI–Society Indicator - SO1 for details.



## our people

We strongly believe in the dignity and value of people. We do not tolerate any form of harassment or discrimination.

EPCL holds its human resource as its prime asset. It is not the brand identity that sustains the organization but the people who comprise of the organization that foster its growth and engender its prosperity. EPCL believes its workforce is one of the prime reasons pertaining to its success. At the end of 2011, the number of employees that EPCL had under its umbrella was approximately 410. Being a responsible employer, EPCL respects its work force and spares no expense in providing a safe and healthy working environment, conducive to the maximum efficiency of its workforce and in this regard several policies have been made to promote fair policies and procedures, freedom of expressing opinion and open dialogue.

EPCL believes in empowering its human resources to act in a motivated, professional and efficient manner. To achieve that end, EPCL offers benefits, compensation competitive to any other organization operating at a similar scale. Furthermore, EPCL believes in keeping a strong balance between personal and professional lives of individuals and thus invests in its employees by providing them with opportunities to learn, develop and foster new skills, ensuring professional growth.

Changes in the external environment have prompted Human Resources at EPCL to embrace adaptability and have evolved to become more systematic and open to dialogue and communication with the workforce. EPCL strongly believes in providing equal opportunities to the members of the community it works in to become a part of the skilled and efficient company of individuals that EPCL is proud of.

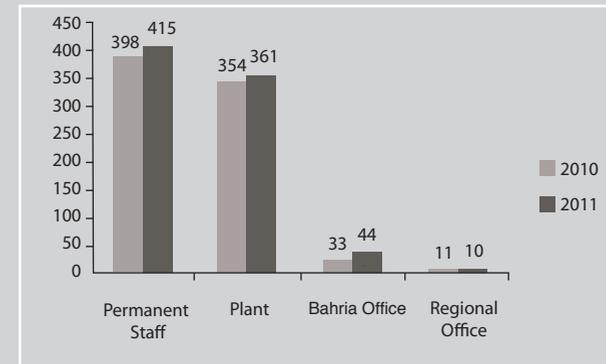
labor practices & decent work  
performance indicators

aspect: employment

**LA1:** Total workforce by employment type, employment contract, and region

### recruitment strategy

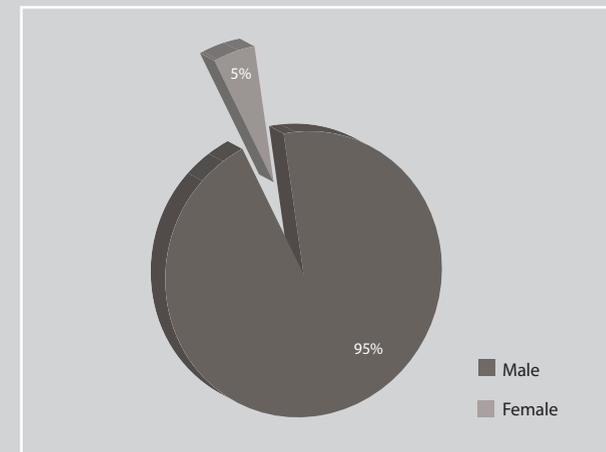
EPCL deals within the framework of proactive recruitment strategy to ensure appropriate hiring by keeping ongoing/future business needs in mind. 106 new employees joined the company in the year 2011. Given below is a the deployment of individuals in different functions of the company.



Graph 4.1-Recruitment for the year 2010 and 2011

**LA2:** Total number and rate of employee turnover by age group, gender, and region

Displayed below is representation of the employee turnover rate displayed in terms of gender classification.



Graph 4.2: Turnover Rate 2011

**LA3:** Benefits provided to full-time employees that are not provided to temporary or part-time employees by major operations

**board compensation committee**

The Board Compensation Committee (BCC) is responsible for administering Company matters pertaining to compensation, organization and employee development. It reviews the key human resource initiatives and organizational overview of the Company. The BCC consists of 2 independent Non-Executive Directors and 2 Non-Executive Directors and 1 Executive Director who is the CEO of the Company. The secretary of the committee is GM Human Resource.

**committee for organization and employee development**

The Committee for Organization and Employee Development (COED) mandate is to:

- ▶ Review and approve salary actions and promotions for all employees. Approve special increments to individuals
- ▶ Review merit and promotion increments
- ▶ Review all compensation and HR related policy matters
- ▶ Review and approve organization chart for any change in structure, position capping, etc.
- ▶ Review top talent and oversee succession planning exercise

**salary & compensation committee**

The Salary and Compensation Committee (SCC) mandate is to review and approve salary actions (salary program already approved by COED and salary guidelines issued by HR) of Tier IV, Tier IV+ and Tier III employees.

**compensation & benefits**

The Company awards its employees with rewards and benefits rated on their level of deliverance, and consider it as an essential part of its business planning and management process. The announcement of Employee Share Option Scheme (ESOS) is the recent example which inculcates spirit to achieve more by setting higher targets. The following compensation and other benefits are provided by the company:

**compensation related benefits**

- ▶ Leave Fare Assistance
- ▶ Appliance Allowance
- ▶ HOAP
- ▶ Car Earn out
- ▶ Variable Pay Plan
- ▶ Compensation Car
- ▶ Service Incentive Plan
- ▶ Fuel Entitlement
- ▶ Utilities Allowance

**other benefits**

- ▶ Medical and Dental Benefits
- ▶ Pension and Gratuity (Retirement Benefits)
- ▶ Disturbance Allowance

- ▶ Housing Allowance
- ▶ Investment Loan Plan
- ▶ Death Benefit Gratuity (Unfunded Gratuity)
- ▶ Club Membership

Note: The benefits are compared with those received by full-time employees versus those on contract basis are not covered in the reporting period.

**LA4:** Percentage of employees covered by collective bargaining agreements

Response – None.

**LA5:** Minimum notice period regarding operational changes, including whether it is specified in collective agreements

No trade union is present, therefore no agreement exists.

Note: Minimum number of weeks notice – 04 for employees and contract positions however, if their services are found unsatisfactory by the company; it is the sole discretion of the company to terminate them with immediate effect. For services contract it varies but at least a month’s notice is obligatory to be given prior to any termination.

aspect: training and education

**LA10:** Average hours of training per year per employee by employee category

**technical skills training**

The core ideology of EPCL is to believe in the workforce and to maintain sustainability and corporate harmony by providing them with training and development.

A certification and qualification system is in place to ensure employee’s assessment skills. The EPCL has set in place technical, operational and mechanical skills to ensure the adequate assessment and handling of hazardous processes.

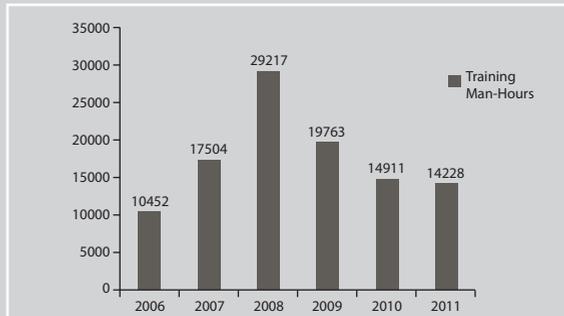
By providing ardent communication, proper coaching and defined performance target, the Company’s organizational managers deliver their responsibilities of creating a positive workplace. This year the special emphasis was laid on learning technological advancement in order to handle upcoming operation units. Feedbacks regarding the program are received frequently, which help to judge the quality and nature of trainings. Besides this, training plans, effectiveness and overall achieved outcomes are discussed in monthly and quarterly meetings of Sub Training Committees and Manufacturing Training Committee respectively.

**managerial skills trainings**

EPCL believes in providing opportunities to its workforce to better understand the volatility of the business environment. In regard to training and instruction, EPCL has classified its training in four major categories:

For General Management the training includes in educating the staff about the Seven Habits of Highly Effective People. For General Management (Problem Solving & Decision Making & Stress Management), training pertaining to improving personal efficiency is carried out. In regard to Performance Management (Section Heads & Above), information revolving around Behavioral Interviewing Skills is disseminated. For General Management (Section Heads), Finance of Non Financial Managers is focused upon.

For the year of 2011, training hours dedicated towards both EPCL and contract employees are as stated below:



Graph 4.3-Training Man-Hours from the year 2006 to 2011

Manufacturing Training Man-Hours: Approx. 31 hours per employee.

Non-manufacturing Training Man-Hours: Approx. 12 hours per employee  
Average 21.5 Man-Hours per employee.

**LA11:** Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career

### training & advancements

EPCL believes in training their employees. Through training and development the workforce acquire necessary knowledge and skills to perform their operations effectively. The Company ensures proper training as it has dedicated separate department for arranging in-house, outsource trainings, seminars, orientations and conferences. Expert trainers have been hired to teach basic elements of effective training which include classroom training, field training, qualification testing, use of lab skills and etc.

Programs related to management were planned for employees, both in-house and external public forum. The courses on leadership, teambuilding, motivation, personal growth, stress management, problem solving, decision making, and others depending on organizational training requirements were taught there.

**LA12:** Percentage of employees receiving regular performance and career development

100% employees received regular performance and career development.

### performance assessment

Performance appraisal program is managed for all permanent employees of EPCL, who receive regular performance and career development reviews through quarterly appraisals, mid-year reviews and year-end appraisals.

### career growth-talent review session

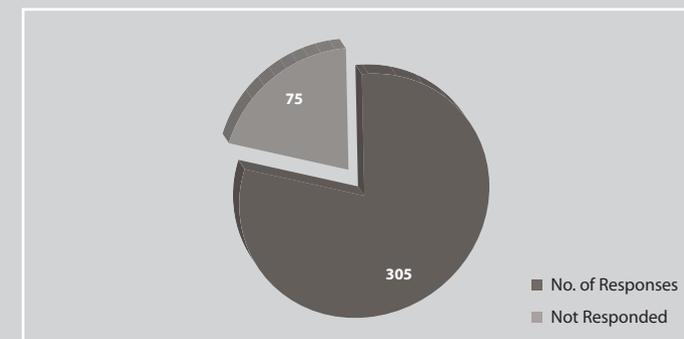
EPCL conducts companywide talent review session every year. The talent of the employees is reviewed, upon which succession planning is conducted for employees of each department. The session focuses on the leadership competency model, performance management and change management throughout the organization. The leadership competency model is based upon the reward management, assessment, selection/reassignment, learning and development, talent management and performance management of the employees. It enables the individual to find, adapt, and utilise, the best of the breed practices, innovations and technologies from across the globe; thereby building global competitiveness in the organization.

### employee engagement survey

In 2011, a survey was conducted to provide an analysis and insight on the priority dimensions that have the greatest influence on Employee Engagement. Total of 380 participants were selected and the sessions were organized and conducted by EPCL HR. The survey yielded 80% response rate and the average favorable response of the 12 HR dimensions was 56% at the organization level where quality and customer focus scored the highest favorable response at 83%.

12 HR dimensions and Overall EEI to determine the highest impacting dimensions on EEI. The average percentage of favorable responses on 12 HR dimensions is 56% where immediate manager, leadership and direction, Infrastructure and support, communication and information exchange, ethics and integrity, teamwork and cooperation and quality and customer focus scored well. The focus area remained Career growth, performance management system and training and development. The outcomes of External Manifestation of Engagement were Advocacy Satisfaction, Discretionary effort and Talent Retention. The EEI score for the survey was 32%.

Given below is a graphical representation of the Engagement Survey Responses displaying the degree to which respondents responded to the survey:



Graph 4.4- Engagement Survey Responses

aspect: diversity and equal opportunity

**LA13:** Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity

Board of Directors:	All males
Age-Group:	34-65 years
Management Committee:	All males
Age-Group:	43-58 years

**LA14:** Ratio of basic salary of men to women by employee category

Response – No distinction based on gender.

human rights performance indicators

aspect: investment and procurement practices

**HR1:** Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

None: Current contracts clause doesn't related to any human right violation. Clause related to non violation of human rights need to added included. In future we will include clause in our service contract to prevent our contractors practicing any discrimination on the basis of sex, color, religion, age, etc.

**HR2:** Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken

Response – None.

Note: All contractors are expressly advised to comply with labor laws.

**HR3:** Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

Response – No. of employees to undergo ethics training: 100%.

Note: Orientation program covers the training of company corporate policies such as ethics. All the employees have to go through these trainings at the time they are inducted in the company.

**HR4:** Total number of incidents of discrimination and actions taken

Response – No incident reported so far dealing according to the law.

**HR5:** Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights

Freedom of association is a legal requirement. The rights of a WORKER to form collective bargaining agent (CBA) is also recognized including those who are working on contract.

All employees of EPCL have the right by law to associate in order to protect their right.

aspect: child labor

**HR6:** Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor

All contracts clearly include particular clauses prohibiting the usage of child labor in and all endeavors undertaken by EPCL.

aspect: forced and compulsory labor

**HR7:** Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor

Response – No such operation identified as yet.

aspect: security practices

**HR8:** Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations

Currently, security personnel are not trained in this particular aspect; however the section pertaining to human rights will be included in future training programs. Security personnel will be trained through separate training sessions.

aspect: indigenous rights

**HR9:** Total number of incidents of violations involving rights of indigenous people and actions taken

Response – None.

The canons of The Global Compact initiative recommend the inculcation of policies which urge corporations to foster a corporate culture within which the areas of human rights, labor standards, the environment and anti-corruption measures are respected. In the month of December, 2010 EPCL became a signatory with the United Nations Global Compact and subsequently ratified the principles of the UNGC following a course, "Training the Trainers", which aimed to enlighten the organization on the guiding principles of the UNGC.

UN global compact principles		relevant gri 3 indicators
<b>Human Rights</b>		
Principle 1	The organisation should support and respect the protection of internationally proclaimed human rights within its sphere of influence.	EC5, LA6-9, LA13-14, HR1-9, SO5, PR1-2, PR8
Principle 2	The organisations should make sure they are not complicit in human rights abuses.	HR9, SO5
<b>Labor Standards</b>		
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA5, HR5, SO5
Principle 4	Elimination of all forms of forced and compulsory labor.	HR1-3, HR7, SO5
Principle 5	The effective abolition of child labor.	HR1-3, HR6, SO5
Principle 6	The elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA13-14, HR1-4, SO5
<b>Environment</b>		
Principle 7	Business should support a precautionary approach to environmental challenges.	EC2, EN18, EN30, SO5
Principle 8	Undertake initiatives to promote greater environmental responsibility.	EN1-30, SO5, PR3-4
Principle 9	Encourage the development and diffusion of environment friendly technologies.	EN2, EN5-7, EN10, EN18, EN26-27, EN30, SO5
<b>Anti-Corruption</b>		
Principle 10	Business should work against corruption in all its forms, including extortion and bribery.	SO2-SO6



## community & society

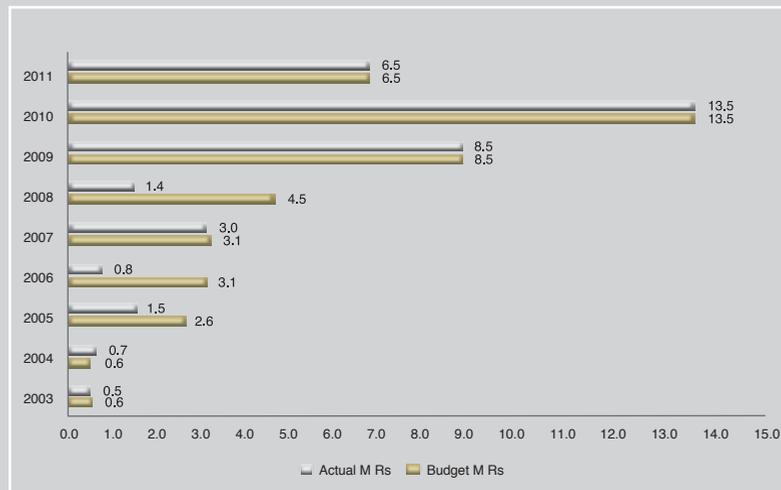
We believe that a successful business creates much bigger economic impact and value in the community, which dwarfs any philanthropic contribution.

EPCL strongly believes in empowering the community in general, urging the individuals to have a greater economic impact, resulting in the ultimate betterment of not just their domestic condition but of society as a whole.

The company's Corporate Social Responsibility programs forms an integral part of the corporation's mandate of operations which makes it a responsible corporate citizen. With the mutual and coordinated efforts of EPCL's stakeholders, the Organization hopes to bring change to the underprivileged sectors of communities around its operations, society at large or those areas affected by natural calamities.

In 2011, EPCL has dedicated a significant portion of its resources in the rehabilitation of individuals traumatized by the havoc of the flooding of the agriculturally rich basins of Punjab and KPK, providing them with opportunities to rediscover their means of livelihood and to become self-sustaining once again. The Organization installed a highly efficient irrigation system in the villages of Rorey Wali Baig and Rabta in Galiyat (Abotabad district), making a much larger area of land cultivatable than originally perceived by the people of the village. Furthermore, sustainability being an integral part of every CSR endeavor, drafting sound policy, strategy and plans that drive this very aspect in every CSR project, continuation of projects like EPCL's "Go Green Drive" for conserving environment is one of the most known company's initiative taken in the past. Hydropower units were installed in Kalam, removing burden from the national electricity infrastructure and engendering the element of self-sustainability in the project.

Moreover, with the assistance of the Pakistan Army, launched programs aimed at agriculture and medical rehabilitation in the flood affected areas of the country and also held stakeholder dialoging, technical training, educating the relative communities of those areas on water, environment conservation and social development.



Graph 5.1-CSR Financial Commitment from 2003 to 2011

Project/Activities for the year 2011	Focus areas/Communities	Project impacts(%)
<b>Flood rehabilitation activities</b>		
▶ Agriculture rehabilitation activities in flood affected areas	Bahrain, Mataltan, Minkil, Balakot, Kalaam, Shaur Dara Valley Swat	80%-85%
▶ Continuation of medical relief activities for flood victims	12 villages of Shaur Dara Valleys	70%-75%
▶ Special camps for anemic expectants	Bahrain, Mataltan, Minkil, Balakot, Kalaam, Shaur Dara Valley Swat	85%-90%
▶ Mini hydro-power units installation	Jal Bandh and Kas Kalaam	90%-95%
<b>Go green drive</b>		
▶ Establishment of mixed broad leaves nursery	Palaak Village Ghaliat, KPK	75%-85%
▶ Raising of new plantation 70 acres of land	Palaak Village	70%-80%
▶ Maintenance of 200 acres of established plantation	Changa Manga, Punjab Tauheedabad, Kuza Galley Arwar Village, Galiat KPK	70%-80%
<b>Education related activities</b>		
▶ EPCL scholarship program	Port Qasim Karachi	60%-65%
▶ PQA employee scholarship program	Port Qasim Karachi	60%-65%
▶ Education festival	Port Qasim Karachi	70%-75%
<b>Water conservation programs</b>		
▶ Installation of demand based irrigation system-scheme	Rabta Samandar Katha Galiat	85%-95%
▶ Micro drip irrigation schemes for flood affected areas	Shaur Dara Valley	80%-85%
<b>Other activities</b>		
▶ Company-wide csr awareness session-documentary launch	Company wide	75%-80%
▶ Anti tobacco sessions	Company wide	50%-60%
▶ Participation in TCF mentor program	TCF Karachi	20%-25%
▶ Donations and sponsorships	Country wide	30%-40%

Table: 5.1 Project and Activities for the year 2011

Note: project impact is calculated on the benefits availed by the communities.

## society performance indicators

### aspect: community

**SO1:** Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting

Scope of CSR investments of 2011 are as follows:

### flood rehabilitation activities

#### agriculture rehabilitation activities

EPCL, with the support of Pakistan Army, launched the agriculture rehabilitation activities in the flood affected areas of Pakistan including lower and upper Swat. EPCL assisted the farmers of Upper Swat by providing them with seeds of turnip, potato, cabbage and lady finger to facilitate farming activities spreading over hundreds of acres of fertile land in areas like Bahrain, Chamgari, Minkial, Kalaam, Utror, Matiltan, Garbral and others. This program has helped in balancing the economic sustainability by providing the farmers with a chance of earning PKR 80,000 to 100,000 per canal.

#### continuation of medical relief activities

Broken transportation links resulted from devastating flood left many regions inaccessible. The severe shortage of resources and manpower was to confront the disaster which reported widespread epidemics. For the people living in affected areas, the EPCL initiated an effort to provide medical assistance to the communities by working with Pakistan Army based in Swat.

Furthermore, medical camps were set up to provide assistance to women soon to have children and were suffering from certain forms of blood disorders or high degrees of stress. The camps were set up in the regions of Shaur Dara and Kallam Valleys.

Flood Rehabilitation activities' statistics	
Total patients treated (nos.)	1800
Total expectants dosed (nos.)	150
Micro drip systems installed (nos.)	500
Total seeds distributed (kgs)	4050
Total land cultivated (acres)	600-700
Villages covered (nos.)	12

Table 5.2-Flood Rehabilitation Activities Statistics 2011

### hydro power generation

The floods of 2012 which seem to have taken an annual trend left thousands homeless with negligible access to the basic amenities of life. The power generating infrastructure in this region had either been severely damaged or completely destroyed, leaving the affected areas without power, plunged deep in darkness. Fear ran rampant as without basic amenities and without the capacity to generate any power, many would not last out the approaching winter, a time when nature unleashes its terror in the form of blinding snow and freezing temperatures. The need for the power grid to re-develop and to provide the people there with basic facilities was the need of the hour.

This formed the major objective of EPCL's initiative to install hydropower plants in Kalam, so that the flood affected communities in that region could meet their power demand and take care of their families' wellbeing in the bitter cold. Local people of the community were involved from the stage of implementation of plans, including providing intensive labor support when they worked hand in hand with EPCL to bring this project to completion. These hydropower units will be serving the electricity needs of hundreds of houses and the people of these areas for a good time to come.

Project Statistics	
Villages targeted (nos.)	02
Units installed (nos.)	02
Total houses covered (nos.)	350
Total beneficiaries (nos.)	2300
Total Power Output (V)	250
Turbine Capacity (KVA)	40

Table 5.3 Project Statistics for the year 2011

### go green drive

Reforestation forms an integral part of any organization aiming to be recognized as a responsible corporate citizen. Forested areas ravaged by the increasing demand of wood and other products were targeted in the province of Punjab and Khyber Pakhtunwa. EPCL launched its Go Green Drive with 100 hectares in 2009 which was then followed by an additional 100 hectares in 2010 and consequently, 61 acres were added in 2011.

Reiterating the sustainability factor stated earlier, it is imperative to note that with the increased emissions of greenhouse gases globally, reforestation is important to sustain the Earth that we live in. It is integral that all efforts be directed at not just uplifting the underprivileged sectors of society but also to guarantee the continuity of a sustainable form of living.

### nursery raising

EPCL has been purchasing expensive plants from private nurseries with the number of plantations between 90,000 and 100,000 since 2009. The Company also inaugurated its own nursery on June 9, 2011, having a capacity of 90,000 – 100,000 plants; the purpose of that nursery was to generate its own plants and holding timely plantation. Various plants including Robinia, Ailanthus and Walnut have been planted over the area of an acre falling in the remittance of Palak Village, located next to Arwar Village. This initiative has been taken to reduce the cost by half.

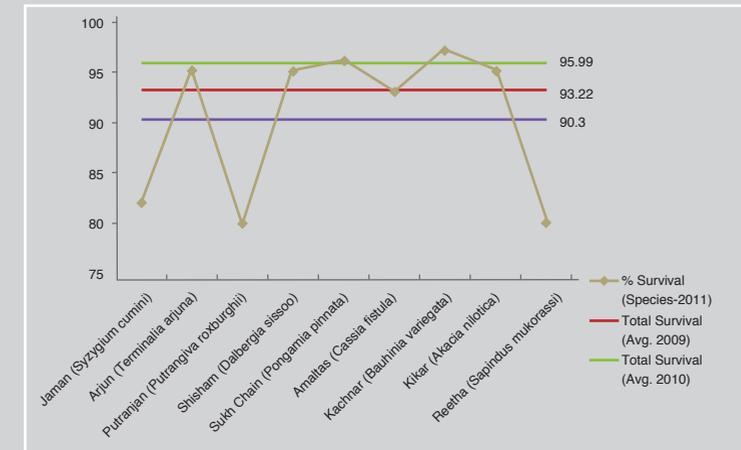
### plantation in palak village

In 2011, EPCL planted mix and broad leaves species on 60 acres of land in Palak Village. EPCL is monitoring and taking care of the plantation spreading over the total area of 540 acres and a Nursery on 1 acre land in Palak Village. It is ensured that the beating up of plantation is held at the right time to achieve good survival results.

Areas planted by EPCL			
Year	Area (in acres)	Location	Success%
2009	120	Galiat	96.64%
	120	Changa Manga	93.32%
2010	120	Arwar Village	92.62%
	120	Changa Manga	95.99%
2011	60	Palak Village	90.45%
		Mixed broad leaves nursery	80.25%

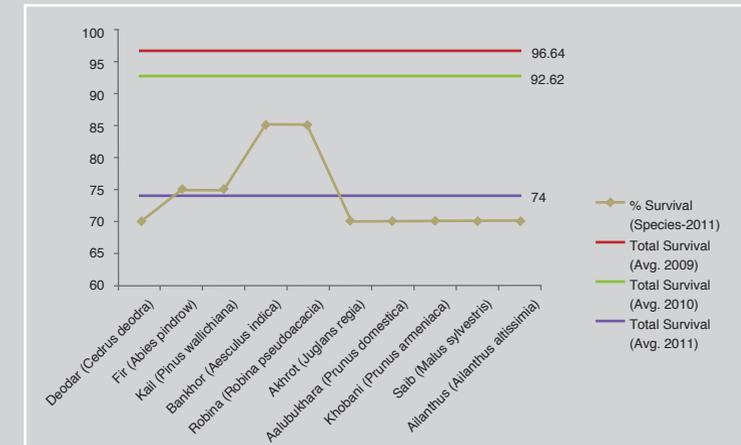
Table 5.4-Areas Planted from 2009-2011

### changa manga site performance comparison



Graph 5.2-Changa Manga Site Performance from the year 2009 to 2011  
 Note: The collective data shows the individual survival percentage of plantation for year 2011. Site performance was monitored by Provincial forest department Punjab.

### galiat site performance comparison



Graph 5.3-Galiat Site Performance from the year 2009 to 2011  
 Note: Site performance was monitored by Provincial forest department and Khyber Pakhtukhwa.

## water conservation program

### installation of demand based irrigation system

The element of water conservation is integral in every agriculture based community. In Pakistan, where farmers, even in this era of technological advancements, adopt decades old cultivating techniques and methodologies, EPCL is executing a Demand Based Irrigation Scheme aimed at implementing a system based on the wide usage of PVC pipes which guarantee no wastage of this important factor of agriculture, eliminating the threat of water salinity or water scarcity by controlling the threat of ground water discharge.

For expressing their intent to collaborate on setting up the DBIS project at Village Rabta in Abbottabad District, EPCL and Asia Associated has signed a MoU in November 2011. EPCL will sponsor and monitor the project and Asia Associates will execute the survey, design and construction. To facilitate irrigation and making sure the supply of clean drinking water for the community, the scheme was provided for agricultural lands that were completed in December.

EPCL has completed its DBIS projects in Rorey Wali Baig (Samandar Katha), Galiyat, Abbottabad. 80% of the project is contributed by EPCL in the form of capital and various other contributions needed at different levels of implementation and the community contributes 20% in the form of labor. The community benefited from this project is being able to grow orchards and other crops including potato, maize, turnips, beans, etc. The product can also be marketed in the towns of Nathiagali and Kalabagh. Project statistics are presented in the chart as follows:

Statistics table - DBIS scheme	
Total cultivable areas	55 - 60 canals
Direct beneficiaries	20 farmers
Indirect beneficiaries	200+ families
Distribution tank storage	2000 gallons
Small tanks (nos.)	08

Table 5.5-DBIS Scheme Statistics

### Crop yield/Productivity Statistics

Crop Production Without Dbis (Approx) Kgs	Crop Production After Dbis Installation (Approx) Kgs	Income Generation (Before)	Expected Income Generation (After)
Potato - 3,200	6,000	Rs. 64,000	Rs. 128,000
Beans - 800	1,400	Rs. 48,000	Rs. 96,000
Turnip - 3,600	6,000	Rs. 72,000	Rs. 144,000
Peas - 640	1,000	Rs. 41,000	Rs. 82,000
Pumpkin - 3,200	1,400	Rs. 16,000	Rs. 32,000

Table 5.6- Crop Yield/Productivity Statistics

### provision of micro drip irrigation system for flood affected areas

EPCL was instrumental at installing micro drip irrigation system, a type known as Family Nutrition Kits (FNKs) within various villages in Shaur Dara Valley (swat) for lands washed out in floods. The Company installed 500 FNKs for 500 families, one system for one family. EPCL's main focus is to certain the production of a high crop yield with minimum water usage.

EPCL further aims to provide these drip irrigation systems to 2000 deserving families for ensuring major cost savings of 50-75%, while potentially increasing product yield up to 10-50%. Urea, pesticides and fertilizers are applied in direct manner towards the roots of the crop. EPCL's prime focus remains on improving the quality of life of the farmers, as they play an important role in the supply of agricultural commodities.

## communal education development

EPCL believes in investing in improving quality of education, this remains the prime focus in year 2011 as well. The Company's initiatives include instituting scholarships for children of Port Qasim area in Karachi which has proven to be highly successful over the past five years. Over the past few years the Company has been supporting a community school based in Razakabd, Ghagar Phatak. Subsequently, others were added to the list this year. As improving the quality of education is the prime focus of this initiative, the Company conducted several sessions with teachers and parents to collect input for improving the quality of education in government schools in Razzakabad and Ghaghar Phatak.

In past, company had been organizing various festivals like an Environment & Education Festival, first of its kind, was organized by EPCL at Port Qasim (Karachi).

## other activities

### company- wide csr awareness session

An annual CSR Awareness session was organized in January 2012 where a detailed coverage of EPCL's CSR activities of the years 2010 and 2011 along with a few glimpses of the activities of 2009 were shown to the employees in the form of documentary presentation. The purpose of the documentary was to create awareness among all its employees and stakeholders and also covered three parts of CSR initiatives; flood relief, rehabilitation and the ongoing regular initiatives for environment and community development.

### company-wide anti-tobacco sessions

The EPCL in collaboration with Shaukat Khanum Memorial Cancer Hospital, conducted anti-tobacco sessions, highlighting the basic harmful effects of smoking along with the dangers of active and passive smoking. These sessions contained discussions on different types of cancers triggered by smoking as well as a question-answer session; besides this the Company has also actively donated aid to the Shaukat Khanum cancer patients.

## donations & sponsorships

Along with other contributions, EPCL is considerable and frequent donor of various NGOs, hospitals and institutes. Institutions that have received donations include, The Aga Khan University, Shaukat Khanum Memorial Cancer Hospital, Cardio-Vascular Institute, The Citizens Foundation, English Speaking Union of Pakistan, SOS Village, Hope, Behbud, Kidney Centre and Flood Victims. Furthermore, donations were also made to rescue and rehabilitation programs for the IDPs of Malakand division.



the management and board of directors of engro polymer & chemicals limited

### our engagement

United Registrar of Systems was retained by Engro Polymer & Chemicals Limited (the Company) to provide independent assurance to its Corporate Sustainability Report for the financial year 2011. The Company's management is responsible for the content of the report, identification of key issues, engagement with stakeholders and its presentation. URS's responsibility is to provide independent assurance on the Report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

### our assurance team

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our sustainability and risk management practice. This team undertakes similar engagements with a number of significant local and international businesses.

### our approach

The assurance engagement included interaction with key personnel of the Company to identify the processes in place; capture sustainability performance data as per Global Reporting Initiative (GRI G3) guidelines; followed by reviews of the processes for collecting, compiling, and reporting these indicators at the corporate and plant levels.

### level of assurance

Our evidence gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE 3000).

### scope, limitations & exclusions

#### Scope

- Data and information related to the Company's sustainability performance for the period April 01, 2011 to March 31, 2012;
  - The Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data;
  - Sustainability specific data and information related to energy, water and waste management, workforce, safety and training;
- Limitations & Exclusions; The assurance scope excludes:
- Aspects of the Report other than those mentioned under "Scope and Limitations";
  - Data and information outside the defined reporting period (April 01, 2011 to March 31, 2012);
  - The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company.

### our conclusions

On the basis of our review and in accordance with the terms of reference for our work we provide the following conclusions on the Report:

### materiality

*Has EPCL provided a balanced representation of material issues concerning EPCL's sustainability performance?*

Based on our review:

- We are not aware of any material aspects concerning EPCL's sustainability performance which have been excluded from the report.
- Nothing has come to our attention that causes us to believe that EPCL's management has not applied its processes for determining material issues to be included in the Report.

### completeness

*Does EPCL have complete information on which to base a judgement of what is material for inclusion in the Report?*

Based on our review:

- We are not aware of any material issues excluded or misstatements made in relation to the information on which EPCL has made judgments in respect of the content of the Report.

# Assurance Statement by URS

- We are not aware of any material reporting units that have been excluded in EPCL management's review of safety, social, ethical and environmental performance.
- We have reviewed information or explanation on the statements on EPCL's sustainability activities presented in the Report and we are not aware of any misstatements in the assertions made.
- Nothing has come to our attention that causes us to believe that HSE, community investment or ethics dismissals data has not been properly collated from information reported at operations level.

## responsiveness

*How has EPCL responded to stakeholder concerns?*

Based on our review:

- We are not aware of any additional issues of stakeholder interest that are not currently included in the Report's scope and content.

## findings & observations

Our observations on the Report are as follows:

- The Company has made a fair attempt to report on its sustainability performance by covering GRI G3 core economic, environmental and social key performance indicators;
- The Company may consider improving the process of defining and prioritizing material issues;
- A structured process of stakeholder dialogue and engagement is required to be devised and made use of in the sustainability reports, going forward

## recommendations

- The methodology of determining reporting boundary should be developed and the reporting boundary should be expanded to all organizational level to communicate with all stakeholders on a more accurate and complete sustainability performance data and to help management make more informed business decisions.

## our conclusion

On the basis of our review scope and methodology and subject to the inherent limitations outlined elsewhere in this independent assurance statement, nothing has come to our attention that would cause us not to believe that:

- The Report presents the Company's sustainability performance covering the indicators as mentioned in the scope;
- The Report contents are presented fairly, in material respects, in keeping with the GRI-G3 reporting principles and criteria.

Signed



On behalf of United Registrar of Systems  
Ali Khan  
CEO URS Pakistan  
8th June 2012, Karachi



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