



September 23, 2008

Mr. Georg Kell,
Executive Director,
United Nations Global Compact,
New York, NY 10017
USA.

Dear Mr. Kell,

As a signatory to the Global Compact since 2005, Engro's management is committed to uphold the principles of the compact and to ensure that our business follows the Global Compact goals in business strategy and in routine operations. Our adherence to Global Compact principles stems from the belief in the premise that businesses that have the support and respect of their stakeholders are likely to perform better in the long run.

This year again we report our triple-bottom line performance using UNGC GRI-defined voluntary disclosure indicators, collated through a process of internal review and external validation. It is a pleasure to state that while increasing the business quantum our focus on promoting safety of our employees and community and reducing waste and harmful substance inventories remained strong. Our commitment and emphasis on social investments in the communities and contribution towards their upliftment by supporting education and health projects continued unabated.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Asad Umar", with a long horizontal line extending to the right.

Asad Umar
President & Chief Executive



Name of Organization: Engro Chemical Pakistan Limited

Address: 8th Floor, Harbor front Building, Marine Drive, Block 4, Clifton, Karachi

Province: Sindh

Postal Code: 75600

Country: Pakistan

Tel: 92-21-111-211-211

Fax: 92-21-5810669

Website: www.engro.com

Number of Employees: 747

Availability of CSR Report and COP: www.engro.com

Type of Activity

Engro Chemical Pakistan Limited is a fertilizer manufacturing and marketing company. Its existing plant in Daharki, District Ghotki, Sindh, has the annual capacity to manufacture 954,000 Metric tons of urea. This capacity shall increase by 1.3 million tons per annum by mid 2010 with the start of production at the new plant, the world's largest US\$ 1 billion Single Train Urea complex and the largest capital investment by a private sector Pakistani company in the corporate history of the country.

Engro also has interests, through its subsidiaries and joint ventures, in PVC Resin, chemical handling and storage, industrial automation, foods and power generation.

Name & Title of Highest Executive: Mr. Asad Umar, President & Chief Executive

Name & Title of Contact Person: Mr. Zubair K. Bhatti, Public Affairs Manager
zkbhatti@engro.com

A: Human Rights

Principle 1: *Businesses should support and respect the protection of internationally proclaimed human rights.*

Principle 2: *Make sure that they are not complicit in human rights abuses.*

Our Commitment

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

Policy and processes

We support and respect internationally proclaimed human rights. All policies for business decisions, procurement, hiring, career advancement, and social contributions aim to promote due process and eliminate inequality.

Progress during 2007

- Continued to support and respect internationally proclaimed human rights
- Ensured that Engro was not complicit in Human Rights abuses

Measureable Results or Outcomes

- Investment agreements have not as yet been screened for human rights
- Suppliers and contractors have not as yet been screened for human rights

Please see 2007 CSR report for more details on Engro contributions to achievement of MDG goals.

B: Labor Standards

Principle 3: *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining*

Principle 4: *The elimination of all forms of forced and compulsory labour*

Principle 5: *The effective abolition of child labour*

Principle 6: *The elimination of discrimination in respect of employment and occupation*

Our Commitment

We acknowledge and respect workers rights to freedom of association and the right to collective bargaining. We support effective abolition of child labor and elimination of all forms of forces and compulsory labor.

Policy and processes

Management and employees participate in committees on occupational health and safety programs. We do not employ children: our hiring practices comply with the minimum employment age mandated in Pakistan's Labor law. Our human resource policies support diversity and forbid harassment. All employment or contracting relationships between Engro and individuals are based on legal contracts. 59% of total permanent staff is covered by collective bargaining agreements. We do not hire any child labor. We do not employ any forced or compulsory labor. We ensure that legally mandated minimum wages are paid to workers by our contractors.

Polices and processes to monitor all worker related compliance of laws by our contractors are not yet in place.

Progress during 2007

- Negotiated and signed new Collective Labor Agreement with the Karachi Staff Union for a period of 36 months effective July 01, 2007



Measureable Results or Outcomes

- There did not exist any operations where right to exercise freedom of association and collective bargaining was at significant risk, or where child labor or forced or compulsory labor was employed

Please see pages 52-54 of 2007 CSR report for more details.

C: Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility;

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Our Commitment

Our core value on safety, health and environment states: "We will manage and utilize resources and operation in such a way that the safety and health of our people, our neighbors, our customers, and our visitors is ensured. We believe our safety, health, and environmental responsibilities extend beyond protection and enhancement of our own facilities, and we are concerned about the distribution, use and after-use disposal of our products."

Progress during 2007

Engro has worked hard at monitoring, controlling and reducing wastes while conforming to relevant environmental standards.

- Displayed consistent progress in all its key environmental performance indicators, namely, effluents, greenhouse emitting gases, ozone-depleting gases, hazardous and non-hazardous wastes, and natural resource management with respect to waste reduction, energy conservation, and compliance.
- Signed a contract with consultants on Project Development Document (PDD) for development of possible Clean Development Mechanism projects
- Achieved almost 100% compliance of National Environmental Quality Standards (NEQS) for effluents & emissions and continued transparent reporting to governmental regulatory and enforcement bodies
- Achieved a major breakthrough by environmentally friendly disposal of hazardous waste by recycling and reusing the entire on-site inventory of spent catalysts and resins and mercury lights for metal extraction and manufacturing of salts / micro nutrients
- Started environmentally friendly disposal of chromate sludge

- Started phased discontinuation of Ozone depleting Chlorofluorocarbons (CFC's) and its replacement with Hydro CFC's is underway in a phased manner (normal replacement cycle of air conditioners)
- Won again – four times in a row by 2007 - National Forum of Environment and Health Annual Environment Excellence Awards
- Received the following four certifications: OHSAS 18001 (Occupational Safety Standards); ISO 14001 (Environmental Management Systems); ISO 9001 (Quality Management Systems); DuPont Safety Systems PSM, PSRM

Measureable Results or Outcomes

- Achieved 3.3 million man-hours (MMH) without LWI to employees. The total recordable incident rate was 0.42 in 2007 versus 1.31 in 2006. The urea plant at Daharki operated without any Lost Work Day Injuries (LWIs) to either ECPL or contractor employees.

Please see pages 46 to 49 of the 2007 CSR report for more details

D: Anti – Corruption

Principle 10: *Businesses should work against corruption in all its forms, including extortion and bribery.*

Our Commitment

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

Policies and Processes

More specifically, our business ethics policy expressly forbids the giving or receiving of bribes. Our Quadrennial Best Practices Review identifies any irregularities that occurred, no matter how minor and shares them with key management and the board. Our policy on political contribution strictly forbids engagement and donation for political parties.

The accounting policies of the Company fully reflect the requirements of the Companies Ordinance 1984 and such approved International Accounting Standards and International Financial Reporting Standard as notified under this Ordinance and directives issued by the Securities and Exchange Commission of Pakistan.

The Company also has the following anti-corruption measures in place:

- Regular review of questionable businesses practices
- Limits of authority assigned to each employee
- Regular checks by Corporate Audit Department
- Checks by Board Audit Committee
- Timely payment of taxes and submission of tax returns
- Complete disclosure policy to ensure transparency
- Regular analyst briefings

Progress in 2007

- All anti-corruption policies and procedures were fully implemented with zero-tolerance intent.

Measureable Results or Outcomes

- All new employees, as per past practice, were trained in anti-corruption policies and procedures.
- No incident of corruption was reported.
- All business units were analyzed for risks related to corruption.

Please see pages 55 and 56 of 2007 CSR report.