



Engro Corporation

Communication on Progress (COP)

September 2011

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October 13, 2011

H.E. Ban Ki-moon
Secretary General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary General,

Engro Corporation Limited is proud once again to support the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. As one of Pakistan's largest conglomerates, we are committed to making the Global Compact and its principles part of day-to-day operations of our company. We also seek to incorporate the broader development goals of the United Nations, particularly the Millennium Development Goals, through our work in our core corporate social responsibility areas.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to support the UNGC principles.

We support public accountability and transparency and therefore commit to report annually according to the Global Compact COP policy.

Kind regards,

A handwritten signature in blue ink, appearing to read "Asad Umar", with a stylized flourish at the end.

Asad Umar
President
Engro Corporation Limited

1. United Nations Global Compact Human Rights Principles

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights, and

Principle 2

make sure that they are not complicit in human rights abuses.

Engro seeks to ensure that our work environment is inclusive and diverse, with the increasing recruitment and retention of women. As part of our commitment to our female employees, in 2010, the company also introduced a non-discrimination and anti-sexual harassment policy to ensure that the women at Engro feel safe at work. We also took step further towards empowering our female employees. In 2010 with the launch of “Weave”, a network of women working at Engro, which holds quarterly meetings to help coordinate the promotion of female friendly policies at the company.

An initiative the company is particularly proud of is the implementation of an affirmative action program for disabled people. While no quota has been established for disabled persons, all subsidiaries are encouraged to employ disabled personnel. All subsidiaries are required to comply with the law by paying an amount equivalent to minimum wage of 1% of total employee population to designated government offices.

The company also made a major shift in introducing a new retirement policy with shorter vesting conditions, to improve employee attainability of the benefits whilst ensuring higher financial security for the organization. We provide growth opportunities in an effort to enhance our culture. This is achieved through organization development interventions such as training, the ability to engage in secondments, travel opportunities and support for volunteer and philanthropic work.

2. United Nations Global Compact Labor Standards Principles

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 labor;

Principle 5

the effective abolition of child labor; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

Engro is one of the few companies that permits freedom of association and actively encourages our employees to participate in collective bargaining by forming unions. Our progressive attitude towards union activity stems from our understanding of the fact that companies best serve their interests by working with unions rather than against them. A healthy relationship with unions can result in a balance of accountability between the management and employees' interests. We seek to hold ourselves accountable by allowing freedom of association by actively encouraging our employees to unionize and seek the benefits of collective bargaining.

Diversity Gender Ratio (Men: Women)

2010	2009	2008
10:0.7	15:1	16:1

3. United Nations Global Compact Environment Principles

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

undertake initiatives to promote greater environmental responsibility; and

Principle 9

encourage the development and diffusion of environmentally friendly technologies.

Engro has instituted some of the most progressive policies with respect to climate change, both amongst our local peers and even when compared to other peer companies. We view the measures we take to help become a more eco-friendly company an investment in the planet we live on. The company actively monitors its greenhouse gas emissions as well as other excursions into the atmosphere and has enacted several measures to reduce our carbon footprint. The company also ensures that it is maximizing the efficiency of its resource utilization - of everything from water to energy to raw materials – so as to minimize the wastage from our manufacturing processes, making our facilities greener, more planet-friendly. As with so many other aspects of Engro's business, the company holds itself to some of the highest global standards by pursuing internationally recognized certifications. Our facilities are frequently audited by third parties to ensure that we are holding ourselves to the standards we have committed ourselves to. The company is also actively engaged in inculcating a culture of environmental responsibility amongst our employees, by launching campaigns to conserve energy and save paper.

Engro Enven, the newest manufacturing facility at Engro Fertilizers, has installed carbon dioxide absorbers, which capture and retain approximately 300 tonnes of CO₂ per day. Engro has found a way to simultaneously reduce its environmental impact while also reducing its feedstock consumption, combining our investments in environmental and financial sustainability. Yet perhaps the single best example of how Engro combines business strategy with environmental sustainability is Engro Powergen's plant at Qadirpur, which uses as its fuel permeate waster gas to generate 220 megawatts of electricity at the lowest cost in the entire country.

4. United Nations Global Compact Anti-Corruption Principle

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

For 2010, the company aimed to continue expanding its whistleblower program, an endeavor in which Engro has had a considerable degree of success as well as to conduct frequent audits of every department at Engro.

SpeakOut Policy

When it comes to encouraging high standards, Engro ensures adherence to the codes of ethics and governance laid out in the company's guidelines. SpeakOut is an active policy that encourages employees to speak out when they see violations of the code of corporate governance or ethics. Engro is one of the very few companies in Pakistan that has a whistleblower protection policy. It is part of our commitment to our people that we want to create the environment where people do not feel that their job would be at stake if they report negative information.

Audit report results

The core of Engro's governance structure revolves around the thorough and frequent audits of every department, where every financial transaction is scrutinized, and system compliance audits are conducted. Each department is regularly audited and issued audit reports. In 2010, Engro was successfully able to improve its governance to the point where none of the company's business lines got an unacceptable rating on any of their audit reports, despite the fact that the company kept increasing the number of internal audits that it conducted.



About This Report

This report serves as Engro Corporation's Communication on Progress (COP) to the United Nations Global Compact. It highlights our progress during fiscal 2010 and is a supplement to our Sustainability 2010. Engro publishes its Sustainability Report every year as well as an online version.

About Engro Corporation Limited

Engro Corporation Limited is one of Pakistan's largest conglomerates with businesses ranging from fertilizers to power generation. In the interest of better managing and overseeing businesses of subsidiaries and affiliates that are currently part of Engro's capital investments, Engro Chemical Pakistan Limited converted into a holding company structure. As part of this process, two major changes occurred with effect from January 1, 2010; Engro Chemical was renamed as Engro Corporation Limited and it demerged and transferred its fertilizer business into a separate wholly owned subsidiary, Engro Fertilizers Limited. Currently Engro Corporation's portfolio consists of seven businesses which include chemical fertilizers, PVC resin, a bulk liquid chemical terminal, industrial automation, foods, power generation and commodity trade. Besides providing the long term vision for the company and overseeing performance of the subsidiaries and affiliates, Engro Corporation Limited is also responsible for allocation of capital, management of talent, leadership development, HR guiding policies, leadership role in public relations and CSR activities, control structures, legal and IT support. From its inception as Esso Pakistan Fertilizer Limited in 1965 to Engro Corporation Limited in 2010, Engro has come a long way and will continue working towards its vision of becoming a premier Pakistani company with a global reach.