



Engro Corporation Limited
Communication on Progress (COP)
May 2012



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May 03, 2012

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

Dear Mr. Secretary General,

Engro Corporation Limited has been a dedicated supporter and champion of the United Nations Global Compact (UNGC) principles with regards to human rights, labor, environment and anti-corruption. Over the years we have sought to synergize these principles with our business operations and continue to merge our strategic growth plan with the broader development goals of United Nations including both the Millennium Development Goals and the UNGC Principles.

As one of Pakistan's largest conglomerate, we are cognizant of our role in aligning efforts to harmonize our role in business and society both within our sphere of influence and beyond and our adherence to the Global Compact stems from the inherent belief that businesses which have the support and respect of their stakeholders are likely to perform better.

We strongly support public accountability and our Annual & Sustainability Report is a testament to our commitment to reporting in accordance with the requirements of the Global Compact.

Kind regards,

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

Asad Umar
President



UNITED NATIONS GLOBAL COMPACT PRINCIPLES

1- Human Rights

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	

Engro seeks to ensure that we continue to safeguard human rights across its diverse business operations and make our work environment safe, inclusive and diverse. As part of our commitment to our female workforce we continue to build and train new female talent through 'Weave', a network of women working at Engro, which hold regular quarterly meetings to ensure that our workplaces remain female-friendly. In addition, our workforce also benefits directly from flexible hours, a day-care centre, and a spouse employment policy.

We adhere to the strictest principles of merit in recruitment, compensation, and promotion decisions to ensure that all of our employees feel that the organization treats them fairly. We also aim to provide recognition for superior effort through an awards program that seeks to retain the best of our talent by providing them with leadership opportunities.

We are also proud of the implementation of an affirmative action program for disabled people for which comprehensive guidelines have been drafted. These guidelines encompass a broader set of structural and policy changes which include development of physical infrastructure, devising a recruitment policy for the disabled and also building an equal opportunity awareness within the very fabric of our human resource strategy.

We also ensure that the Company maintains a fair retirement policy and to this end, we have introduced a new retirement policy with shorter vesting conditions, to improve employee attainability of the benefits whilst ensuring higher financial security for the organization. By upholding ourselves to these lofty ideals and principles, we continue to attract, develop and retain some of the best human resource of the country.



2- Labor

Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	
Principle 4	Businesses should work towards the elimination of all forms of child labor.	
Principle 5	Businesses should ensure effective abolition of child labor.	
Principle 6	Businesses should uphold elimination of discrimination in respect of employment and occupation.	

While Engro has committed to providing its employees with enriching and rewarding careers, we also recognise the need for our management to be held accountable. To this end, the company is one of the few 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.

Unionisation also connects well with our aim of inclusiveness, with employees' interests being represented at every level of decision-making in the organisation.

In addition, we also remain committed to curtailing the implementation of child labor or compulsory labor across any of our business subsidiaries. This strategy has yielded considerable success and in the year 2011, Engro was named "The Most Preferred Graduate Employer in Pakistan" by Engage Consulting. That Engro was able to come ahead of top multinational conglomerates for the title further serves to cement Engro's reputation as a globally competitive organization that seeks to uphold the highest standards in labor practices and rights.

Diversity Ratio:

Year	Gender Ratio (Men: Women)
2011	13:01
2010	14:01
2009	15:01
2008	16:01



3- Environment

Principle 7	Businesses should support precautionary approach to environmental challenges.	
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	

Engro has consistently demonstrated that a rapidly growing company in a highly competitive emerging market can not only continue to meet its environmental responsibilities but actually improve its profitability as it continues to dramatically improve its environmental footprint. According to the Intergovernmental Panel on Climate Change, Pakistan is set to become one of the most affected countries by the global shifts in climate. Taking care of our environment for a Pakistani corporation, therefore, is not just a question of being more socially responsible: it makes good business sense to address one of the most serious risks to our commercial operations.

We are proud of the fact that this year, despite a difficult economic environment, the company's policies with respect to the planet began to come to fruition and yielded outstanding results in terms of helping us become a more environmentally sustainable organization. As one of the largest conglomerates in the country, our environmental footprint is highly complex, and therefore requires a multifaceted strategy to confront the challenge of an environmentally sustainable business model.

Engro has adopted a four-pronged strategy with respect to managing our investments in the environment. Firstly, we actively monitor our greenhouse gas emissions as well as other excursions into the atmosphere and have enacted several measures to reduce our carbon footprint. Secondly, Engro ensures that it is maximising the efficiency of its resource utilisation – of everything from water to energy to raw materials – so as to minimise the wastage from our manufacturing processes, making our facilities greener and more planet-friendly.

Thirdly, we continue to hold ourselves accountable to some of the highest global standards by pursuing internationally recognised certifications. Our facilities are frequently audited by third parties to ensure that we are holding ourselves to the standards we have committed ourselves to. We are also actively engaged in inculcating a culture of environmental responsibility amongst our employees, by launching campaigns to conserve energy, save paper and travel less. We seek to ensure that our employees become environmentally conscious citizens. Part of the way this is implemented in the company is through the Green Offices initiatives, which seeks to both reduce the



environmental footprint of the company as well as inculcate a more climate-conscious culture within the firm.

And lastly, we ensure that our products are designed to have a minimal impact on the planet, helping to make even our customers' lives and livelihoods more environmentally sustainable.



4- Anti Corruption

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	
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Engro's pursuit of profit is underlined by a pervasive commitment to be ethical in all that we do. As a result, Engro's work ethos embodies some of the highest standards of corporate governance in Pakistan, which is in line with the commitment to responsible business as exhibited by the world's leading organizations. Our pursuit of ethical behavior stems from a governance strategy built upon mechanisms that ensure responsible behavior across all tiers of interaction throughout the organization's operations; including who we conduct business with, the employees of the organization, the people of the communities that host us, as well as the government representatives who regulate our business practices.

Our governance policy begins with a very simple and basic premise. All of Engro's workings, ranging across all stakeholders, must and do, comply with the laws and regulations of Pakistan. However, as with everything that is Engro, we aim to go beyond just mere legal compliance, and hold ourselves to an even higher standard.

Engro's stringent policies ensure that we monitor the action of those connected to the organization in any capacity, thus preventing them having undue advantage of their access to information. At Engro, governance is also about preventing a disadvantage to those who interact with the organization. The company makes it a point to pay suppliers on time, as well as fulfilling all other financial obligations without any delays.

We also continue to encourage use of our SpeakOut policy through which employees can report on violations of the code of corporate governance or ethics. We are one of the few companies in Pakistan that has an active whistleblower protection policy. This ensures that our employees are cognizant of their duty in reporting any ethics violations including bribery, extortion, etc.

Furthermore, our governance framework allows for a stringent, frequent and thorough audit of every department where financial transactions are scrutinized and system compliance audits are conducted. Each department is regularly audited and issued audit reports. In 2011, we were successfully able to improve our governance to the point where none of the Company's businesses received an 'unsatisfactory' rating on any of their audit reports, despite the fact that we continued to increase the number of internal audits that were conducted.



5- About this Report:

The Annual and Sustainability Report 2011 couples the financial and business performance information of Engro Corporation Limited and its subsidiaries with the corporate social responsibility and sustainability initiatives for the period covering Engro's financial year 2011, ending December 31, 2011.

Engro Corporation Limited is aiming to create sustainable corporate value, which consists of economic value, societal value and environmental value. The Annual & Sustainability Report integrates information concerning the financial performance with the creation of societal value and environmental value (social/CSR investments and environmental initiatives) that was previously contained separately in our forty-fifth Annual Report 2010 and first Sustainability Report 2010. The forty-sixth annual report as first combined report for financial and sustainability data is thus designed to serve as a comprehensive report on our initiatives to create sustainable corporate value.

Engro's standards for reporting data in this report are based on the "Global Reporting Initiative" (GRI) standards, an international set of guidelines initiated with the support of the United Nations Environment Programme (UNEP). An adherence to these global standards ensures that Engro lives up to its commitments it makes: by having to report data along the same parameters every year, our stakeholders will be able to monitor our progress on the promises we make to invest in their future.

Engro Corporation's Annual & Sustainability Report 2011 has been reviewed by the United Registrar of Systems, one of the world's leading inspection, verification, testing and certification companies along with external auditors A. F. Ferguson & Company (Chartered Accountants).

As a leading Pakistani conglomerate we are committed to ideals of transparency. This report is a reflection of our beliefs and principles, and provides the platform from where we will build our reporting for the future. This report is part of our Communication on Progress and highlights our financial performance and our social endeavors as a responsible corporate citizen.



6- About Engro Corporation Limited:

Engro Corporation today is one of Pakistan's largest conglomerates with subsidiaries in a number of diversified sectors. Keeping in view the operations in multi category businesses, expansion strategy and growth vision, a holding company structure has been established to manage affairs of various businesses. Engro Corporation was therefore created as the holding company to provide direction to its subsidiaries and affiliates which include Engro Fertilizers, Engro Foods Limited, Engro Polymer & Chemicals Limited, Engro Powergen, Engro Eximp Private Limited and Engro Vopak Terminal Limited. Engro Foundation on the other hand serves as the singular platform for social and community work for all Engro affiliates.