



We're committed to reducing our impact on the planet and delivering more sustainable products and solutions to our customers. And we can only do this if sustainability is at the heart of everything we do. That's why we aim to integrate sustainability into every area of our business. The Sustainability Report covers our sustainability strategy, Key Performance Indicators, our annual and long-term targets and the work we have done so far.

# Sustainability Report

## Ever 'Green'

The work we do to create a better future stems from our Economic, Social and Environmental Performance, which form the basis of our sustainability framework.

# Statement of the Chief Executive

Dear Stakeholders,

Welcome to the ICI Pakistan 2011 Sustainability Report. This is our fourth effort to report our progress on our journey of sustainable development and as we continue to progress on this journey, we also continue to raise the bar on our reporting standards. From a simple account of our activities in 2008, this year we have applied a GRI B+ standard for a more transparent and compliant report.

Contributing to sustainable development means consciously balancing short and long-term interests; integrating economic, environmental and social considerations into business decisions; and regularly engaging with our many stakeholders. With our diverse portfolio of products, we practically touch every life in the country some way or the other and this is a responsibility we take very seriously. Sustainability is therefore woven into our culture, practices, processes and the products we offer.

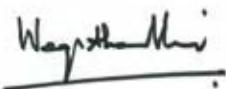
In this report you will read about the many ways in which we integrate sustainability into our operations. Sustainability is no longer a fancy word or a right 'thing to do'. It is a conscious effort to change the way we operate, as individuals and as a company. In our case studies we share with you innovative examples of how our teams have come up with simple but effective ideas to build sustainability into everything they do, and we are truly proud of their efforts. You will see how our innovations are helping to address some of the most pressing problems related to energy, the environment, safety and other issues.

In 2010, we developed Key Performance Indicators relating to economic, social and environmental factors with defined objectives for 2015. This report defines the ambitious goals we've set and our progress toward meeting them. You will also read about our commitment to people; our employees who make this company so diverse and vibrant and the communities in which we operate and how we give back to them.

We approach this report with the same commitment as we approach all our responsibilities, and through it we aim to show you a clear, transparent picture of what we are doing as a company to achieve our economic, social and environmental objectives.

We hope to receive your feedback and views in order to help us build on our strengths today, and create a more sustainable tomorrow for all.

Regards,



Waqar A Malik



# Sustainability Strategy

During 2010 we put in place a framework built around the triple bottom line concept of economic, social and environmental factors. Based on the framework we conducted a stakeholder engagement program and developed KPIs for each segment in complete alignment with our parent company. A company wide awareness of the sustainability framework was created to unify understanding of the sustainability agenda. The next steps were to restructure the Sustainability Council broadening the base and extending the scope and functionality within the organization to bring about a more defined action based approach.

Due to strategic changes within the organization, we did not achieve our objective of restructuring the Sustainability Council. While smaller groups within each Business are working to develop plans to achieve our 2015 goals, the broad base of decision makers to be inducted in the Sustainability Council has not happened and we continue on the structure established previously. This council was made up of a multi-disciplinary team representing each segment of our operations.





# About the Report

We began voluntary reporting on sustainability for the first time in 2008 with the first report published along with the Annual Report covering the period 1 January 2008 to 31 December 2008. This is our fourth effort on presenting a Sustainability Report and we have used the G3 Reporting Framework issued by the Global Reporting Initiative (GRI) and are applying the **GRI Reporting Framework at Application Level B+**.

## Report Boundary

This report covers our five Businesses and all our Corporate Functions. ICI Pakistan Limited has four manufacturing sites, three corporate offices and five regional/business offices.

The text and statistics in this Report cover sites owned and operated wholly by ICI Pakistan Limited during the period 1 January 2011 to 31 December 2011. Employee data includes management and non-management staff. Community Investment is handled by the ICI Pakistan Foundation which is a separate legal entity registered as a Trust. All monetary amounts in this Report are Pakistani Rupees, unless otherwise indicated.

## Reporting Period

The reporting period is January 01, 2011 to December 31, 2011 and data has mainly been obtained from our financial management reporting systems, corporate HR information management system and the AkzoNobel and former ICI corporate reporting systems for Health, Safety, Environment & Security (HSE&S) performance indicators.

## Report Content

In 2010, an important step towards integrating sustainability within the organization was conducting a stakeholder dialogue and establishing Key Performance Indicators (KPIs). These KPIs also have targets set for 2015 which shall serve as pathfinders for us. Like last year, the content of this report has been developed in accordance with the KPIs and our performance against these. The content of this report has been decided upon by the Sustainability Council and has been developed in accordance with our Sustainability framework based on the triple bottom line concept of economic, social and environmental parameters.

## Data Collection

### Collection:

All our environmental, health, safety and security data is derived from our EPM database which is centrally managed by our Corporate Headquarters in Amsterdam. A quarterly reporting cycle is in practice and all related information is gathered and entered by respective businesses and functions while the Corporate Health, Safety and Environment Manager, reviews and manages the data for ICI Pakistan Limited as a whole. Data pertaining to integrity management, employment practices, sourcing and community investment is compiled and monitored by sustainability council members responsible for each area.

## Accuracy:

We are confident in the overall reliability of the data reported, but recognize that some of this data is subject to a certain degree of uncertainty, inherent to limitations associated with measuring and calculating data. Senior managers within the organization approved the content and the quantitative data used in the Sustainability facts and figures relating to their respective areas of responsibility.

## Consistency:

The KPIs set and the data reported this year serve as a baseline and reporting standard for the years to come. Any additional developments shall be reported accordingly however, the reporting framework established this year shall be a consistent baseline standard.

## Assurance & Verification

Our sustainability performance is monitored through a multi-disciplinary Sustainability Council. Like last year, this year, we also had Ernst & Young conducting an independent sustainability audit results of which have been incorporate in our improvement plans.

This Sustainability Summary Report forms part of our sustainability reporting and is designed for general readership only. United Registrar Systems (URS) has conducted an independent verification and assurance of data presented in this report. The indicators for our sustainability reporting are selected from the G3 Reporting Framework issued by the Global Reporting Initiative (GRI). The GRI is a large multi-stakeholder international network of thousands of sustainability experts. The GRI G3 Reporting Framework is the most widely accepted global standard for corporate responsibility reporting.

## Contact Us

We encourage feedback on our Sustainability Report. If you would like to comment on the report or find out more about our Sustainability strategy and program, please e-mail us at: [sustainability.council@akzonobel.com](mailto:sustainability.council@akzonobel.com)

A soft copy of this report and additional information on our business units and products is available on our website at [www.akzonobel.com/pk](http://www.akzonobel.com/pk). If you are unable to access these resources or need further information, please contact:

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# Sustainability Framework

## Economic Performance

Integrity Management  
Sourcing

## Social Performance

Health, Safety and Security  
Employment Practices  
Community Investment

## Environmental Performance

Emissions Control  
Water Usage  
Waste Management  
Product Stewardship  
Energy Efficiencies





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## The Green Revolution

Oxo-biodegradable technology is a “green” technology that is helping reduce chemical impact on the environment. Regular plastic remains for up to 100 years, posing risks to water sources, soil, wildlife and marine life. When exposed to sunlight or when buried, oxo-biodegradable material degrades like natural materials (such as wood, straw and leaves), without damaging the environment.

This year we decided to try and adopt this technology and as a start, 30,000 paper envelopes used for mailing EOGM Booklets and Annual Calendars were replaced with oxo-biodegradable bags. Little did we know that what was experimental technology for us, would make such a breakthrough in the market. The vendor with whom we had developed the bags started receiving successive orders from other corporate and business entities. Within ICI Pakistan, we are now working on the possibility of introducing this technology for packaging our products.

Besides being biodegradable, there is significant paper saving as well. With just this initiative, we saved 600 kilos of paper; an amount that roughly translates into saving 10 trees! We feel that for a greener planet, it is small steps like this, which when done collectively, can really go a long way.

# Stakeholder Dialogue

Although our stakeholder engagement process has been in place over considerable time, being a vital ingredient of any sustainable development model, we embarked on the path of formal stakeholder engagement reporting in 2010. Our stakeholder engagement processes are both formal and informal and are also considered by the company at the operational level covering customers, suppliers and communities (Businesses & Locations) or at the corporate level

(Regulatory Bodies and NGOs).

In the first phase, we started our dialogue with customers, suppliers, contractors, regulatory agencies and local communities as reported in 2010. During 2011, we have been involved in addressing some of the issues and concerns that emerged from these dialogues and the update is provided as follows:

Stakeholder	Target Group	Key Observations	Actions Taken
Community	Community around Soda Ash plant in Khewra	<ul style="list-style-type: none"> <li>- CSR investments around Communities are reactive and based on point requests for local community.</li> <li>- Local CSR strategies to be put in place linked to Corporate CSR strategy defining the purpose of ICI CSR investments.</li> </ul>	Put on hold in view of ICI Pakistan's strategic transition. Corporate CSR strategy to be revisited and local strategies shall be accordingly linked up
Customers	Industrial paints customers	<ul style="list-style-type: none"> <li>- Customers HSE Training. required</li> </ul>	Training of customers completed as per plan.
Contractors	Contractual Services including Manpower Suppliers and Transporters at the Polyester Business	<ul style="list-style-type: none"> <li>- HSE Training for Transporters</li> </ul>	<ul style="list-style-type: none"> <li>- Sessions held with transport drivers in April and September 2011 covering 34 drivers. Training verified by Corporate HSE&amp;S.</li> </ul>
		<ul style="list-style-type: none"> <li>- Vendor Recognition Program for Transporters</li> </ul>	<ul style="list-style-type: none"> <li>- Awards given to transporters for HSE&amp;S compliance on 15th November 2011.</li> </ul>
Suppliers	Printers and Packagers of Life Sciences Business	<ul style="list-style-type: none"> <li>- HSE Training of Printers and Packagers</li> </ul>	<ul style="list-style-type: none"> <li>- HSE&amp;S Training of Printers and Packagers carried out. This was verified by Corporate HSE on 8 &amp; 9th December 2011.</li> </ul>
Regulators	Environmental Protection Agency Pakistan	<ul style="list-style-type: none"> <li>- Mitigation of Fire &amp; Fumes Hazards at Paints site</li> </ul>	<ul style="list-style-type: none"> <li>- Site fire risk brought down by 2 levels (from red - unacceptable to yellow - adequate category).</li> <li>- Installation of fume extraction system and sprinkler system shall be completed in Q4, 2012.</li> </ul>



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## Every Drop Counts

97% of all the water on the earth is salt water which is not suitable for drinking. A mere 3% is fresh water of which 2% is locked in ice caps and glaciers and only 1% percent is available for drinking water.

With all the people on Earth relying on such a small percentage, it only makes sense that we must all do our bit to conserve water because a whole lot of people doing a little bit adds up to a whole lot.

This year, our Soda Ash team managed to save a whopping 240 million liters of water through an aggressive recon drive. The achievement is even more significant given the scarcity of water in Khewra and its adjoining regions.

Change begins at an individual level, and a rigorous communication and awareness campaign regarding the importance of conserving water was organized. The campaign included regular communication through notices and signboards, circulation of monthly newsletters, observation of a Water Conservation Hour and staff training. Families of our employees were also taken on board through informative activities and sessions.

Apart from this there were other projects that were executed, which included modification of the waste water collection and recirculation system, installation of orifices and level transmitters to monitor consumption, and a strict control on leakages.

The consumption of water in 2010 was 9.2 meter cube of water per ton of Soda Ash. In 2011, it was slashed down to 8.2!

Water supply is essential to life – and to the sustainability of our business. We rely on water for manufacturing, power generation, cooling, cleaning, transporting and of course, for living! That's why we make sure we don't take it for granted.



Stakeholder	Target Group	Key Observations	Actions Taken
		- Use of Biodegradable plastic.	- Successful introduction in corporate mailing with 30,000 bags used. Successful trials to use Oxo-biodegradable plastic conducted at Polyester and Soda Ash sites to replace their product packing. - Shopping bag supplied at Soda Ash community departmental store is now made up of Oxobio-degradable plastic
		- involve Pak EPA and other emergency handling agencies in their emergency drills / contingency planning	- A team of Rescue 1122 officials visited Paints site during July and were given the briefing on our HSE and fire management systems.

#### Identification Basis & Selection Criteria

In our first phase of stakeholder engagement we opted to cover all Businesses. With this perspective, for community interaction we picked the Khewra community neighboring our Soda Ash plant, which is has the longest associated with ICI Pakistan. For Suppliers we identified our Polyester logistic services contractors and Packag-

ing service providers for our Life Sciences Business. To obtain direct end-users feedback from Customers, we selected our Paints business and for Regulators, our corporate level interface with Pakistan Environmental Protection Agency was identified.

Stakeholder	Why	Engagement Targets 2012
Communities	How ICI has improved their lives and their expectations.	Khewra / Sheikhpura Communities
Contractors	What safety and environmental training/ awareness they have gained by working with ICI.	PTA / MEG Transporters
Customers	Benefit from trainings and value added services our Paints Refinish Business provides.	Painters / Body shop Owners / Auto Companies (Paints End Users)
Regulatory Agencies	Environmental performance and what we can do to improve both our own and industry standards.	Pakistan Environmental Protection Agency
Suppliers	Gain feedback on effectiveness of our Supplier Support Program and other sourcing issues	Printers & Packagers of Life Sciences Business

# Key Performance Indicators

Integrity Management		2009	2010	2011	2015
					Target
Code of Conduct trained*	% employees	100	100	100	100**
Code of Conduct confirmed incidents	number	10	23	20	0
Management audits including reassurance audits	number	6	11	9	6
Serious incidents - Level 3	number	1	1	1	0
Serious incidents - Level 1,2	number	0	2	0	0
Serious loss of containment - Level 4	number	0	0	0	0
Regulatory actions - Level 3	number	0	0	0	0

\* Number of Management and Non-Management Employees

\*\* We aim to achieve 100% training level by including contractual staff as well

Sourcing		2009	2010	2011	2015
					Target
Vendor Policy signed by key suppliers	%	88	84	85	96
Vendor Policy signed by Central NPR Suppliers*	%			28**	0
Supportive Supplier Visits since 2007	Number	21	79	31	146

\*Major Public Sector Utility suppliers not included in this analysis

\*\* Monitoring started in 2011 only by Polyester Business.

Employment Practices		2009	2010	2011	2015
					Target
Women executives*	%	0	0	0	12
On-line P&D Dialog participation**	%	77	80	83	90
Management development program	No of managers	34	121	211	338
Employee engagement index	% favorable		75	82	80

\* Functional and Business Head Positions \*\* Management staff

Community Investment		2009	2010	2011	2015
					Target
Community Program Investment	PKR Million	16.5	42.5*	24.3	30

\* This amount includes contribution by stakeholders including ICI Pakistan Limited staff and parent company contribution for floods.

Health, Safety & Security		2009	2010	2011	2015
					Target
Fatalities	number	0	0	0	0
Total reportable injury rate employees/supervised contractors	/million hours	0.28	0.28	0.28	0
LTI Rate employees/ supervised contractors	/million hours	0	0.14	0.28	0
Occupational Illness Rate employees	/million hours	0	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76	1.76
Fatalities contractors (supervised and independent)	numbers	1	0	0	0
Total reportable injury rate independent contractors	/million hours	0.52	0	0	0
Lost time injury independent contractors	numbers	1	0	0	0
% sites with BBS program	%	0	100	100	100
Distribution incidents	numbers	1	1	1	0
Motor vehicle incident with injury	numbers	0	1	2	0

Emissions Control		2009	2010	2011	2015
					Target
Total COD emissions	te	105.37	52.59	53.78	49.96
Per ton production	kg/te	0.15	0.11	0.13	0.1
Total VOC emissions	te	161.25	81.81	72.34	77.72
Per ton production	kg/te	0.23	0.18	0.17	0.16
Total NOx emissions	te	422.42	430.70	422.93	409
Per ton production	kg/te	0.61	0.93	0.99	0.83
Total SOx emissions	te	1431.4	2209.1	2672.9	2430
Per ton production	kg/te	2.05	4.76	6.29	4.95
Total Direct CO <sub>2</sub> emissions (Scope 1)	million te	0.47	0.39	0.35	0.37
Per ton production	kg/te	676.1	834.7	829.5	753
Total Indirect CO <sub>2</sub> emissions (Scope 2)	te	39907	2447	5642	2324
Per ton production	kg/te	57.3	5.3	13.3	4.7

Water Usage		2009	2010	2011	2015
					Target
Total Fresh water use	million m <sup>3</sup>	6.49	4.59	4.12	4.36
Per ton production	m <sup>3</sup> /te	9.8	9.9	9.7	8.9
% of sites with sustainable fresh water	%	25	25	25	100

Waste Management		2009	2010	2011	2015
					Target
Total waste	kte	19.015	4.412	2.73*	4.191
Per ton production	kg/te	27.32	9.53	6.44	8.53
Total hazardous waste	kte	0.31	0.54	0.52	0.51
Per ton production	kg/te	0.45	1.17	1.22	1.04
Total non-reusable waste	kte	0.408	0.295	0.384	0.28
Per ton production	kg/te	0.59	0.64	0.90	0.57
Total non-reusable Hazardous waste	kte	0.151	0.251	0.327	0.238
Per ton production	kg/te	0.22	0.54	0.77	0.48
Total Hazardous waste to landfill	kte	0	0	0	0
Per ton production	kg/te	0	0	0	0

\* Total Waste: Reduction in 2011 is due to waste reduction projects initiated at Polyester and Soda Ash.

Product Stewardship		2009	2010	2011	2015
					Target
Product Eco-premium solutions	% sales			15.7	30

Energy Usage		2009	2010	2011	2015
					Target
Total Energy Consumption	1000TJ	6.5	4.8	4.3	4.6
Per ton production	GJ/Te	9.3	10.4	10.1	9

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## Herding Change

We don't just sell products to our customers. We offer complete solutions for their needs; at times going a lot beyond that and using our holistic expertise to perpetuate change that would bring about improvements today and prosperity tomorrow.

Our Animal Health Division decided to launch a unique nationwide training and awareness campaign on 'Animal Handling' in the last quarter of 2011, in collaboration with veterinary officials, hospitals and universities.

From the scenic valleys of Swat to the scorching deserts of Thar, about 28 key livestock areas of Pakistan were targeted. The sole objective of this project was to equip livestock farmers with sustainable and safe farming practices and create awareness amongst them regarding health and safety of their animals and of themselves.

Particular attention was also given to the installation and proper use of Cattle Crush at farms, which is used to restrain the animal for medication, for which the use of Drenching Guns was advocated and demonstrated.

This initiative of our Animal Health Team imparted valuable knowledge to over 3000 farmers, veterinary officials and agricultural academia and was much appreciated by all. It helped bring about a change in animal handling methodologies and develop the skills of our livestock farmers and improve upon their farming practices. It was also about reaching out, strengthening our communities and adding value to a vital sector that provides livelihood to about 36 million people of our nation.



# Economic Performance

## Management Approach

During 2010 we put in place a framework built around the triple bottom line concept of economic, social and environmental factors. Based on the framework we conducted a stakeholder engagement program and developed KPIs for each segment in complete alignment with our parent company. A company wide awareness of the sustainability framework was created to unify understanding of the sustainability agenda. The next steps were to re-structure the Sustainability Council broadening the base and extending the scope and functionality within the organization to bring about a more defined action based approach.

Due to strategic changes within the organization, we did not achieve our objective of restructuring the Sustainability Council. While smaller groups within each Business are working to develop plans to achieve our 2015 goals, the broad base of decision makers to be inducted in the Sustainability Council has not happened and we continue on the structure established previously. This council was made up of a multi-disciplinary team representing each segment of our operations.

# Integrity Management

We aim for the highest standards of performance and behavior in all our operations. There is also company-wide awareness on compliance. Our Values and Business Principles are reflected in our Code of Conduct. Compliance is embedded in our businesses and there are clear monitoring and reporting lines. We have an open dialog with employees and keep them updated on the latest standards through training.

## Key Performance Indicators:

Integrity Management		2009	2010	2011	2015
					Target
Code of Conduct trained*	% employees	100	100	100	100**
Code of Conduct confirmed incidents	number	10	23	20	0
Management audits including reassurance audits	number	6	11	9	6
Serious incidents - Level 3	number	1	1	1	0
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Serious loss of containment - Level 4	number	0	0	0	0
Regulatory actions - Level 3	number	0	0	0	0

\* Number of Management and Non-Management Employees

\*\* We aim to achieve 100% training level by including contractual staff as well

## 2011 Overview:

2011 Management Audit included audit of our 5 Businesses, Head Office, IT, a sustainability audit and a production gain/loss audit for our Paints Business. For 2011, 20 Speak Up (Code of Conduct Incidents) cases were logged which were all appropriately investigated and reported. 2015 target is zero.

A serious incident of Level 3 occurred in February in Karachi where a bridge was being painted as a public service project. While the job was in progress, a bus moving on the adjacent road skidded, went out of control and hit the barricades and two ladders resulting in one fatality and serious injuries to two workers. The incident was reported as per Serious Incident 13.4 Protocol. Investigation process involved root cause analysis.

## Future Plans:

We aim to continue our focus on code of conduct training and awareness for all employees.

# Sourcing

In order to achieve sustainable growth, it is essential for us to build strong business relationships with suppliers whose actual working practices should meet our requirements. We aim to do business with partners who endorse our ethical values and our social and environmental standards.

The two main measures of our progress are signing of the Vendor Policy by suppliers and Supplier Support Visits by our teams. By signing the Vendor Code of Code, our suppliers endorse and agree to follow the

Sourcing		2009	2010	2011	2015
					Target
Vendor Policy signed by key suppliers	%	88	84	85	96
Vendor Policy signed by Central NPR Suppliers*	%			28**	0
Supportive Supplier Visits since 2007	Number	21	79	31	146

\*Major Public Sector Utility suppliers not included in this analysis

\*\* Monitoring started in 2011 only by Polyester Business.

Health, Safety, Environmental and Security standards, as formulated in our Code of Conduct and legislative requirements of the country. Our program of on-site visits to Critical Suppliers aims to identify and develop critical suppliers as sustainable business partners. Through formal feed-back and follow-up visits, we work together with our suppliers to improve their overall sustainability. We also conduct HSE assessments which outline a two year process as to where they are at present and where they need to be and then work them to ensure they get there.

Traditional dimensions like price, cost, time, delivery, punctuality and product quality no longer define a sustainable business. Our vendor partnerships are linked to suppliers and vendors accepting a code of behavior similar to ours. Breaking this code of conduct jeopardizes future relationships and agreements.

## Key Performance Indicators:

### 2011 Overview:

We could only sustain the 2010 levels in terms of vendor policy signed by the suppliers. Non-product related suppliers sign-off also showed a beginning in 2011 with the Polyester Business.

### Future Plans:

Our future continues to bring all our direct suppliers both product and non-product related into our umbrella of sustainability efforts. Apart from the targets defined for 2015, we would also like to carry out a relook and review of direct level 1 suppliers to ensure we have covered everyone while measuring our above mentioned KPIs.





# Social Performance

## Management Approach

For us, the safety and health of our employees and communities is both a business and personal value and we therefore have systems and practices in place that help us work towards our ultimate goal of zero harm.

As a responsible company, we seek to develop and empower our employees and people from the communities that surround us. We embrace diversity and

are committed to fair and equitable treatment of all, irrespective of origin, race or gender in an environment that fosters performance and personal growth for employees. We practice and endorse equal opportunity employment and ensure adherence to all labor legislations. We encourage mutually beneficial relationships with our communities and support them through economic development and corporate social investment initiatives.

# Employment Practices

Talent is the lifeblood of any organization, and we view our employees as our highest-priority resource.

We take a thorough approach to providing skills and value to employees while our policies and employment practices ensure an environment that encourages diversity and engagement and thereby room for personal growth and development. We need to ensure that all employees are knowledgeable about and engaged in the business. We measure our progress in this area using the Gallup

Q12 survey. The results of the survey provide a comparison against a database of approximately 500 organizations.

To attract, retain and bring out the best in its people, we invest in leadership and development training and offer rewarding careers where employees are able to continuously learn. We are also committed to providing safe and healthy working conditions. We prohibit exploitation of labor or harassment of any kind and ensure adherence to the minimum legal age requirements.

## Total Number of Employees

1326

Total Number of Employees: 1326

Management: 833

Non Management: 493

Employment Practices		2009	2010	2011	2015
					Target
Women executives*	%	0	0	0	12
On-line P&D Dialog participation**	%	77	80	83	90
Management development program	No of managers	34	121	211	338
Employee engagement index	% favorable		75	82	80

\* Functional and Business Head Positions \*\* Management staff

## 2011 Overview:

The most significant achievement of 2011 was an increase in our engagement score. We scored 4.14 out of 5 with an increase of 0.4 points over 2010. This indicates a step change in employee engagement levels across our teams and places us at the 63rd percentile within the Gallup global database, compared with 35th percentile last year. Our survey participation rate of 97% and our engagement score this year have been marked as the highest across all AkzoNobel business units in 2011.

The P&D Dialog incorporates both a performance review and development planning. Our company Values and Success Factors (behavioral competencies) are an integral part of all development discussions and have been integrated into the system and annual performance appraisal process. This is an online tool and for employees who do not have access to computers we have a paper

based process. To ensure a consistent and transparent mechanism for all employees, we aim to increase online participation and this year we had over 83% participation bringing us closer to our 2015 target of 90%.

The Management Development Program is a global standardized best practice with AkzoNobel and is being implemented across 32 countries. This year we doubled the number of managers attending the AMP and MEP programs which aim to create common understanding of leadership and management competencies.

Our KPI on female executives is defined as Business or Functional Heads. While females constitute 6.6% of our senior management positions however, at present; we have no female executives. We intend to continue to further support diversity within our Businesses and Functions and increase the percentage to at least 12% for Women Executives by 2015.

## Taking 'Weathershielding' to new heights!

Over the years, Alternative Thinking has become a norm with us. It is a shift of consciousness that is transforming us and our relationships with society and the natural world. It is helping us to not only rise to emerging business challenges but translate them into opportunities. This ability to think fresh and develop innovative solutions that enhance resource efficiency is helping us transform many lives in the country.

An interesting example of this is the creative solution we came up with for recycling panaflex skins used for communication material such as standees and banners. We started off with recycling campaign banners to make school bags and earlier this year gave out five hundred bags to deserving students. This led us to think of finding more ways to put these skins to good use.

After the countrywide marketing campaign of our Weather Shield Sun Reflect paint, a group of employees collected all the outdoor signage skins used during the launch campaign and decided to use them for a community uplifting project. Sajawal is a far-flung low-lying town in the province of Sind, subject to much rainfall. It was one of the worst affected areas of Sind in the torrential monsoon and resulting floods which severely affected the country last year. Consequent to the floods, people have rebuilt some of their homes however there are still smaller and deprived communities who live in makeshift houses.

Our team chose a small village with families living in mud houses with makeshift mats for roofs. In the monsoon season, these mats are unable to hold water and the huts become uninhabitable. Our team replaced the makeshift mats with durable panaflex Weather Shield skins on the roofs and sealed them to prevent leakages during rain. A total of ten houses were actually 'Weather Shielded' turning this monsoon into a source of relief rather than distress for the people of this community.



# Community Investment

Our community investment activities are managed through the ICI Pakistan Foundation which is a separate legal entity with its own Board of Trustees. The Foundation is governed by a Trust Deed that clearly outlines policies and procedures and clearly defines the scope of community investment activities. The accounts of the Foundation are audited every year by A.F. Ferguson & Co.

The Foundation is focused towards community development through investment in education, health, environment and infrastructural development along with disaster relief.

## Future Plans:

The Foundation plans to initiate a rehabilitation program for flood affectees of Sind. Due to water stagnation, water borne diseases have spread across the region. We plan to start a project to provide clean drinking water to at least five locations within Sind. Other plans are to expand the scope of IIm-o-Hunar program and take it to more locations.

Community Investment		2009	2010	2011	2015
					Target
Community Program Investment	PKR Million	16.5	42.5*	24.3	30

\* This amount includes contribution by stakeholders including ICI Pakistan Limited staff and parent company contribution for floods.

## 2011 Overview:

In 2011, we completed our rehabilitation program for affectees of the 2010 floods. We built two villages in the affected areas of Munda Headworks in Khyber Pakhtoon Khuwa and Rajanpur Village of Rahim Yar Khan in Punjab. Both villages were completed and handed over to the communities in 2011.

In 2011, excessive monsoon rains brought about another series of floods, this time severely affecting the province of Sind. We put together a relief program for over 7000 flood victims in 8 areas, including Nawabshah, Umerkot, Badin, Mirpurkhas and T. M. Khan. These areas were especially chosen as there was little or no access to medical facilities. Along with this, 4 veterinary camps (T. M. Khan, Umarkot, Badin and Kario) were set up, and approximately 12,000 animals were treated.

This year, we launched a skill development program 'IIm-o-Hunar' with aim of creating opportunities for sustainable development. So far, a painter training course and an electric wiring program has been launched under the program.

Our staff actively contributes their time in giving back to our communities and in 2011 a total of 3675 hours were spent by 197 employees and their families on volunteering.





# Health, Safety & Security

Zero harm in terms of health, safety and security in our workplace remains our underlined philosophy of conducting sustainable business. To achieve this, we wholeheartedly practice our HSE&S Management System to remain best in class in terms of health and safety performance indicators mainly reporting injuries to employees and contractors per million man-hours worked and zero reportable occupational illness for the same population.

People security is ensured by assessing each new security threat and defining appropriate controls, review and monitor previous assessments and recommended actions to ensure their completeness. Similarly, this assessment, improvement actions and review process is also applied to the security of assets and information. Our Product Stewardship programs ensure Product Security from raw material supplies to eventual product delivery at the customers end.

Health, Safety & Security		2009	2010	2011	2015
					Target
Fatalities	number	0	0	0	0
Total reportable injury rate employees/supervised contractors	/million hours	0.28	0.28	0.28	0
LTI Rate employees/ supervised contractors	/million hours	0	0.14	0.28	0
Occupational Illness Rate employees	/million hours	0	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76	1.76
Fatalities contractors (supervised and independent)	numbers	1	0	0	0
Total reportable injury rate independent contractors	/million hours	0.52	0	0	0
Lost time injury independent contractors	numbers	1	0	0	0
% sites with BBS program	%	0	100	100	100
Distribution incidents	numbers	1	1	1	0
Motor vehicle incident with injury	numbers	0	1	2	0

## Overview 2011:

In 2011, there were two injuries to supervised contractor employees during the year and a distribution incident reported by our Polyester Business. We had a reportable injury rate of 0.28 which is the same as last year actual. There were no Reportable Injuries to Independent Contractors. This performance remained best in class within the Group.

## Reportable Injuries

April 2, 2011: A supervised contractor of our Life Sciences was hit by an Auto Rickshaw in Shikarpur, Interior Sind, when he was traveling on his bike, causing a fracture to knee cap.

July 18, 2011: An Interior Decoration Consultant (Supervised Contractor) of Paints received injury to her right ankle while attempting to avoid collision with another car in Islamabad.

## Distribution Incident

A distribution incident took place in September when a haulier trailer loaded with 61.6 MT of PTA was set on fire by some miscreants. The trailer, its prime mover and all PTA bags were completely burnt. Fortunately, no injury to trailer staff was reported.

## Million Man Hours without LTI (Lost Time Injury) to Employees and Supervised Contractors:

Soda Ash	25.6	Life Sciences	6.6	Head Office	10.6
Polyester	21.8	Chemicals	5.8		

Health & Hygiene assessment and monitoring program was robustly practiced across the company resulting in a zero Reportable Occupational Illness, Occupational Illness absence rate improved by 8% over 2010 driven by our employee engagement process. Launch of Behavior Based Safety Program last year and close monitoring of 2011 HSE&S Improvement Plans at sites and locations level remains a key strategic item on the corporate planning. This year, the emergency handling protocol was reviewed and converted to a standardized template to facilitate better handling of such situations.

## Future Plans:

Achieving reference level standards in all the elements of our HSE&S Management System, continued follow-up of Behavior Based Safety program and conclusion of residual actions relating to asset integrity guidelines implementation shall be our focus during 2012.

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## **Making hay while the sun shines**

As the search for alternative and more renewable energy resources intensifies, exploiting what nature gives us in abundance is becoming increasingly important. The sun is a classic example. Harnessing its power through the use of solar panels is seen by many as being one of the most realistic options for the future. In fact, entire solar power plants directly connected to electricity grids are expected to be built in increasing numbers over the next few years.

Our team at Polyester took an initiative of installing a 12 KW Grid Tied Solar Power System that harnesses the sun's energy and converts it into useful electric power. What is unique about this system is that it is capable of feeding the electric power directly into the Polyester Fiber Plant's power grid making it more efficient and virtually maintenance free.

The new system installed has a capacity of producing 12000 Watts of power when operating at its peak. It consists of 48 mono-crystalline, high efficiency solar panels which combined give a total output of 460 DC Voltage. This DC supply is then connected through a series of protection devices to a Grid Tied Inverter which converts this DC power to AC power, in synch with the Main Grid's power parameters, and thus feeds this energy directly into the Main Grid.

It is worth mentioning that this 'bright' initiative will lead to the generation of an estimated 24,500 kWh of electric power annually, free of cost. Also, Polyester Fiber Business will be able to slash its carbon dioxide emission by 17,900 kg as compared to past years which will help it reduce its carbon footprint significantly.



# Environmental Performance

## Management Approach

In line with global charters on sustainable development and our internal environmental management systems, we aim to reduce impact of our operations on the environment covering all eco systems, land, air and water. We achieve this by striving for resource efficiency by seriously looking at renewable resource and actively offer resistance to climate change by improving energy efficiency and reducing our greenhouse emissions.

Our strategic thrust clearly is to align our financial performance with our sustainability goals. Despite having to use high

sulphur furnace oil for the production of our energy and steam requirements in view of the prevalent energy crises in the country, we aim to reduce our carbon footprint per ton of production by 10% by 2015 in relation to 2010 baseline.

Environmental objectives are integrated into our Corporate and Business operational strategies and plans. The company remains wholeheartedly committed to provide the resources, training, consultancy and auditing to ensure that we comply with National Environmental legislation.

# Emissions Control

Salient features of our environmental performance system which is derived from Responsible Care Management System (RCMS) are as follows:

- Waste management plans that include the identification and characterization of all waste streams and appropriate reuse, recycling, and disposal routes, as well as minimization opportunities.
- Systems of work to ensure that emissions to water, land and air are identified, characterized, treated and monitored and, if significant, are mitigated.
- Environmental Impact Assessments (EIAs) for all new operations and for significant changes to current operations that are in line with local regulations and international good practice. For all significant projects, Environmental and Social Impact Assessments in line with the Equator Principles are required.
- Impact assessments to identify, characterize and address community health and community nuisance issues.
- Internal and external reporting of impacts to the environment.
- Systems to prevent pollution of land and groundwater arising from operations activities including landfills.

## Key Performance Indicators

Emissions Control		2009	2010	2011	2015
					Target
Total COD emissions	te	105.37	52.59	53.78	49.96
Per ton production	kg/te	0.15	0.11	0.13	0.1
Total VOC emissions	te	161.25	81.81	72.34	77.72
Per ton production	kg/te	0.23	0.18	0.17	0.16
Total NOx emissions	te	422.42	430.70	422.93	409
Per ton production	kg/te	0.61	0.93	0.99	0.83
Total SOx emissions	te	1431.4	2209.1	2672.9	2430
Per ton production	kg/te	2.05	4.76	6.29	4.95
Total Direct CO <sub>2</sub> emissions (Scope 1)	million te	0.47	0.39	0.35	0.37
Per ton production	kg/te	676.1	834.7	829.5	753
Total Indirect CO <sub>2</sub> emissions (Scope 2)	te	39907	2447	5642	2324
Per ton production	kg/te	57.3	5.3	13.3	4.7

## Additional Focus Areas:

Green house gas emissions are calculated on the basis of fuel consumption.

Persistent Organic Pollutants	Not used at any manufacturing site
Hazards Air Pollutants	Paints: Xylene from Bulk Storage tanks. Soda Ash: Only in Laboratory, Chemicals and at Polyester: Ethylene Glycol and minor Chemicals. All sites are in compliance with the local air and environmental permit requirements.
Stack and Fugitive Emissions	All sites are in compliance with the local air and environmental permit requirements.
Particulate Matter	Chemicals: Diesel Generators. Soda Ash: Boilers are operated on Furnace Oil. Polyester: Engines and Boilers are operated on Furnace Oil. All sites are in compliance with the local air and environmental permit requirements.
Other standard categories of air emissions identified in regulations	None



**2011 Overview:**

In 2011, our atmospheric emissions have been severely hit by greater natural gas curtailment periods and our need to use high sulphur heavy furnace oil instead. SOx are up by 21% and Indirect CO<sub>2</sub> up by 230% as reflected in the above table. There was a very marginal reduction in Total Direct CO<sub>2</sub> (1%) and Total NOx (1.8%) due to energy conservation measures at our Sites. On the positive side the VOC emissions show a 5.5% reduction due to R&D efforts at our Paints Site. COD (Kg/ton) are higher by 12% (but remained within NEQS limits) due to operational issues at our Polyester site.

**Future Plans:**

Energy shortages specifically natural gas in the country, have forced us to look at alternate fuels with coal being the fuel of the future figures prominently in our development strategy. The work on the Soda Ash Coal Fired Boiler Project has already begun. We shall ensure that the desulphurization technology we have incorporated in the project scope adequately mitigates the adverse impact of the CO<sub>2</sub> / SOx and NOx emissions on the environment.

We will continue to dig deep into the possibilities of employing renewable energy (wind) for our own requirements. Each site will be focusing on projects that contribute in the overall carbon footprint reduction.

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### Effort not "Wasted"

Reduce, Reuse and Recycle! With rapid development and growth of the industrial sector and a subsequent increase in waste generation, this mantra has never been more relevant!

An efficient waste management system always follows a hierarchy which begins with the prevention and/or reduction of waste at the source, followed by reuse and recycling of the waste. Safe disposal of the waste is always the last resort when it is no longer considered as potentially useful.

At our Polyester Business, we put our heads together to come up with a solution to effectively recycle waste generated during the production of the polymer into a value added proposition. The procedure involved segregating waste, followed by its refinement and then performing an analysis to determine the various chemical components that it is composed of. After series of experimentation, a recipe for adding this waste to the process was developed.

The first category of the waste known as pot filter waste exists in a very crude form and cannot be used as a raw material in the batch polymer process directly while the second category of waste was the recovered catalyst waste from the MEG Recovery System. As a result of this initiative, a total of 135 drums of the first category of waste have been recycled completely and converted into valuable and consumable 39 tons of chips, ensuing in zero inventories. Along with this, a total of 25 drums out of 80 of the second category have been recycled so far and the process is still underway.

This initiative is not only a safe and an eco-friendly way of disposing hazardous waste, it has also led us to save many millions on treatment and raw material costs.

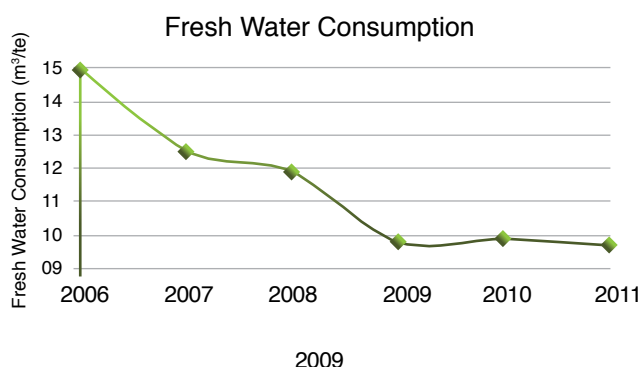
# Water Usage



Resource conservation of which water management is a vital element remained a key driver towards business continuity and sustainability. All our manufacturing sites are on course to become totally fresh water sustainable by 2015.

Water Usage		2009	2010	2011	2015
					Target
Total Fresh water use	million m <sup>3</sup>	6.49	4.59	4.12	4.36
Per ton production	m <sup>3</sup> /te	9.8	9.9	9.7	8.9
% of sites with sustainable fresh water	%	25	25	25	100

## 2011 Overview:



The total fresh water use dropped to 9.7 m<sup>3</sup> per ton in 2011 from 9.9 m<sup>3</sup> per ton in 2010 which is a 2% reduction in use. Initiatives leading to this drop were:

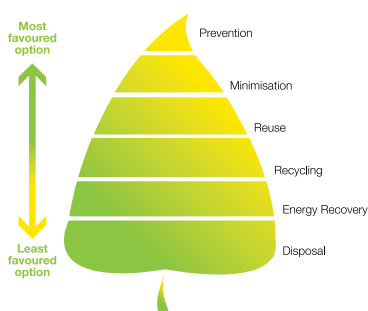
- An aggressive recon drive “Every Drop Counts” at our Soda Ash Plant
- AN effective and consistent “Stop the Drop” measures at our Polyester Plant
- Reuse of Effluent Treatment Plant treated water at our Chemicals Plant

## Future Plans:

The improvement plans based upon the water management tool will be acted upon to achieve 100% sustainable water sites by 2015.

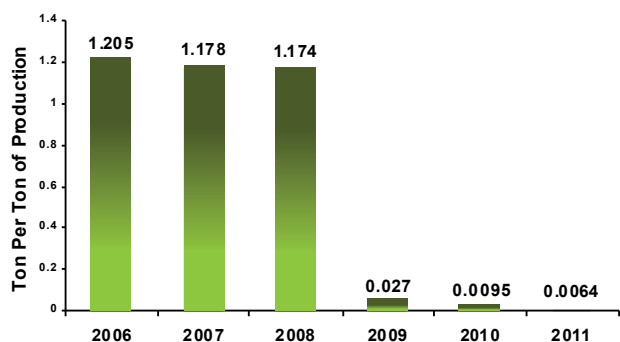
# Waste Management

ICI Pakistan continues to employ “3 Rs” waste hierarchy in its Waste Management strategy. Reduce, reuse and recycle hierarchy is to extract the maximum practical benefits from products and to generate the minimum amount of waste.



Waste Management		2009	2010	2011	2015
					Target
Total waste	kte	19.015	4.412	2.73*	4.191
Per ton production	kg/te	27.32	9.53	6.44	8.53
Total hazardous waste	kte	0.31	0.54	0.52	0.51
Per ton production	kg/te	0.45	1.17	1.22	1.04
Total non-reusable waste	kte	0.408	0.295	0.384	0.28
Per ton production	kg/te	0.59	0.64	0.90	0.57
Total non-reusable Hazardous waste	kte	0.151	0.251	0.327	0.238
Per ton production	kg/te	0.22	0.54	0.77	0.48
Total Hazardous waste to landfill	kte	0	0	0	0
Per ton production	kg/te	0	0	0	0

\* Total Waste: Reduction in 2011 is due to waste reduction projects initiated at Polyester and Soda Ash.



Note: The waste figures for 2009 to 2011 shown in the graph are on the basis of AkzoNobel definitions.

## 2011 Overview:

In 2011 Company has shown improvements over 2010 -32.35% in waste reduction specifically through the Coke Briquettes project initiated by Soda Ash. Similarly waste recycling was focused at Polyester and Chemicals Businesses.

## Future Plans:

The mitigation measures identified for the waste generated from the Coal Fired Boiler operations shall be fully enacted. Similarly, all other manufacturing sites shall continue to implement their waste management plans during 2012.

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## Thirst for Innovation

Developing sustainable technology is at the forefront of our innovation. We're constantly striving to make breakthroughs that will offer real benefits to our customers.

Our latest launch, ICI Dulux WeatherShield Sun Reflect is a revolutionary exterior paint that reduces the temperature of walls by up to five degrees! Regular emulsions absorb the heat-causing infra red rays of the sun, causing the inside of the house to heat up. Dulux WeatherShield on the other hand, created using SunReflect technology, has higher Solar Reflective Index (SRI)-the ability to reflect the heat-causing IR rays. Because of this technology, WeatherShield can reflect IR rays significantly more as compared to regular exterior paints.

With the SunReflect technology, the interior will be considerably cooler, and that can actually lead to significant power savings on air conditioning. So not only does it keep homes cooler, it reduces energy consumption with considerable savings on air conditioning. For us, innovation begins with great insight into our customers' needs and with Pakistan facing its worst energy crisis ever, we are happy to offer a solution.

# Product Stewardship

We as a company continue to strive towards the possibility whereby our products are made safely with minimal risks to health and environment while safeguarding longer term resources security by their efficient use and waste minimization. This can only happen if all those involved in the life cycle of a product take responsibility to reduce the risk of adverse environmental, health and safety impacts to gain the most value from a product.

Product Stewardship		2009	2010	2011	2015
					Target
Product Eco-premium solutions	% sales			15.7	30

## 2011 Overview:

This year we directed our efforts on developing product eco-premium solutions. We achieved half of our target for 2015 mainly through the efforts of our Paints Business which is a direct consumer business. A major contribution to this was the launch of ICI Dulux WeatherShield Sun Reflect.

## Future Plans:

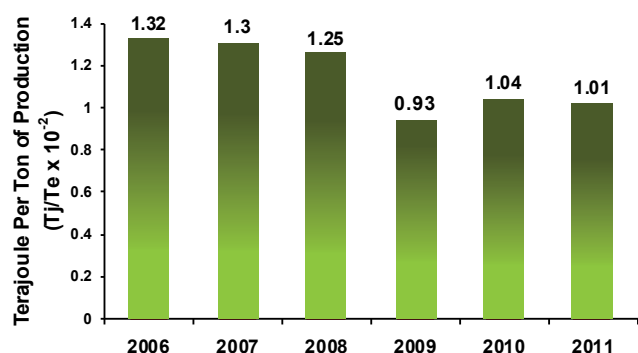
We will continue to enact our product stewardship programs across all our Businesses.

# Energy Efficiencies

Energy efficiency continues to underpin the excellence of our manufacturing operations. The rising cost of energy and scarce availability due to the prevalent energy crisis in the country further reinforce the requirement of both short and long term strategic planning, employing various methodologies designed to reduce total energy use.

Through our “Energy & Innovation Forum” we continue to explore the best practices and commit appropriate resources and tools to implement energy efficiency conservation Programs across all our manufacturing sites and office locations.

Energy Usage		2009	2010	2011	2015
					Target
Total Energy Consumption	1000Tj	6.5	4.8	4.3	4.6
Per ton production	GJ/Te	9.3	10.4	10.1	9

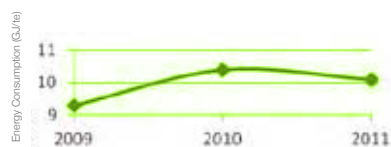


## 2011 Overview:

In absolute terms our 2011 energy usage per ton shows a 3% reduction over 2010. This reduction becomes significant because both of our manufacturing sites, Polyester and Soda Ash, have on an average operated on less than optimum levels of production rates throughout 2011 in view of the prevalent natural gas and power shortages in the country.

## Future Plans:

We continue to remain committed to reduce the Company's carbon footprint. Energy efficiency is intended to be at the core of this ambition. Our site level energy conservations plans will be looking at technology upgrades, equipment modernization and asset maintenance to realize our objective. Installation of Glycol Ejector at Polyester, lighting upgrade and boilers major refurbishments are some highlight projects in the pipeline.



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### Let it rain over me!

Since time immemorial, rain has been regarded as a blessing for mankind, providing it with its most basic necessity; water. Rainwater has been used to provide drinking water, water for livestock, water for irrigation, et cetera. So why not also use it in the sector that consumes a great chunk of the world's fresh water reserves; the industrial sector.

In the city of Lahore, an average of 710 millimeters rain was recorded per year over the past four years. Since any area that receives 250 millimeters or more is regarded as an agricultural land with abundant rainfall, this means that the city has a great potential for storing and harvesting rainwater. Based on this, our Paints team designed a pilot project for rain water harvesting and successfully utilized 5000 liters of rainwater in direct paint making in 2011. We are the first company in Pakistan to utilize rainwater directly in water based paint manufacturing.

The idea of rain water harvesting was floated around June'11 with feasibility studies and planning completed the next month. With the start of the summer monsoon, 5000 liters of rain water was collected, by August, in small storage vessels on the new warehouse roof. A sample of the collected water was sent to the laboratory for a chemical analysis and a lab scale batch was whipped up using this rainwater to check for any abnormalities and confirm that it is indeed fit for use.

Once the lab gave the go ahead, the 5000 liters was used to manufacture 14 batches of emulsion. Given the successful execution of the pilot project, plans are in order to scale it up next year. The potential of rainwater harvesting during the monsoon season by using a few roofs of our Paints Site is 2 million liters in 4 months alone! So our Paints team is all set to get storing all that rainwater since opportunity 'thunders' but once!



# G3 Content Index

STANDARD DISCLOSURES PART 1		
Profile Disclosure	Description	Cross-Reference
<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decision-maker of the organisation	Overview & Strategy; CE Message
1.2	Description of key impacts, risks, and opportunities	Governance & Compliance; Risk Management
<b>Organisational Profile</b>		
2.1	Name of the organisation	Cover Page
2.2	Primary brands, products, and/or services	Cover Page; Business Performance
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Governance & Compliance; Director's Report
2.4	Location of organisation's headquarters	Governance & Compliance; Company Information
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Snapshot page
2.6	Nature of ownership and legal form	Governance & Compliance; Corporate Governance and Compliance
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Business Performance
2.8	Scale of the reporting organisation	Snapshot page. Overview & Strategy; Year in Review
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Governance & Compliance; Director's Report
2.1	Awards received in the reporting period	Overview & Strategy; Awards & Achievements
<b>Report Parameters</b>		
3.1	Reporting period (e.g., fiscal/calender year) for information provided	Sustainability Performance; About the Report
3.2	Date of most recent previous report (if any)	Overview & Strategy; Awards & Achievements
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions	Sustainability Performance; About the Report
3.5	Process for defining report content	Sustainability Performance; About the Report
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	Sustainability Performance; About the Report
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope)	Sustainability Performance; About the Report
3.8	Basis for reporting on joint ventures	NA
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Sustainability Performance; About the Report
3.1	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	NA

3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	None
3.12	Table identifying the location of the Standard Disclosures in the report	This table
3.13	Policy and current practice with regard to seeking external assurance for the report	Sustainability Performance; About the Report

#### Governance, Commitments and Engagement

4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Governance and Compliance; Corporate Governance and Compliance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Governance and Compliance; Our Board of Directors
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Governance and Compliance; Our Board of Directors
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Governance & Compliance; Corporate Governance and Compliance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Amongst others, the drivers of compensation are individual performance as well as overall company performance
4.6	Processes in place for the highest governance body to ensure conflicts of interests are avoided.	Governance & Compliance; Corporate Governance and Compliance
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Governance & Compliance; Our Board of Directors, Report of the Directors
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	Overview & Strategy; Our Vision, Our Mission
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles	Governance & Compliance; Risk Management. Sustainability Performance
4.1	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Governance & Compliance; Corporate Governance and Compliance
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Governance & Compliance; Risk Management
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Governance & Compliance; Corporate Governance and Compliance
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	UNGC, OICCI, MAP, KCC, PBC
4.14	List of stakeholder groups engaged by the organisation	Sustainability Performance; Stakeholder Dialogue

4.15	Basis of identification and selection of stakeholders with whom to engage	Sustainability Performance; Stakeholder Dialogue
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Sustainability Performance; Stakeholder Dialogue
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Sustainability Performance; Stakeholder Dialogue

### STANDARD DISCLOSURES PART III: Performance Indicators

#### 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	Governance & Compliance; Report of the Directors
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Governance & Compliance; Risk Management. Case Study (Polyester Solar)
EC4	Significant financial assistance received from the government	None
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Overview & Strategy; Community Investment

#### Environmental Performance

EN2	Percentage of materials used that are recycled input materials.	Sustainability Performance; Environmental Performance. Case Study (Effort not Wasted)
EN3	Direct energy consumption by primary energy source.	Sustainability Performance; Environmental Performance
EN4	Indirect energy consumption by primary source.	Sustainability Performance; Environmental Performance
EN5	Energy saved due to conservation and efficiency improvements.	Sustainability Performance; Environmental Performance
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Case Study (Polyester Solar)
EN8	Total water withdrawal by source.	Sustainability Performance; Environmental Performance
EN16	Total direct and indirect greenhouse gas emissions by weight.	Sustainability Performance; Environmental Performance
EN17	Other relevant indirect greenhouse gas emissions by weight.	Sustainability Performance; Environmental Performance
EN19	Emissions of ozone-depleting substances by weight.	Sustainability Performance; Environmental Performance
EN20	NOx, SOx, and other significant air emissions by type and weight.	Sustainability Performance; Environmental Performance

EN22	Total weight of waste by type and disposal method.	Sustainability Performance; Environmental Performance
EN23	Total number and volume of significant spills.	None
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None
<b>Social: Labor Practice and Decent Work</b>		
LA1	Total workforce by employment type, employment contract, and region broken down by gender	Sustainability Performance; Social Performance
LA4	Percentage of employees covered by collective bargaining agreements	Sustainability Performance; Social Performance
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region and gender	Sustainability Performance; Social Performance
LA10	Average hours of training per year per employee by gender and by employee category	Sustainability Performance; Social Performance
<b>Social: Human Rights</b>		
HR4	Total number of incidents of discrimination and corrective actions taken	None
Social: Society		
SO2	Percentage and total number of business units analysed for risks related to corruption	100%
SO3	Percentage of employees trained in organisation's anti-corruption policies	100%
SO4	Actions taken in response to incidents of corruption	
SO5	Public policy positions and participation in public policy development and lobbying	Governance & Compliance; Corporate Governance and Compliance
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	None
SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	None
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None
<b>Social: Product Responsibility</b>		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Sustainability Performance; Stakeholder Dialogue
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None

# Assurance Statement

ICI Pakistan has commissioned United Registrar of Systems (URS) to provide external assurance on its 2011 sustainable report.

## The scope of our assurance

Our assurance provides the reader with an independent, external assessment of the report. It is intended both for the general reader and for more specialist audiences who have a professional interest in ICI Pakistan's sustainability performance. Our assurance used disclosed information as its starting point and then investigated the underlying systems, processes and sustainability performance information to arrive at its conclusions.

We have also assured the performance information in the report. The criteria used are the GRI G3 Principles for Defining Report Quality. That is to say that, based upon the procedures conducted, nothing has come to our attention that causes us to believe that the data is not in accordance with the GRI G3 Principles.

ICI Pakistan is entirely and solely responsible for the contents of the report, United Registrar of Systems for its assurance.

## The limitations of our review

Our work did not include physical inspections of any of ICI Pakistan's operating assets.

## Opinion and findings

In our opinion ICI Pakistan's sustainable development reporting for 2011 reflects the principles of inclusivity, materiality and responsiveness.

## Specific comments in relation to the key principles above are:

**Inclusivity:** Does ICI Pakistan accept responsibility towards those on whom it has an impact? Does ICI Pakistan involve stakeholders in developing a strategic approach to corporate responsibility and sustainability?

ICI Pakistan has taken a positive step of involving stakeholders in the development of its approach to sustainable development. The section on stakeholder engagement in the report is more detailed than in the past and reflects an open and inclusive approach towards reporting. It actively seeks to work with a wide range of other organisations to find shared solutions to common problems. This is particularly notable when tackling issues outside the boundaries of its operations such as environmental regulation and industry standards.

Last year we commented that ICI Pakistan's reporting could be strengthened by providing more clarity over the key stakeholders for each priority area. We are encouraged in this respect that this year's reporting has a much stronger focus on the company's partnership-based approach to setting sustainability objectives and to managing local issues.

**Materiality:** What are the issues that really matter to the ICI Pakistan's sustainability performance ("material issues")? How does ICI Pakistan identify these issues?

Previously we commented that ICI Pakistan should provide more information on the steps taken to review its priority areas and the system used for reporting against them. This year's reporting reflects work undertaken in this area during the period under review. There is also evidence of ICI Pakistan taking a more holistic approach to key issues, particularly with regard to its strategy on carbon reduction projects. The next step, as noted last year, will be to provide a more rounded assessment of the extent to which its overall objectives with regard to the management of its most material issues are being met. This would demonstrate how the business as a whole is moving to be truly sustainable in a resource-constrained world.

Given the impact of climate change, reducing carbon emissions remains a material issue for all business entities. ICI Pakistan is clearly making significant progress here. It would be helpful for ICI Pakistan to share its methodology, outturn and lessons learned fully in future reports.

**Responsiveness:** Does ICI Pakistan respond to stakeholder issues that affect performance through its actions and communications? There is evidence of ICI Pakistan's partnership approach to tackling issues being embedded across the business at corporate and local levels, and that this approach is informed by, and responds to, dialogue with key stakeholders. Data and case studies presented by the individual businesses and operations also evidence this.

However, as noted previously, future company-wide reporting will be strengthened by the inclusion of more of the voices and experiences of key groups and organizations, to demonstrate how ICI Pakistan responds to their needs and expectations when working with them.

#### **Reliability of performance information**

There is continued evidence of the ICI Pakistan's system for collecting and reporting sustainability having been well embedded and producing robust performance information.

While the data in the system is 'self-certified' by local operations and the corporate communications function, we believe that ICI Pakistan has an effective programme of checks and balances to help review data accuracy and ensure consistency. These checks help to improve the utility and comparability of information, particularly with regard to qualitative assessments of performance, as well as enabling operations to use the information more effectively to manage their approach to sustainable development.

No systematic or material errors or omissions were identified. Uncertainty and limitations relating to the methodologies and data used in the assessment of ICI Pakistan's sustainability performance were clearly explained to URS. ICI Pakistan expressed its commitment to continually improving the quality of its data management processes and the reliability of reported information. The Report and other sources of information to which it refers, are considered to provide a detailed account of ICI Pakistan's management approach and performance.

Looking ahead, it might be worthwhile for ICI Pakistan to take on the challenging step of evaluating the social return on investment of sustainability activities.

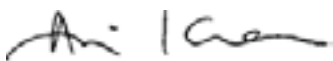
#### **Our assurance team**

Our assurance team has been drawn from our global Climate Change and Sustainability Services Practice, which undertakes engagements similar to this with a number of significant local and international businesses.

#### **Conclusion**

Through its 2011 sustainable development reporting ICI Pakistan continues to provide a robust demonstration of how it involves stakeholders and responds to their needs and interests in managing its most material issues.

Based on the scope of work carried out, URS concludes that the Report provides an accurate and fair representation of ICI Pakistan's policies, strategies, management system, initiatives and performance in 2011.



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March 28, 2012

