



CORPORATE SOCIAL RESPONSIBILITY REPORT 2008

Towards new challenges

LIVING OUR VISION.....

Sustaining Value

Throughout the Company's presence in Pakistan, initially as Esso and now as Engro, the organization has strived to ensure that we cultivate a tradition of clearly stating our successes, and failures, with all those who are an integral part of Engro's family, i.e. our stakeholders. This report is a continuation of that tradition, detailing the numerous activities that the Company undertakes to add and sustain value for those very stakeholders.

Engro endorses the "triple bottom line" philosophy and believes that "profits, people and planet" all are critical elements for its success as a company. To demonstrate its commitment to this philosophy, Engro became the first Pakistani company to become a signatory of the UN Global Compact (UNGC) in 2005. It has remained an active member ever since and has regularly issued the annual Communication on Progress (COP) reports, which are duly posted on UNGC's website. In addition, Engro is among the select few Pakistani companies that employ the Global Reporting Initiative (GRI) framework for measuring and reporting corporate performance on economic, social and environmental parameters.

With the completion of our expansion in 2010, and the ambitious diversification of Engro's businesses, we look forward to even newer challenges. In addition to these challenges, we will also continue our efforts towards being good Corporate Citizens, aiming to prevent the wastage of natural resources, developing the human capital that works with us, and ensuring that the success we earn is shared with all stakeholders, be it our shareholders, investors, employees or the communities that are deeply integrated into our core functions

Table Of Contents

Pg # 

Living our Vision: Sustaining Value	
Chairman's Message	
Letter from the President and CE	
Growth through Diversification	
ECPL's Financial Success in 2008	
- Urea Expansion Project	
- Technical Services	
- Employee Relations and Organization Development	
- Joint Venture & Subsidiary Companies	
Health, Safety, Environment and Quality	
Environmental Footprint 2008	
Social Investments	
Performance Report 2008 / Corporate Objectives 2009	
UN Global Compact and GRI 3 Performance Indicators	
Corporate Governance	
Assurance	
Acknowledgements	

CHAIRMAN'S MESSAGE



At Engro, we live by our core values. Though all twelve are significant, two of these are particularly sacred. The first golden value requires us to *"care how results are achieved, demonstrate honest and ethical behavior and always choose the course of highest integrity"*.

The second golden value requires us to *"manage and utilize resources and operations in such a way that we ensure the safety and health of all integrally linked with Engro. We are conscious that our safety, health and environmental responsibilities extend beyond protection and enhancement of our own facilities."*

These two values provide the foundations for our behavior as a responsible corporate citizen. We obey all local laws – tax, corporate governance, environment, consumer and labor, and always strive for international best practices, with comprehensive policies guiding employees on ethics and business practices.

More important than adopting policies is implementation. Strict internal audits are in place and we ensure zero-tolerance for any violation of our ethics guidelines. In 2008, the extremely exhaustive Quadrennial Business Practices Review (QBPR) was completed and the results were shared with every employee and corrective actions were taken.

Similarly, Health, Safety and Environment concerns are central to our day to day activities, in which executives are required to conduct periodic safety audits. Several other institutional mechanisms are in place to ensure that safety is paramount in every decision and every process.

This 2008 CSR report provides many details of our performance on these and other related issues. The annual CSR report allows us to evaluate our performance, compare ourselves with international best practice, and renew our commitment to improve our standards, and reaffirm our resolve to abide by the principles of the United Nations Global Compact.

Our reputation as a responsible company has served us extremely well in the past. We are confident that this commitment will continue to deliver great value for all our stakeholders, especially our shareholders, in our mission to "become the premier Pakistan enterprise with a global reach, passionately pursuing value creation of all stakeholders".



Hussain Dawood

PRESIDENT & CEO'S MESSAGE

Profits cannot be sustained over the long run without due deference to concern for 'people' and the 'planet'. At Engro, these concerns are taken extremely seriously – both in the board room as well as when manufacturing and marketing our product.

For our **shareholders**, we made record profits during 2008 – up 34% percent at Rs 4.2 billion from 3.2 billion in 2007, with our market share of Urea being the second highest in Pakistan. We are the single biggest corporate Pakistani investor in the country, with our biggest investment, to increase our urea production capacity to 2.3 million tons, costing over a billion dollars.

For our **employees**, we strive hard to create an environment where the work is exciting, the workspace is safe, diversity is respected, and initiatives recognized and awarded. All operations - manufacturing or otherwise - consider safety to be paramount, with safety milestones set as per international best practices, particularly since our alignment with Dupont standards in 2003. These have resulted in record achievements in areas such as Lost Work Injury (LWI) and Total Recordable Injury Rate (TRIR). We are now targeting OSHA compliance in occupational health and Industrial hygiene by the next year. In 2009, we also aim to implement policies to facilitate employees to better balance their work and personal lives, and to establish a harassment free work place.

For our urea **customers**, the farmers, we provide products that increase farm productivity. In 2008, our field teams met some 50,000 farmers to speak about better nutrition and related farm technologies. We also passed on around Rs 21 billion of subsidy to farmers.

For our **neighbors and the wider public**, we ensure that all our products are harmless; our operations are safe, harmful effluents are not released into the environment. Efforts in this direction include plans for an environmental audit by the British Safety Council in 2009 to assess internal benchmarks as we work towards operational excellence. In addition to providing direct and indirect jobs, we contribute to society by offering health, education and other related facilities. In 2008, 1% of profit before tax was dedicated for such social contributions.

We will utilize our expertise and outreach to build alliances with stakeholders – government, other industries, civil society organizations – to take a mutual step toward improving social standards in the country. A significant example of this was the collaboration with the Ministry of Industries, Production and Special Initiatives and other local industries in 2008, when Engro laid the groundwork to establish a Technical Training Centre in Daharki, District Ghotki.

I am happy to affirm that our commitment to principles of the United National Global Compact remains strong and we will continue to work hard to deepen the integration of various elements of these principles throughout the Company. This 2008 CSR report will provide details of our CSR concerns, and contributions towards the enhancement of the 'triple bottom line'.



Asad Umar

CORE VALUES

INNOVATION

Success requires us to continually strive to produce breakthrough solutions and services to customers. We encourage challenges to the status quo and seek organizational environments in which ideas are generated and developed.

LEADERSHIP

We have leaders of high integrity, energy and enthusiasm who have the necessary managerial, professional and people skills to inspire a group or an organization to set high goals and achieve them willingly. We believe that leadership skills need to be strengthened at all levels within our organization and that managerial and professional competence is a necessary foundation.

ENTHUSIASTIC PURSUIT OF PROFIT

Successfully discharging our responsibilities to our shareholders to enhance the long-term profitability and growth of our company provides the best basis for our career security and meaningful personal growth. We can best accomplish this by consistently meeting the expectations of our customers and providing them with value.

TEAMWORK & PARTNERSHIP

We believe that high-performing teams containing appropriate diversity can achieve what individuals alone cannot. Consciously using the diversity of style, approach, strength and skills afforded by teams is a building block into our organization.

SAFETY, HEALTH & ENVIRONMENT

We will manage and utilize resources and operations in such a way that the safety and health of our people, our neighbours, our customers and our visitors is ensured. We believe our safety, health and environmental responsibilities extend beyond protection and enhancement of our own facilities, and we are concerned about the distribution, use and after use disposal of our products.

INDIVIDUAL GROWTH & DEVELOPMENT

We strongly believe in the dignity and value of people. We must consistently treat each other with respect and strive to create an organizational environment in which individuals are encouraged and empowered to contribute, grow and develop themselves and help to develop each other.

EXTERNAL & COMMUNITY INVOLVEMENT

We believe that society must have industrial organizations that it can trust. Trust and Confidence are earned by our performance, by open and direct communication, and by active involvement in the communities in which we live and conduct our business.

CANDID & OPEN COMMUNICATIONS

It is the policy of ECPL not to make contributions to political candidates or political parties. An employee's personal lawful political contributions, or decision not to make contributions, will not influence the employee's compensation, job security, or opportunities for advancement. The Company will continue to communicate information and views on issues of public concern having an important impact on the Company.

DIVERSITY & INTERNATIONAL FOCUS

We value differences in gender, race, nationality, culture, personality and style because diverse solutions, approaches and structures are more likely to meet the needs of customers and achieve our business goals. Corporate Responsibility Report

QUALITY & CONTINUOUS IMPROVEMENT

We believe that quality and a relentless commitment to continuous improvement are essential to our ongoing success. To this end, we define quality as understanding the customer's expectations, agreeing on performance and value, and providing products and services that meet expectations 100 percent of the time. Our motto is, "Quality in all we do."

ENJOYMENT & FUN

We believe that excitement, satisfaction and recognition are essential elements of a healthy, creative and high-performing work environment. Having fun in our work should be a normal experience for everyone.

ETHICS & INTEGRITY

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

GROWTH THROUGH DIVERSIFICATION

Since its inception Engro’s many transitions have presented both excitement and rewards for the organization, as well as those integrally part of the Company. The organization has overcome hurdles and achieved seemingly unattainable goals that have made Engro a successful role model for doing business in Pakistan.

The manufacture and marketing of urea and other fertilizers is an area of expertise that has led to unhindered growth for the Company, and has delivered record results this year, despite current economic pressures. The Company strives to grow despite all challenges, the foremost example being Engro’s unwavering commitment to an ambitious USD 1.05 billion expansion of its manufacturing plant, which is the largest investment of its kind by a national corporate in Pakistan.

Engro’s vision goes beyond the bottom line, and looks towards pursuing Pakistan’s growth in diverse sectors. This has been the driving factor for the Company’s development of subsidiaries and a joint venture that have strengthened the country’s economic base. These diversifications include a subsidiary involved in manufacturing, marketing and selling Polyvinyl Chloride (PVC), as well as a Joint Venture with Royal Vopak (Netherlands) to establish a bulk liquid chemical terminal, both of which are situated in Port Qasim, Karachi. Engro has also expanded business into the foods industry with a portfolio that covers milk production and distribution capacities. In line with serving the country’s pressing energy needs, an Engro subsidiary is being set up to produce 217 Mw of electricity by 2009. A unique initiative has been the set up of a global automation business, providing process & control solutions, as well as software solutions that integrate production and business applications.

Engro truly lives up to the origins of its name

‘Energy for Growth’

Engro Chemical Pakistan Limited (ECPL)

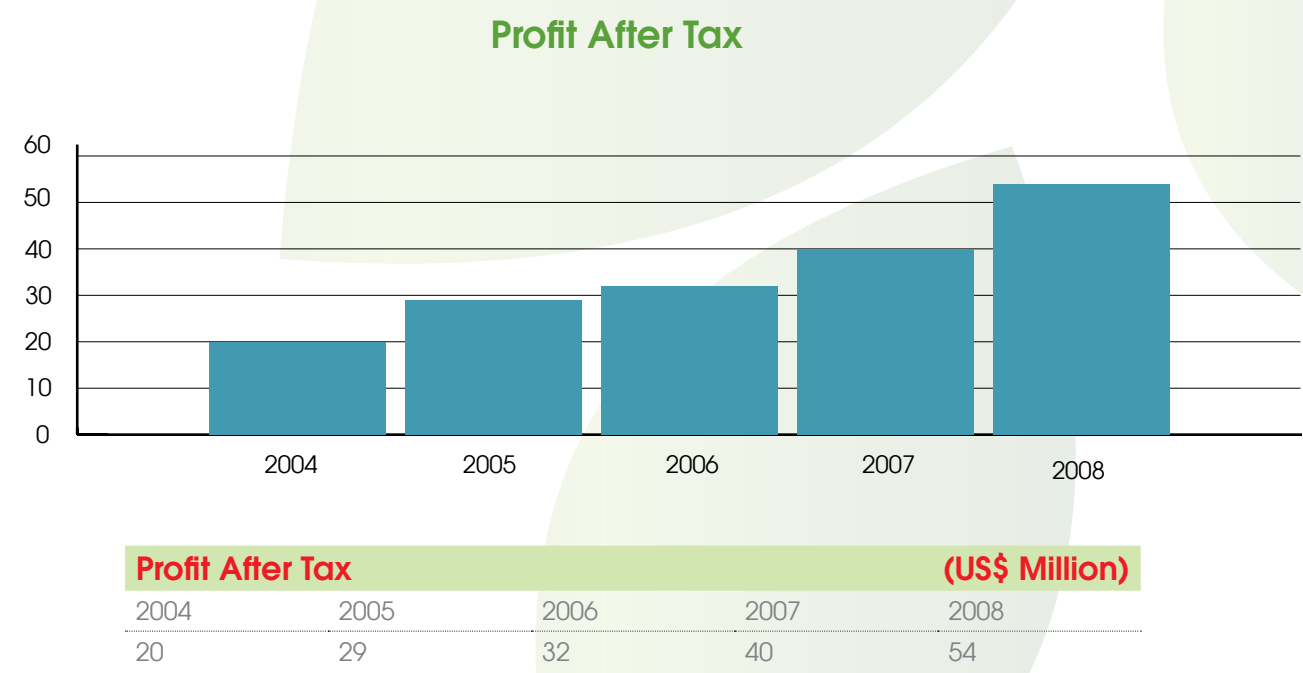
During 2008, sales revenue for ECPL amounted to Rs. 23.3 billion compared with Rs. 23.2 billion in 2007. Sales revenue has not grown much due to low phosphates sales – though offset by high phosphate prices. Yet the company delivered its strongest results to-date with PAT at Rs. 4.2 billion, a 34% increase from 2007, primarily because of increased income from affiliates.

Industry urea sales were 5.5 million tons during 2008, growing 12% over 2007 despite acute shortages. With an industry of 5.5 million tons, this meant a 5-Year CAGR of 4.2% and 10-Year CAGR of 3.5%. National domestic urea production during 2008 was 4.98 million tons, 5% higher than 2007. In addition, the Trade Corporation of Pakistan imported 0.44 million tons. Most of this imported urea was sold through National Fertilizer Marketing Limited.

Price differentials between local and imported urea remained substantial. Average imported urea cost around Rs. 2,000 per bag as compared to local urea price of Rs. 580 per bag. The fertilizer industry continued to sell urea domestically at substantially lower prices than international prices resulting in a net benefit of Rs. 147 billion to the farming community. Of this total benefit, the Government of Pakistan contributed

Rs. 34 billion (including a Rs. 14 billion subsidy on imported urea) and the remaining Rs. 113 billion were provided by the fertilizer industry.

In 2008, Engro produced 995 KT, fractionally short of a target of one million tons due to a forced outage in September 2008. ECPL sold 1,061 KT urea, mainly its own production and inventory (1,039 KT) complemented by TCP urea (21.5KT), with a full year market share of 19.2%.



During 2008, the industry saw unprecedented urea shortages due to late arrival of imports. To minimize the impact of shortage, Engro extensively coordinated with the government at federal, provincial and district levels. Provincial and district governments were provided dealer-wise details of shipments on a daily basis, rakes were sent to areas worst hit by shortages, and effective contact was maintained with government field staff.

In 2008, global phosphatic fertilizer market suffered unprecedented volatility driven mainly by changes in demand and prices of food grains and international economic downturn. The abrupt reduction in demand of food grain and then prices resulted in a sharp decline for all fertilizer prices globally. This sharp decline for phosphates demand has resulted in large production cuts all over the world.

Phosphatic fertilizer was subsidized by the Government of Pakistan during 2008. The subsidy remained at Rs. 470 per bag of DAP during first half of the year; whereas it was increased to Rs. 2,200 per bag of DAP by the second half. Despite this significant increase in subsidy, local DAP prices went up from Rs. 1,685 per bag at the start of the year to Rs. 3,050 per bag at the end of the year.

In 2008, industry sales of phosphates dropped to 0.8 million tons from 1.461 million tons in 2007, a 45% decline. This huge decrease is attributed to the highest ever phosphate prices, liquidity crunch, and uncertainty over subsidy as well as support prices for produce. Engro sold 128 KT of phosphates in 2008, against 514 KT in 2007, achieving a 16% market share.

Urea Expansion Project

The Company is nearing the completion of an expansion project at the Daharki site, and the project is progressing well with overall EPC progress of 47%. The engineering phase is essentially over and an equipment procurement phase has also crossed the half way mark. The project also boasts the tallest Prill Tower of its kind in the world, which has been slipformed up to 102 meters and shall reach its maximum height of 125 meters by mid February 2009.

Total project cost has increased to US\$ 1.05 billion because of increases in interest rates, devaluation of the Pak Rupee and a minor design change to increase capacity. This is the largest private sector investment ever by a national corporate in Pakistan giving form to the world’s largest single train Ammonia-Urea plant, which is on target to achieve commercial production by July 2010.

Technical Services: Working with Farmers

Keeping in view the agricultural character of Pakistan’s economy, Engro’s focus since its inception has been to educate farmers – our ultimate customer - through market development activities to enable them to increase per acre crop yields, fulfill future demands and improve their livelihood. To realize this objective, 32,676 farmers were contacted individually during the year for farm technology transfer. In addition to the individual farmer contact, over 17,485 farmers were also contacted through group activities like field days, seminars and farmer meetings. A new structure of marketing in 2008 increased the number of our market development professionals from 21 to 37, assisted by 59 grass root level field extension workers. This will surely have a positive impact on farmer’s education.

Engro continued publishing crop production literature, including its popular quarterly magazine “Behtar Zindagi”, for all major crops. Support was provided to the GoP in its efforts to increase area under crop cultivation, as well as farm productivity for rice and wheat, with campaigns such as ‘Grow more Rice’ and ‘Grow more Wheat’. The printing of crop literature was sponsored by Agricultural Extension Punjab.

Employee Relations & Organization Development

It is imperative to invest in development of human capital to cater to increasingly competitive business dynamics. Acutely aware of this need, Engro invests heavily in its employees to ensure that they are fully equipped to face modern business challenges. Customized training programs for every level of the hierarchy were organized raising overall training per employee from 4.0 to 6.5 man hours. During 2009, it is aimed to increase over all training to eight man hours per employee.

Several initiatives were rolled out to ensure minimum attrition levels. These included launch of new medium term retention schemes comprising of the Housing Subsidy Option and the Employee Share Option Scheme. These schemes aim to assist the employees to build assets and to ensure retention. ECPL management also launched the new Tier IV – V management cadres. This restructuring aims to increase the overall skill level of the existing employees, empower them to take on bigger challenges and exercise greater responsibility.

The company successfully negotiated a new CLA agreement with the Daharki Staff Union with effect from April 2008 valid for a period of 27 months.

During 2008, sales revenue for ECPL amounted to Rs. 23.3 billion compared with Rs. 23.2 billion in 2007. Sales revenue has not grown much due to low phosphates sales – though offset by high phosphate prices. Yet the company delivered its strongest results to-date with PAT at Rs. 4.2 billion, a 34% increase from 2007, primarily because of increased income from affiliates.

The Emerging Landscape at Daharki



Joint Ventures And Subsidiary Companies

Engro Vopak Terminal Limited (EVTL)



The Company, a 50:50 joint venture with Royal Vopak of the Netherlands, is engaged in handling and storage of chemicals and LPG. **The Company completed 11 years of safe operations without LWI in November 2008.** The terminal continues to maintain health, safety and quality standards – as per OHSAS 18001, ISO 9001 and 14001 and Vopak standards.

Construction work to provide Ethylene handling and storage services to Engro Polymer and Chemicals Limited (EPCL) continued to progress smoothly during the year without occurrence of any safety incident. Pakistan's first cryogenic storage facility is expected to be completed in first quarter 2009, well ahead of EPCL's EDC plant start up.

Throughput for the year was 879,000 tons versus 800,000 tons in 2007. The increase in throughput is attributable to an FFBL expansion project completed in first quarter 2008. Efforts continued to position EVTTL for the LNG import terminal at Port Qasim and other liquid and solid handling opportunities.

PAT for 2008 was Rs. 490 million (2007: Rs. 487 million) with a dividend payout of 55% (2007: 50%). Engro's share of the dividend amounts to Rs. 247.5 million.

Engro Polymer & Chemicals Limited (EPCL)



Engro Polymer & Chemicals Ltd.

Engro Polymer & Chemical Limited, a listed company involved in the manufacturing and marketing of PVC resin, is a subsidiary of Engro Chemical Pakistan Limited with 56% ownership in EPCL. At present, EPCL is setting up an integrated facility with capability to manufacture EDC, VCM, Chlorine and Caustic soda. The project will be completed by end of Q2 '09. The expansion of PVC plant to increase current PVC production from 100,000 tons to 150,000 tons was completed in December 2008.

During the year 2008, EPCL produced 102,876 tons of PVC (2007: 94,347 tons) with sales of 97,547 tons (2007: 94,122 tons). Increase in sales was mainly witnessed in the first half of the year on the back of rising PVC prices and robust demand. During the later part of the year, the Company's sale and profitability were affected due to low international commodity prices and the current recessionary trends across the globe.

EPCL's focus on safety continued throughout the year. The Company achieved 8.9 million man-hours with no LWI and no NEQS excursion. Furthermore, EPCL won the Annual Environment Excellence Award 2008 from the National Forum for Environment & Health. Earlier, in 2006, the Company's Environmental Report had been declared to be the best in the Local Unlisted Category by the ACCA-WWF Pakistan Environmental Reporting Awards 2006. The award was based on the reports' comprehensiveness in providing reliable quantitative, qualitative and graphical information.

Avanceon

(Formerly known as Engro Innovative Automation (Pvt.) Limited)



Avanceon Ltd is an automation and controls engineering company, with subsidiaries operating in Dubai and the United States.

In 2008, Avanceon's Pakistan revenues grew to Rs. 562 million from Rs. 399 million in the previous year. The profit after tax for Pakistan was Rs. 17 million compared to a loss of Rs. 29 million in 2007. Energy Management Solutions business was the main driver of growth and projects of record values were executed in 2008. As part of its business plan, the Company managed to achieve its highest ever services revenue.

In the wholly owned UAE subsidiary, revenues grew to Rs. 282 million from Rs. 68 million in 2007 and the loss reduced to Rs. 41 million from Rs. 88 million in 2007. The international execution methodology based on structured outsourcing was implemented with success, and the subsidiary starts 2009 with a very promising backlog of orders.

Avanceon's 70% owned US subsidiary experienced a slowdown in business due to an economic down turn from the second half of 2008. Its revenues in 2008 were \$11 million compared with \$14 million in 2007, but the loss reduced to \$1.4 million compared to \$2 million in 2007 mainly due to improved gross margins.

The Company's investment in developing intellectual property (IP) to optimize the energy foot print of manufacturing industry has started giving dividends. The fiveyear strategic plan includes forming an Energy Business Unit with a vision to leverage Avanceon's unique IP solutions to attain market leadership internationally.

Engro Foods Limited (EFL)



Engro Foods, a wholly owned subsidiary, enjoyed robust growth in its second full year of operations in 2008. A key highlight was the consolidation of its successful brand portfolio delivering the second largest market share in the UHT liquid milk category. This performance is well in line with the Company's aggressive plans for the future. Its brands -- Olper's milk, Olper's cream, Olwell, Tarang and Tarka -- continue to outpace category growth.

Similarly, on the processing side, a second state-of-the-art plant, commissioned in end 2007, has successfully tapped large milk volumes from the Punjab.

The growth in the milk collection network has kept pace with sales volumes, seeing a 65% volume increase over 2007. The network now comprises approximately 750 village milk collectors and 524 milk collection centers enabling EFL to touch the lives of over 70,000 farmers on a daily basis.

2008 was particularly exciting with regard to the establishment of the Engro Dairy Farm at Nara, Sindh. As part of its long term strategy, the farm will provide international standard milk offering excellent export opportunities to the region in the medium term. The first herd of 1,400 Australian Heifers has arrived and is housed successfully at the farm. The initiative is in line with achieving the target to begin milking by the second half of 2009.

Just as exciting is the EFL entry in ice cream, planned for 2009. The project is at the implementation level with a dedicated state-of-the-art production facility nearing completion at our Sahiwal plant. EFL also plans to invest approximately Rs. 800 Million in 2009 for capacity expansion in milk collection infrastructure and production plants at Sahiwal and Sukkur.

To enhance milk productivity of livestock, EFL continues to introduce and market new varieties of fodder seed, as well as creating awareness of animal health through farmer workshops at the village level.

EFL won recognition in many other fields in 2008. Efforts in CSR as the implementing partner of the UNDP CELDAC project have resulted in the achievement of project targets through the training of over 600 Lady Livestock Workers in rural Sindh. **EFL has been adjudged the best local company to work for by PSHRM (Pakistan Society for Human Resource Management) in a survey of 20 leading companies across Pakistan.** Furthermore, the election of EFL as Vice-Chair of the Pakistan Dairy Association validates our efforts to provide leadership to the dairy industry.



Engro Energy Limited (EEL)

Engro Energy's 220MW Qadirpur power project is progressing as per schedule. The project will utilize permeate gas currently being flared from Qadirpur gas field, resulting in economic benefits for the country and reduction in carbon emissions.

The project achieved financial closure with the Government of Pakistan in April 2008, and is the first power project under the 2002 policy based on foreign debt financing.

IFC has taken a 5% equity stake in the Company following ECPL approval. EPC activities are progressing as per schedule and the project is on track to start commercial production by the end of 2009. The company declared a pretax loss of Rs. 1 M during the year, and accumulated loss of Rs. 100 M primarily due to project related expenses that cannot be capitalized as per accounting standards.

Engro PowerGen (Pvt.) Limited (EPGL)

EPGL, incorporated in 2008, is a wholly owned subsidiary of ECPL. It aims to develop power sector opportunities to cater to the energy needs of the country. Initiatives being undertaken by the Company include possible participation in fast-track IPPs being developed under the 2002 policy and coal based power generation.

Engro Eximp (Pvt.) Limited

Engro Eximp is a wholly owned subsidiary engaged in the trading business of fertilizer imports. During the year, EEPL imported and sold 146,156 tons (2007: 578,000 tons) of phosphatic product at port to Engro at market prices.

HEALTH, SAFETY & ENVIRONMENT.....

Safety Policy

To be recognized as a world-class performer in the field of Health, Safety and Environment Management.

ENGRO WILL:

- Conduct its business in a manner that protects the health and safety of employees, contractors, others involved in our operations and the community in which we operate;
- Continuously improve environmental performance to achieve sustainable development;
- Strengthen its business by making Health, Safety and Environment (HSE) considerations an integral part of all business activities;
- Comply with all laws and regulations;
- Practice, transparent public reporting of the HSE performance;
- Ensure that HSE is a major responsibility of appropriately trained, empowered and accountable employees and management;
- Promote a culture of learning and practicing HSE management among employees and contractors;
- Encourage off-the-job HSE awareness among employees and families.



Asad Umar
President
Engro Chemical Pakistan Limited

HEALTH, SAFETY, ENVIRONMENT & QUALITY

Engro has emulated global best practices to guard the Health, Safety and (surrounding) Environment of all those part of our family. The Company strives to maintain Safety Standards as per international norms, and has adopted DuPont's Safety Management System, which ensures all employees are at minimum possible risk.

Occupational health as well as industrial hygiene and safety are of prime significance at the Daharki Plant area, and unrelenting efforts are made to meet international best practice standards. The DuPont system is two pronged, the first being a Process Safety & Risk Management (PSRM), which provides a framework to manage a hazardous chemical process plant by managing risk. The second component is Behavioral (Personnel) Safety Management (PSM), which encourages practices that demand more active involvement of different levels of organization in day-to-day safety improvement. PSRM is now fully implemented and provides a framework to manage the plant operations with minimum risk. Similarly PSM systems' best practices were evaluated by DuPont Safety Resources Consultants and are being improved.



Strong HSE performance by ECPL has been recognized in several forums. ECPL has been nominated among 37 selected candidates in 20 countries for an HSE award by International Fertilizer Association which will be finalized in March 2009. Engro has also consecutively won five National Forum of Environment and Health Annual Environment Excellence awards.

Urea Manufacturing Plant Site

During 2008, Engro maintained high health, safety and environment standards. Urea manufacturing site set a safety milestone of best ever Total Recordable Injury Rate (TRIR) of 0.28 post DuPont alignment in 2003. The site has achieved 3.9 million man-hours (MMH) without Lost Work Injury (LWI) to employees and 0.6 MMH without a LWI to contractors. Fertilizer Expansion Project completed 9.03 MMH without a LWI with a remarkable TRIR of 0.13.

This success has been accomplished through sustained focus on both behavioral and process safety aspects to arrest injury causes and unsafe situations that could have resulted in injuries. Substantial efforts to improve site safety leading indicators have also contributed to achievement of excellent safety results.

Engro’s endeavor to upgrade safety systems to world class standards continues. A major milestone was compliance to the DuPont Behavioral Safety Management system, successfully completed in 2008 when DuPont Safety Resources evaluated the upgraded system and declared it to be at the skill level as per their best practices rating. In parallel, a lot of work has also been done during the year to improve further Process Safety Management Systems targeting to achieve excellence level as per DuPont best practices rating.

Zarkhez Plant Site

Zarkhez plant at Port Qasim continued its operations without any LWI for ECPL employees and contractors during 2008. ECPL employees completed 0.8 Million man hours and contractor employees completed 3.6 million man-hours without an LWI. The Zarkhez team achieved the best ever safety performance during 2008 with combined TRIR of 0.17. Process safety and personnel safety programs launched in 2007 continued during 2008. DuPont also conducted a direction check for best practices in April in 2008.

Marketing Division

Marketing embarked upon DuPont best practices alignment in 2008. Focus remained on training of the new organization on HSE role, especially behavioral safety, after restructuring of agri-business operations. Efforts are underway to resolve inherent safety issues in warehouses and transportation and addressed areas for improvement highlighted in First Internal Audit and DuPont direction check and quality MSAs at regular intervals.

Man hours since last LWI 131,420 (contractor) and 829,351(employees) have been achieved. TRIR for the year remained 0.77 with 02 LWIs and 02 medical treatment cases during the year (contractor). These injuries were thoroughly investigated and recommendations worked upon to avoid recurrence. Marketing sales force continued to excel at Safe Driving by achieving more than 22 million Kilometers over a period of 28 years without an LWI, a remarkable achievement.

	Million Man Hours	TRIR* Combined	Fatality	LWI*	Recordable Injuries
ECPL	14-8	0.22	Nil	3	16
EPCL	5.1	0.51	Nil	Nil	13
EVTL	0.9	0.47	Nil	Nil	2
EFL	7.3	0.36	Nil	2	13
AVANCEON	0.4	Nil	Nil	Nil	Nil
EEL	1	0.6	Nil	Nil	3
Corporate Total	29.4	0.32	Nil	5	47

Six Sigma

In line with its pursuance of global best practices, Engro continued its quality conscious journey with continued determination through the internationally acclaimed Six Sigma management strategy program. Six Sigma seeks to improve the quality of process outputs by identifying and removing the causes of defects (errors) and variability in manufacturing and business processes. It uses a set of quality management methods, including statistical methods, and creates a special infrastructure of people within the organization (“Black Belts”, “Green Belts”, etc.) who are experts in these methods. Each Six Sigma project carried out within Engro follows a defined sequence of steps and has quantified financial targets such as cost reduction or profit increases. During 2008, the Company undertook a number or projects and trainings under the program, resulting in a total saving of Rs 17.6 Million.

Projects		Trainings		Savings	
Greenbelt	9	Greenbelt	22	Actual	PKR 17.6 Million (Pro-rated)
Process improvement team	39	Yellow belt	57	Expected	PKR 46 Million (Annual)
		Statistical Tools	250		
Total	48	Total	330		

ENVIRONMENTAL FOOTPRINT.....

Engro believes environmental consideration is critical to upholding responsible business operations, and has worked hard at monitoring, controlling and reducing wastes while conforming to relevant environmental standards. Broadly, Engro has displayed consistent progress in all its key environmental performance indicators, namely, effluents, greenhouse emitting gases, ozone-depleting gases, hazardous and non-hazardous wastes, and natural resource management with respect to waste reduction, energy conservation, and compliance.

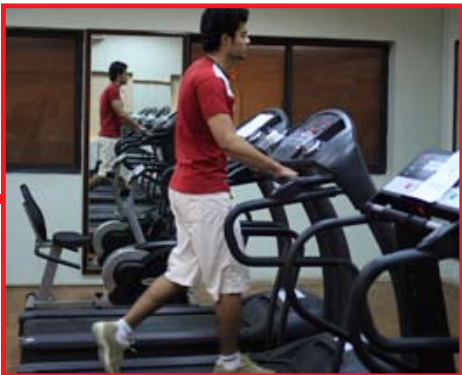
100% compliance of Self Reporting to Environment Protection Agency for National Environmental Quality Standards (NEQS) was achieved for effluents and emissions during 2008. A major breakthrough was the disposal of hazardous waste; this was achieved by recycling / reusing the entire on-site inventory of spent catalysts & resins and mercury lights for metal extraction and manufacturing of salts / micro nutrients. Similarly, environmentally friendly disposal of chromate sludge was started. After discontinuation of Ozone depleting Chlorofluorocarbons (CFC's) in air conditioners, replacement of Hydro CFC's is underway in a phased manner with normal replacement cycle of air conditioners. Engro has also won a number of consecutive National Forum of Environment & Health annual environment excellence awards.

The Company has taken one step forward towards carbon trading (Clean Development Mechanism) by signing a contract with consultants on Project Development Document (PDD) for development of possible Clean Development Mechanism projects

Effluents

Total effluent generation discharged to canal was 1.3 million cubic meters.Effluent per ton of urea remained 578 gallons / ton vs. 423 gallons / ton in 2007. This increase in effluent by 37% was primarily due to addition of EnVen Dewatering effluent into Base Plant effluent system.

During 2008, Parameters like ammonia, sulfate, TDS etc. remained high as effluent was generated during de-watering activity, which was required for construction of new Plant and this de-watering effluent (high concentration of said parameters) was mixed with normal Plant effluent. Suspended solids content in clarifier effluent to canal increased to 491 ppm in 2008 vs 200 ppm in 2007. This increase is attributed to accessibility problem (causing a safety concern) for settling pits cleaning labor.. However, necessary modifications have been devised and budget appropriated to cater to the problem in 2009.



Effluent to Canal

Parameters	Units	2005	2006	2007	2008*	NEQS Limits
pH		8	8	8	8.1	6 ~ 9
Chromium	ppm	0	0	0	0	1
Zinc	ppm	0	0	1	0.4	5
Iron	ppm	1	1	1	1.5	8
Ammonia	ppm	9	12	19	111.3	40
Grease & Oil	ppm	1	1	0	2.47	10
TSS	ppm	36	46	100	136.4	200
Chlorides	ppm	392	445	348	377.1	1000
TDS	ppm	1904	2102	1964	2967.2	3500
BOD	ppm	4	5	8	10.7	80
COD	ppm	32	27	25	47.7	150

* Foundation work during construction of new plant required de-watering of surrounding area. Water generated, which was mixed with normal plant effluent, was high in concentrations of said parameters. This resulted in high values of various parameters of plant effluent for 2008.

Emissions & Green House Gases

CO2 generation per ton urea has decreased (839 Kg/Ton Vs 842 Kg/Ton last year), however total amount of CO2 generated has increased owing to highest ever urea production (835 Tons Vs 804 Tons CO2 in 2007).

Prill tower - 2 emissions showed slight increase in particulate matter due to higher throughput.

Ozone Depleting Gases

Freon 22 refrigerant consumption decreased by 63% in Daharki Site and by 75% at Zarkhez. Plan is in place to phase out Freon 22 with ozone friendly refrigerants (HFC's) like R134 and R407C as a next step to eradicate ozone depleting agents completely.NoFreon 12 refrigerants used. (Freon 12 usage has been abolished since 2006).

Hazardous Waste

Site achieved zero inventory of spent catalyst and catacarb in 2008. Chromate removal / packing job remained in progress. Number of used mercury lights increased from 1,768 in 2007 to 2,096 and will be sent for recycling in 2009.

Energy Index

Energy index showed improvement from 37.88 KSCF/ Ton of Urea to 37.40 KSCF/ Ton of Urea due to sustained plant operation and steam optimization projects.

Natural Resources

Paper consumption at Head Office and Daharki Site has decreased appreciably by 60% (last year paper consumption was very high due to fire in head office) and 4% respectively. Marketing and Zarkhez plant paper consumption increased by 3% and 36% respectively (as compared to 2007).

Total water consumed at Daharki was 5.5 Million cubic meter, decreasing 9.7% from 1,625 gallons / ton (2007) to 1,468 gallons per ton of urea. Zarkhez water consumption increased slightly (81 to 84 gallons per ton).

Reduction in water consumption at Daharki Site was due to contribution of:

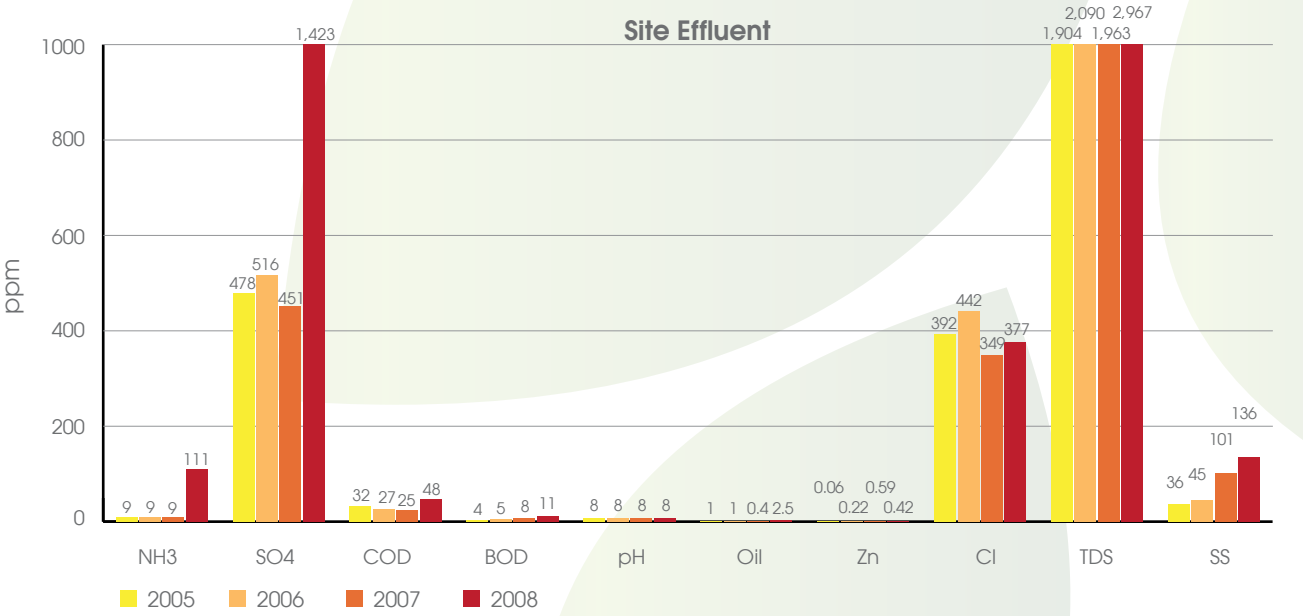
- a) Different energy efficiency projects resulting in saving of steam venting,
- b) Short term reduction in plant effluent streams flows beyond optimum values to accommodate additional de-watering effluent (from expansion plant) in plant effluent system. Reduction due to the latter is not sustainable.

Vehicular Mileage & NEQS Compliance

All company owned vehicles in Manufacturing as well as Marketing (Agri Business) were found to be NEQS compliant during 2008.



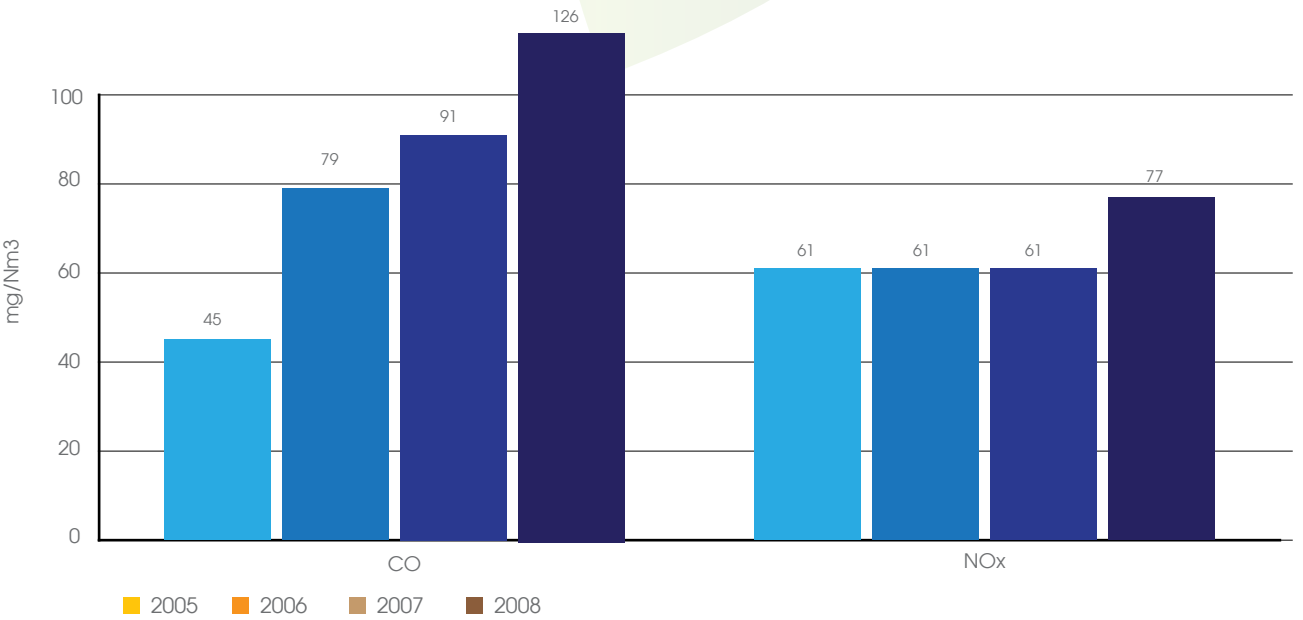
EFFLUENT
NEQS Compliant Effluent (Canal)



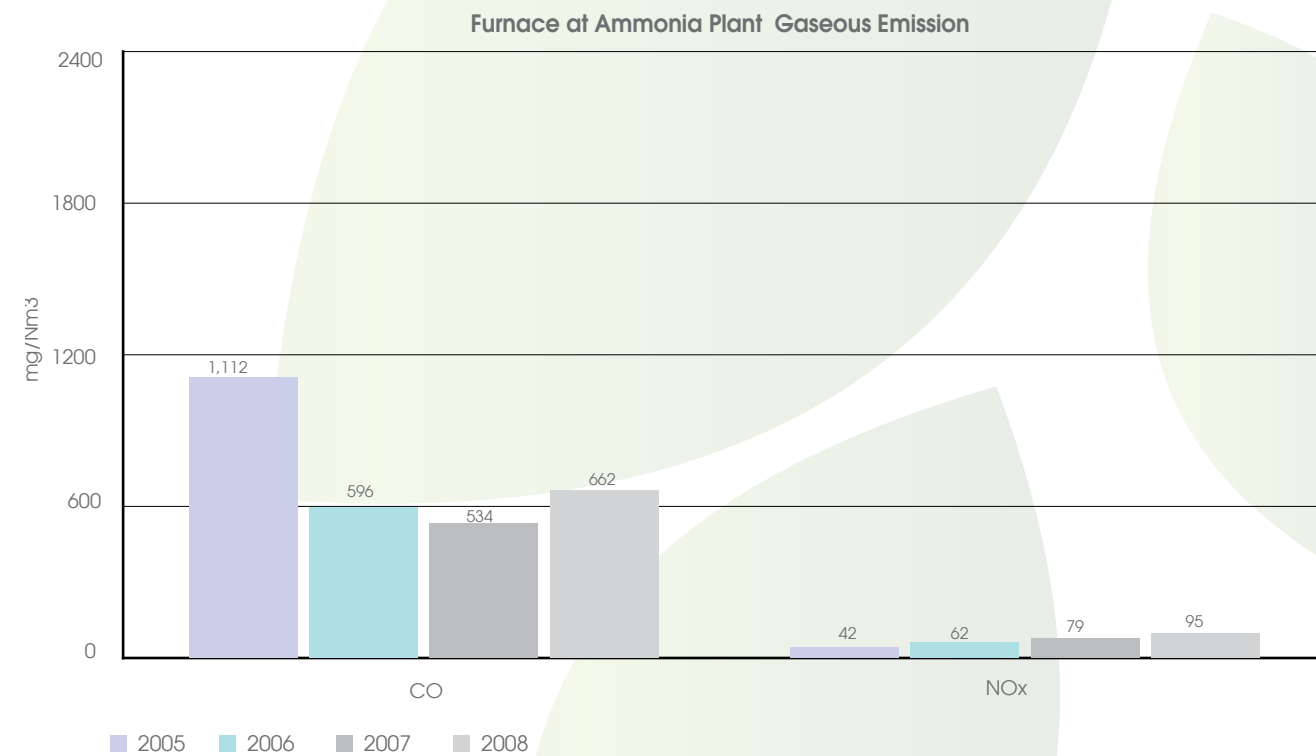
Foundation Work for construction of new plant required de-watering of the area. The water generated as a result of this de-watering activity was high in concentration of said parameters and was mixed with normal plant effluent. This resulted in high values of different parameters of plant effluent for year 2008.

LIQUID EFFLUENTS											
PARAMETERS	NH3	SO4	Cr04	COD	BOD	pH	Oil	Zn	Cl	TDS	SS
NEQS LIMIT (ppm)	40	600	1	150	80	6-9	10	5	1000	3500	200

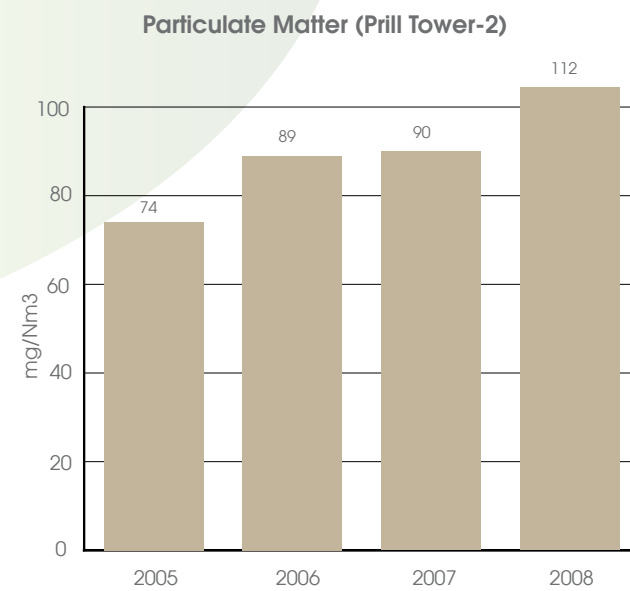
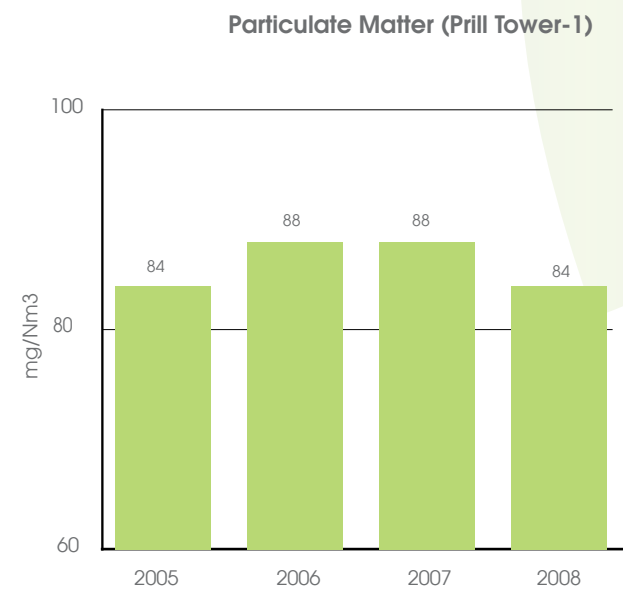
EMISSIONS (NEQS COMPLIANCE)
Boilers & Heat Recovery Generators - Gaseous Emission



CO and Nox were higher in 2008 due to Air optimization steps taken for improvement of energy efficiency.



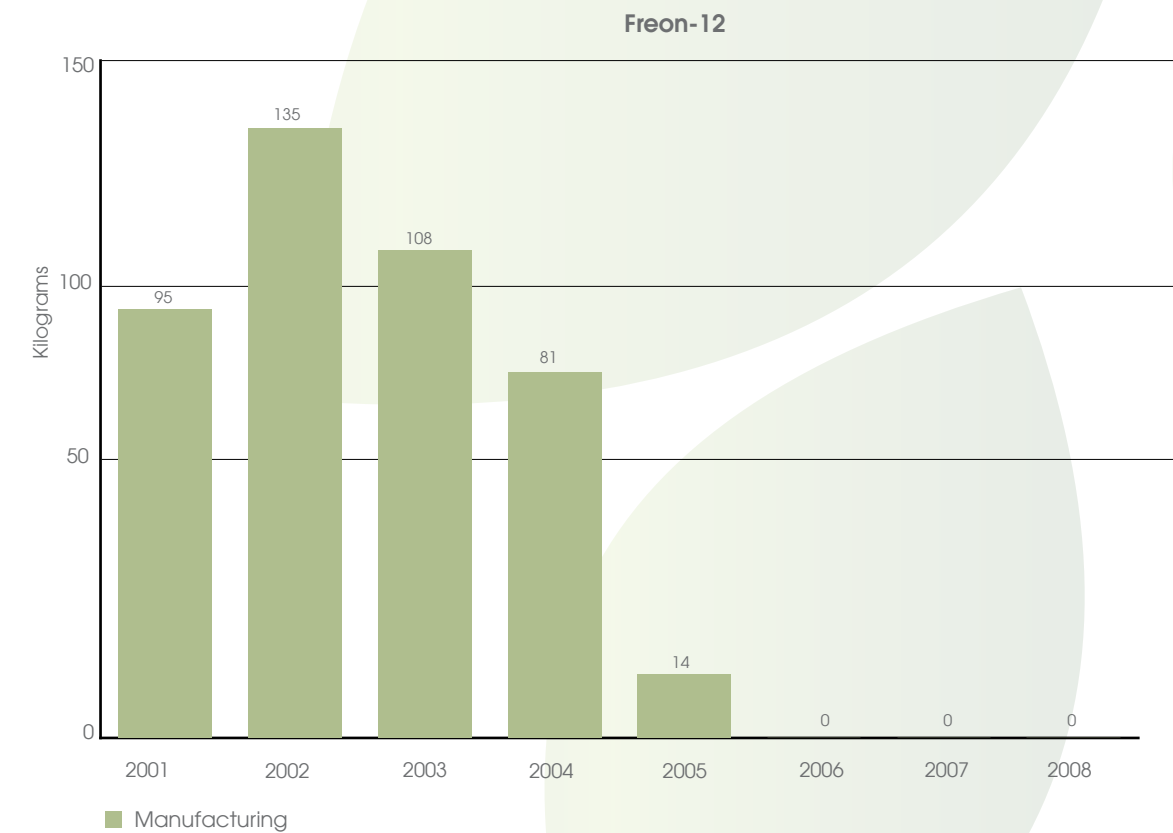
CO and Nox were higher in 2008 due to Air optimization steps taken for improvement of energy efficiency.



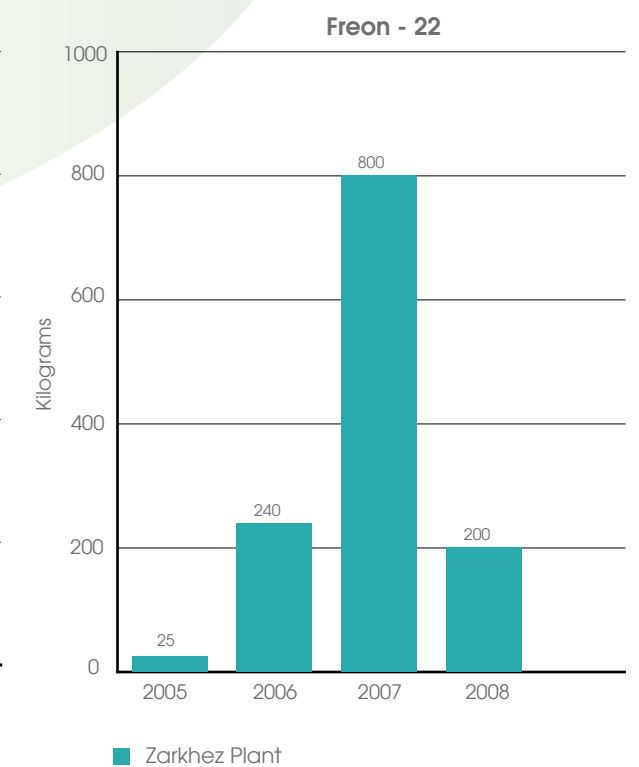
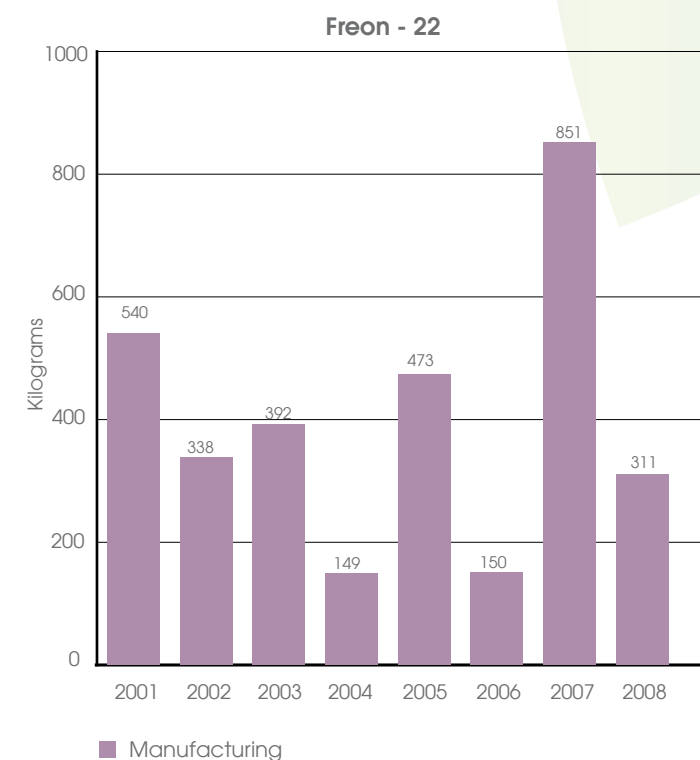
Increase in particulate matter is due to PT-2 higher through put.

GASEOUS EMISSIONS			
PARAMETERS	CO (mg/Nm3)	NOx (mg/Nm3)	Particular Matter (mg/Nm3)
NEQS LIMIT (PM)	800	400	500

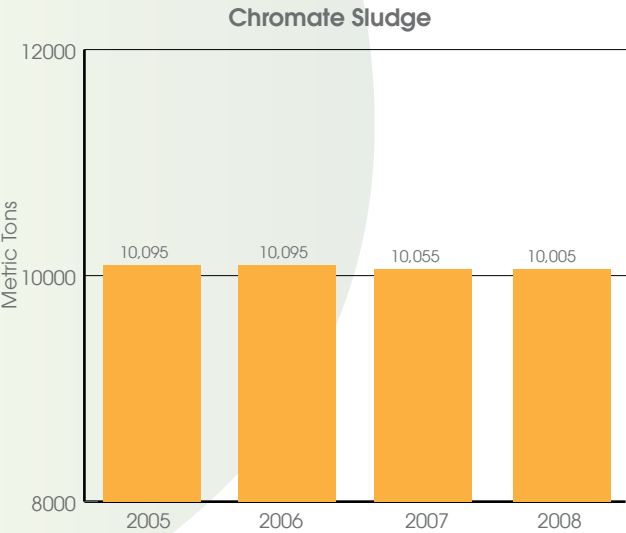
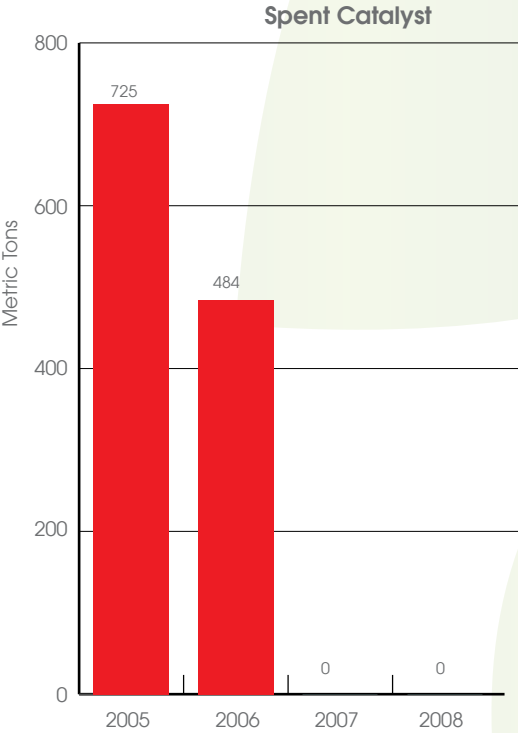
CFC GASES CONSUMPTION (OZONE DEPLETION)



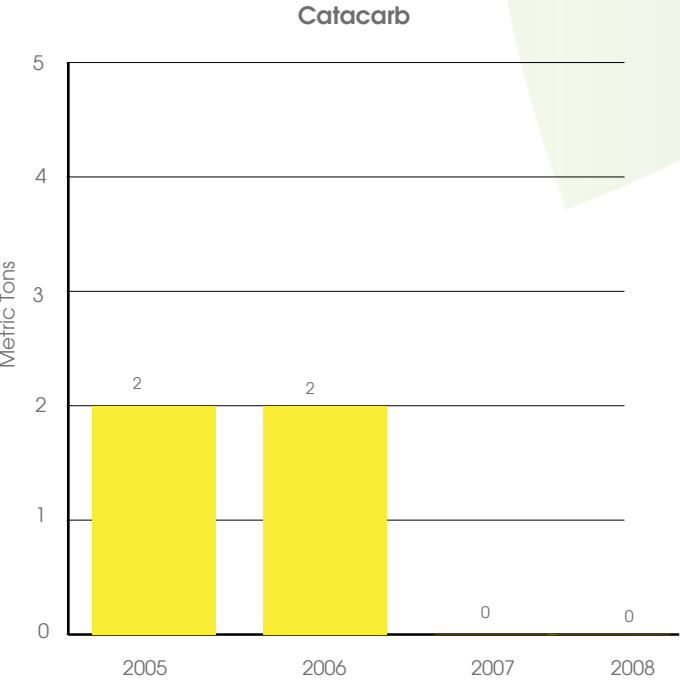
Freon is NO T in use anymore



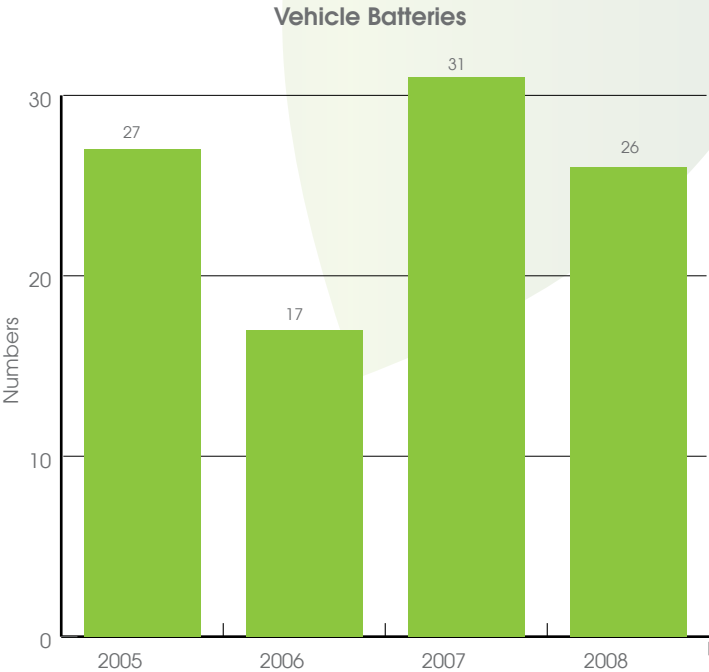
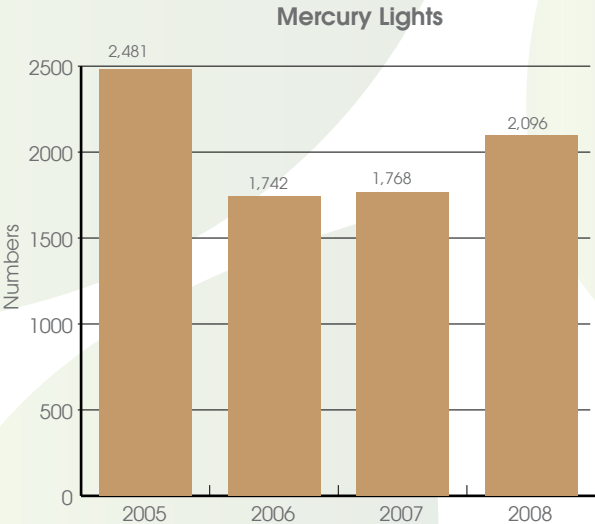
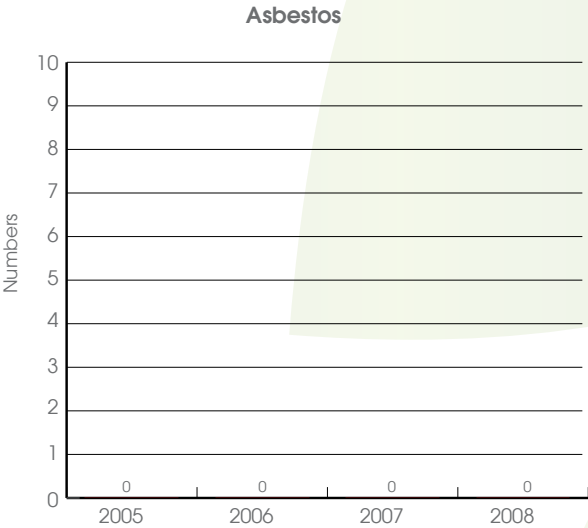
HAZARDOUS WASTE INVENTORY



Chromate sludge packing resumed and 140 tonnes of chromate sludge packed till December 31, 2008.

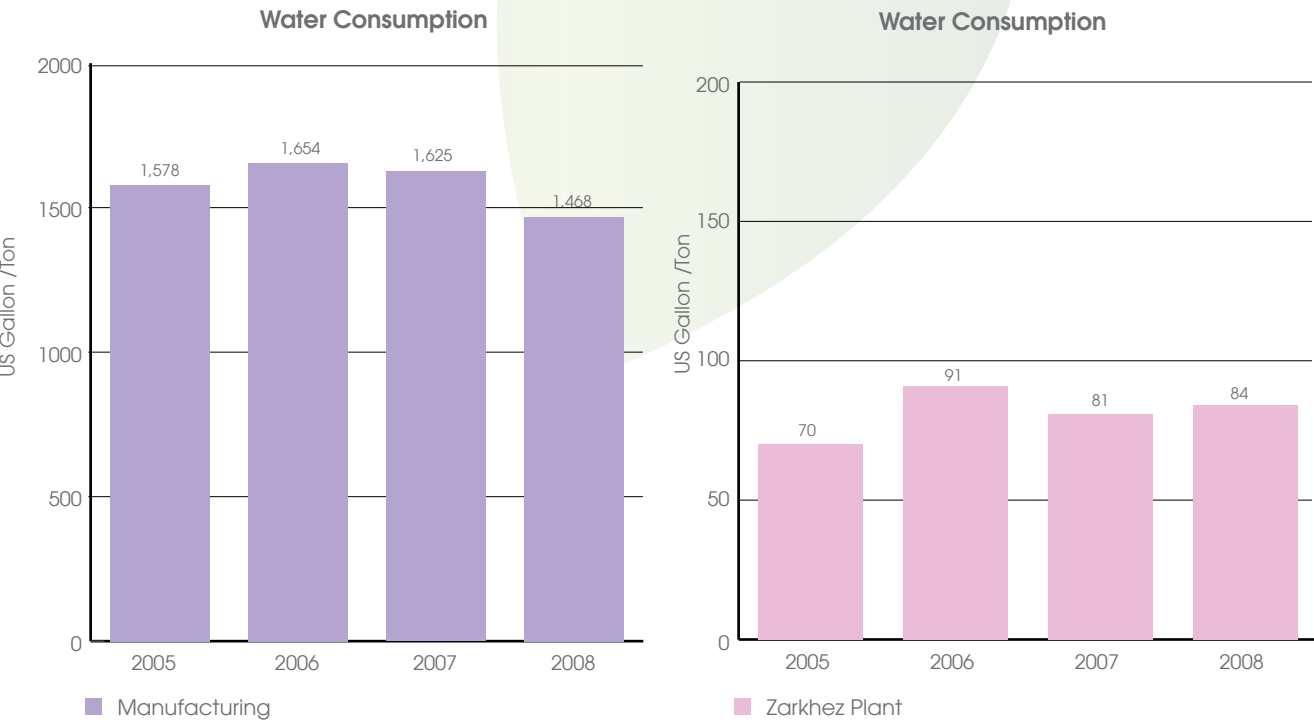
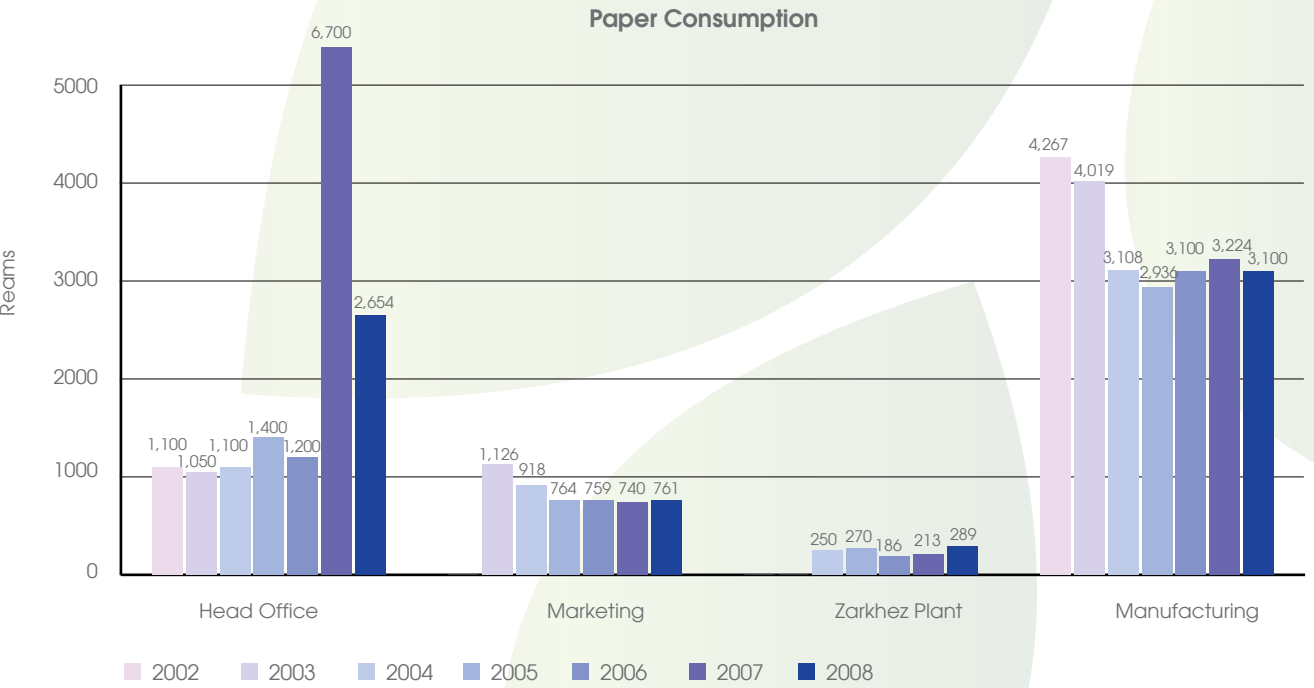


HAZARDOUS WASTE GENERATION



Used Mercury lights generated in 2008 will be disposed off for recycle / reuse in 2009.

NATURAL RESOURCE CONSUMPTION

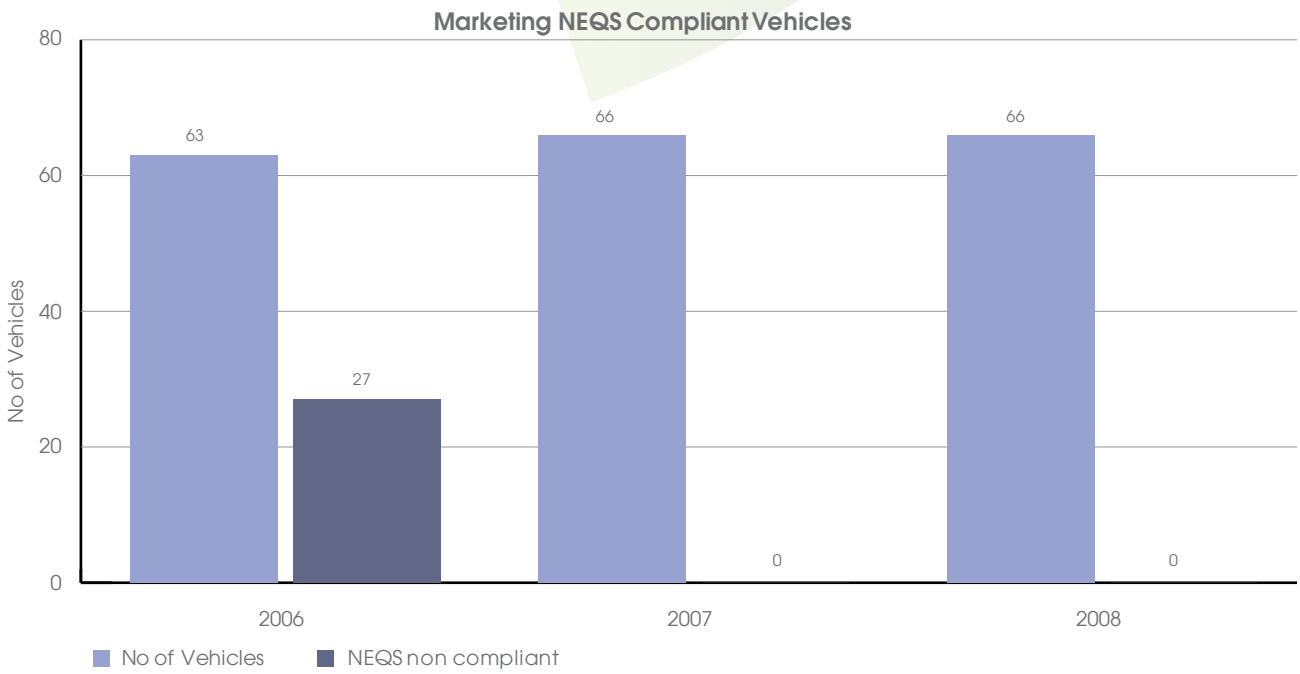
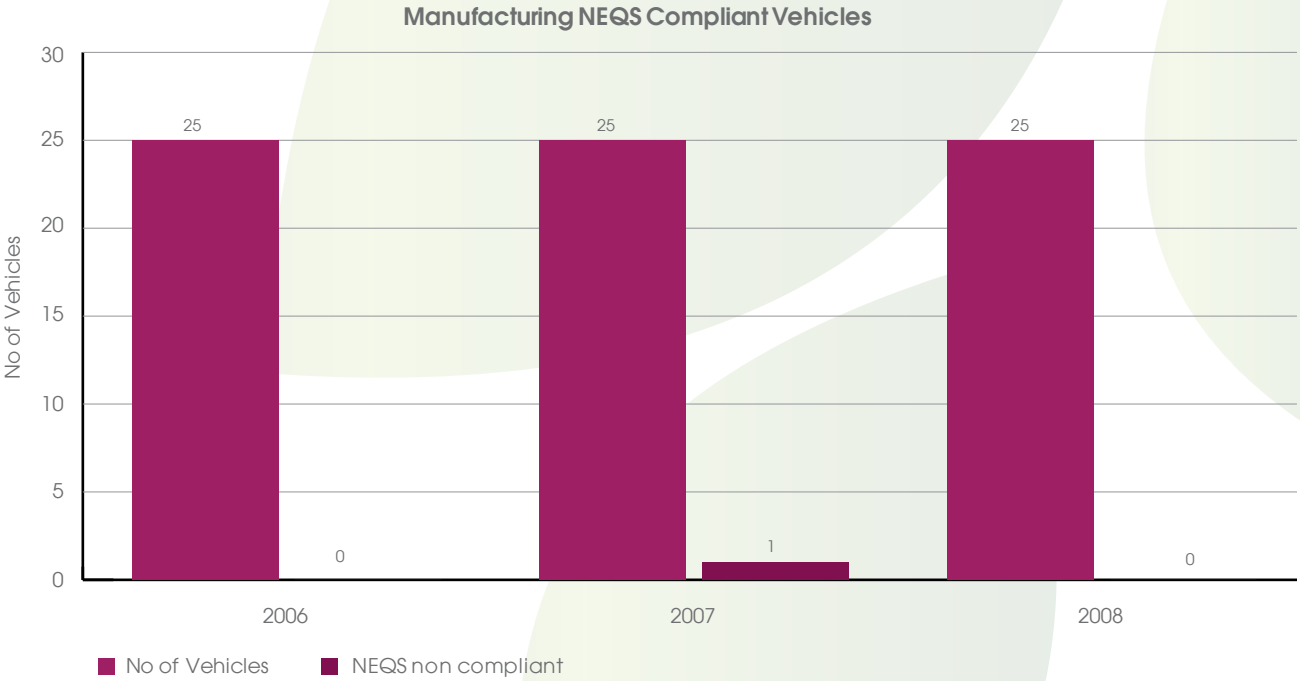


Reduction in water consumption at Daharki Site was due to contribution of:

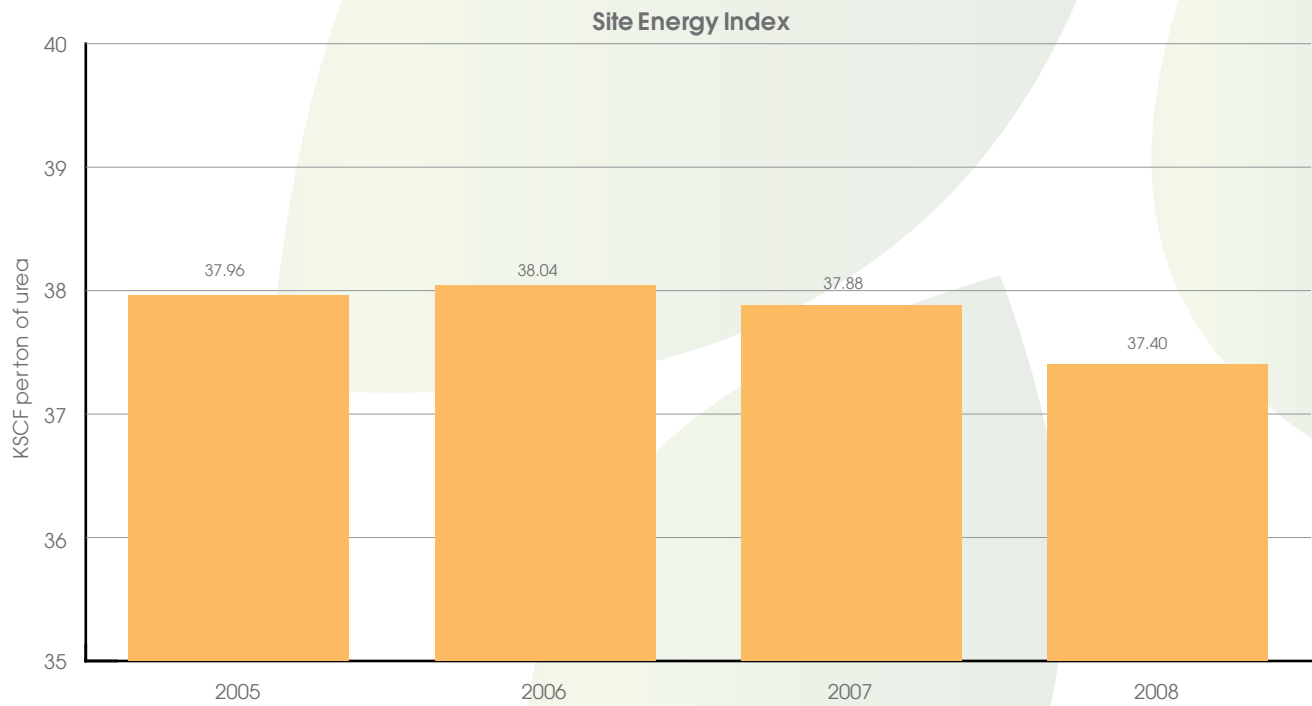
(a) Different energy efficiency projects resulting in saving of steam venting
(b) Short term reduction in plant effluent streams flows beyond optimum values to accommodate additional de-watering effluent (from expansion plant) in plant effluent system.

Reduction due to latter is not sustainable.

ANNUAL VEHICLES MILEAGE & EMISSIONS (COMPANY OWNED)



SITE ENERGY INDEX (KSCF/TON UREA)



Energy index showed improvement due to sustained plant operation and steam optimization projects.

SOCIAL INVESTMENTS

As part of its enduring commitment to improve the quality of life for its stakeholders, especially neighboring communities, ECPL contributed over Rs. 40 million under its social investments portfolio in 2008. This section describes Engro’s major initiatives in 2008:

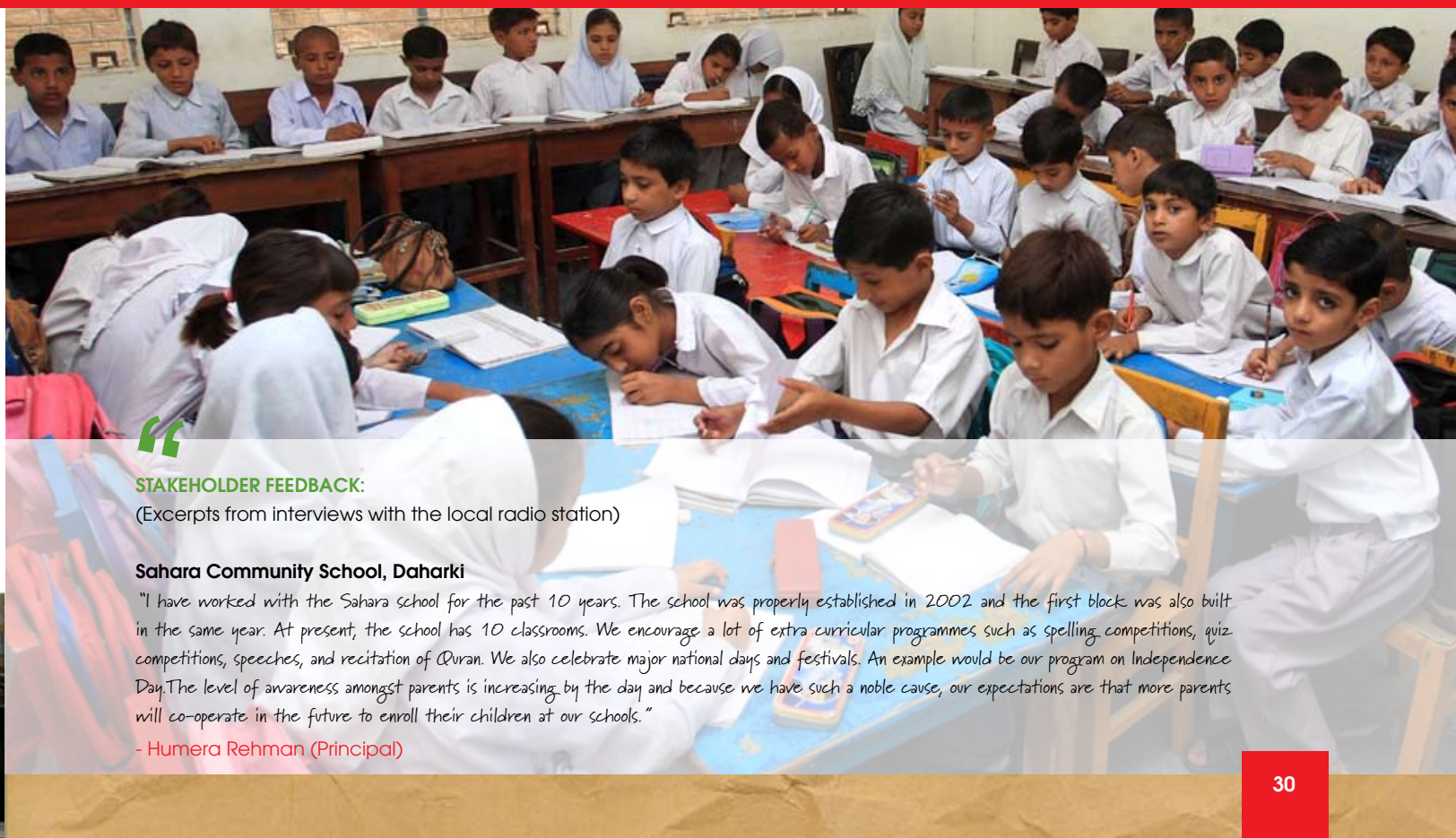
1. Sahara Welfare Society Projects

Registered under the Voluntary Social Welfare Agencies Ordinance 1961, Sahara Welfare Society - located in an office adjacent to the Daharki plant - is a nonprofit organization managed by Engro employees and financed through employee and company contributions.

a. Sahara Community School

Through Engro’s support, the Sahara Community School was established in 2002. The school edu- cates 247 children from nursery through class 5, of which 108 are girls and 139 boys, taught by 17 teachers. To maintain quality, the school keeps a good teacher-student ratio with the annual in- take of students being restricted to 30 children in each class.

In addition to regular classes, the school also holds non-formal classes where a five-year primary curriculum is covered in three years. The non-formal classes, which started in August 2006, are meant for overage children who cannot be admitted to regular classes. Currently two batches, consisting of 46 and 42 children respectively, are benefitting from this program.



“
STAKEHOLDER FEEDBACK:
(Excerpts from interviews with the local radio station)

Sahara Community School, Daharki
“I have worked with the Sahara school for the past 10 years. The school was properly established in 2002 and the first block was also built in the same year. At present, the school has 10 classrooms. We encourage a lot of extra curricular programmes such as spelling competitions, quiz competitions, speeches, and recitation of Quran. We also celebrate major national days and festivals. An example would be our program on Independence Day. The level of awareness amongst parents is increasing by the day and because we have such a noble cause, our expectations are that more parents will co-operate in the future to enroll their children at our schools.”
- Humera Rehman (Principal)

b. Dar ul Shifa Clinic

Since 2002, the Dar-ul Shifa Clinic, an evening clinic in a dedicated room at Sahara Welfare Society, provides free medical consultation services to patients (mostly women and children). The clinic has treated over 43,000 patients and provided medicines worth over Rs. 1.8 million since its establishment. In 2008, 5,039 patients availed this facility and received free or highly subsidized medicines worth over Rs. 372,000. The most commonly treated medical ailments were respiratory tract infections (over 50% of total patients treated), skin diseases (approximately 25% of total patients treated), and gastro-intestinal tract infections (over 8% of total patients treated). The highest number of patients treated by the clinic in 2008 were children (2,665 or nearly 53% of total patients), followed by women (1,977 or around 39% of total patients) and men (397 or 8% of total patients).

c. Sahara Arts & Crafts Center

The Sahara Arts & Crafts Center was established in 2003 to impart vocational training to females in the surrounding communities to enhance their income generation skills. It is fully equipped and operates three shifts of two hours each for different batches of students. The center has four well qualified instructors who provide training in different skills including drafting, cutting, stitching, hand embroidery, machine embroidery and adda embroidery. All training activities of the center are designed and carried out in accordance with the curriculum of the Sindh Board of Technical Education.

Many of the students who enroll at the center are illiterate. The center provides training to its students free of cost. Since its inception, the center has trained over 700 students in various arts and crafts, including 43 who enrolled in diploma courses. In 2008, the center imparted training to 264 students in stitching and embroidery, while an additional 16 enrolled in the diploma course. USAID has provided financial support for the initiative in 2008 through the International Youth Foundation and Rural Support Programmes Network (RSPN).



STAKEHOLDER FEEDBACK:

(Excerpts from interviews with the local radio station)

“Sahara Arts and Crafts Center, Daharki

“I hail from Mirpur Mathelo and I have taught as a senior instructor at Sahara Arts and Craft Center for the past 6 years. A lot of girls were trained in this center and we expect a lot more to come in the near future from surrounding areas. A lot of families are poor and therefore find it difficult to spare some money for stitching material and other petty expenses. We provide material such as cloth, scissors, pencil, scale, measuring tape, and chalk to our poor students. We also give thread, sewing related material, and embroidery material to students who can't afford these items.”

- Rukhsana Kausar (Senior Instructor)

d. Teaching and Resource Center (TARC)

TARC was established in partnership with the Ali Institute of Education, Lahore, in 2000 to provide a dedicated resource for teachers’ training. From 2000-2008, TARC has trained 2,358 teachers from various government schools. In 2008 alone, TARC conducted 190 hours of training sessions to train 45 teachers from katcha schools, adopted government schools and the Sahara school.

TARC provides two kinds of training to the teachers. Through “Subject Based Training” sessions, teachers’ knowledge and skills are built to deliver subject-specific classes in subjects like math, science, social studies and languages (English, Urdu, and Sindhi). While through “Strategy Based Professional Development Training” sessions, the teachers are trained in lesson planning, teaching methodologies, class room management, child psychology, motivation, time management, stress management, team building, conflict resolution, co-curricular activities etc.



STAKEHOLDER FEEDBACK:
(Excerpts from interviews with the local radio station)

Sahara Arts and Crafts Center, Daharki

“I am a student of 10th grade and I learn embroidery at this center. I got to know about this center through television advertisements. People at the center provide me with all the necessary material that I need for stitching. I get to keep all of the stuff that I work on such as stitched clothes. All this work that I am learning at the center makes my mother happy and proud. I earn up to Rs 1000 on a single stitching job. For simpler designs, I charge between Rs 500 and 600. My message to all the girls out there is that they should join Sahara Center and learn the craft of stitching, sewing and embroidery. It will bring a lot of happiness to their mothers.”

- Zaara Dayo (Student)



STAKEHOLDER FEEDBACK:
(Excerpts from interviews with the local radio station)

Sahara Community School, Daharki

“I have put my children in the Sahara Community School for three reasons. The first reason is that it is closer to my home, the second reason is because it is much better than other schools of the region and the last reason is that the school subsidizes books, uniforms, shoes, and fees. My elder son also graduated from this school. When we shifted him from Gohar Public School to the Sahara Community School, we could see the difference immediately. The only thing that needs to be addressed now is coaching after school hours. There are no quality tuition centers in the area and since my children are weak in studies, they require additional support.”

- Mrs Sarwar (Parent)

2. Katcha Schools’ Program

Under this program, Engro is supporting eleven primary schools in different villages of the katcha (riverine belt) area along the Indus since 2001. Currently, 1,224 students are enrolled in these schools. The following table provides a snapshot of the program.

	School Name	Location	Number of Students
1	Sattar dino Sunderani	207	2
2	Noor Lakhan	176	6
3	Jam Khan Sunderani	165	3
4	Ali Akbar Chacher	130	2
5	Nazar Muhammad Indhar	124	3
6	Qabool Khan Sunderani	113	2
7	Abdul Hafeez Indhar	70	1
8	Hazr Khan Lolahi	68	1
9	Ghazi Chacher	66	1
10	Rab Nawaz Chacher	64	2
11	Tinden Lakhan	41	1
	Total	1,224	24

Engro’s support ensures provision of free education for all children enrolled at these katcha schools. Engro’s contributes furniture, text books, stationary items, and other teaching and learning materials for the students, teachers, and the schools. In addition, twenty four teachers at the eleven katcha schools are employed on Sahara’s payroll through Engro’s financial support to address teacher shortages. Regular teachers’ training for the katcha school teachers is provided through TARC. The following chart presents a snapshot of number of teachers and students at various katcha schools.



It is important to mention that these schools serve as the first and only access to education for the children in these deprived communities which suffer from extremely poor social and economic development conditions. These areas - based in an ecologically fragile area prone to frequent flooding in rainy seasons - lack basic health, education and infrastructure facilities, and have traditionally suffered from high crime rates. Local communities support the formation of these schools and are appreciative of Engro’s efforts to provide education for their children.



STAKEHOLDER FEEDBACK
(Excerpts from interviews with the local radio station)

Government Boys Primary School, Bago Bhutto

"By the grace of God, I am satisfied with my work and the team I am working with. The standard of education at this school is very good. All the required material such as pencils, copies, books and all other things needed in school are provided by Engro. As we take the next step in our program delivery I hope more funds to come through the government for school-related activities. I received training from Ali Educational Institute of Lahore. Mr Sohail Akhtar co-ordinated the training sessions. The training did a lot of good to me and whenever I need some assistance, the training books come in handy."

- Mola Bukhsh (Teacher)

A STORY OF RESILIENCE AGAINST ALL ODDS!

Tinden Lakhan Village Rebuilds School After Disaster

(This account has been recreated from interviews with residents of Tinden Lakhan village)

Tinden Lakhan village is located in Union Council Bhago Dhao Taluka, Tehsil Ghotki. This village was established more than 40 years ago. The total population of the village is over 300 people and it consists of 32 families. All residents are Lakhan by caste and live in a joint-family system. Most of the villagers are poor and access to basic facilities is limited. The huts in the village are made of wood, grass, bamboo and mud bricks. All the villagers in Tinden Lakhan are farmers. Most farmers work in the fields of landlords, though some own small pieces of land.

May 23, 2008 was a warm and sunny day, with the villagers relaxing and enjoying themselves as wheat harvesting had just ended. It had been a good season with a high production of wheat per acre and as the government had fixed a very favorable price on the wheat crop, the farmers were expecting good financial returns.

Around 6.00 pm, a sudden dust storm arose from the north side of the fields. It rapidly spread over the area and was so thick that visibility was reduced to zero. When the initial winds arose, the villagers set fire to the bushes and branches of harvested crop as is usual practice so that the fields could be cleared in preparation for the next crop. But this soon proved to be disastrous. As winds blew harder, the bush fires spread out of control, and engulfed the village. Soon, everything was on fire and the villagers had to run for their lives without having any time to rescue family members or collect their belongings.

The fire took a long time to die down. By this time, people were desperately looking for family members. Children as young as five were found as far as 7 kilometers away from the village. The fire had been so ferocious that shrubbery nearly three kilometers away from Tinden Lankhan was still burning after the fire had died down at the village.

The fire burnt everything in the village, with one fatality and five people who were critically injured. The only worldly possessions spared by the fire were the clothes worn by the villagers at the time of storm. The population of the village lost all they had, including animals (cows, goats, buffalos and dogs), harvesters, motor cycles, and even the stored wheat. Households lost utensils, jewelry, and all their earnings of a lifetime, which is usually kept within the homes in the form of currency due to lack of available banking facilities in the katcha area. The storm left behind tears and despair across the area.



STAKEHOLDER FEEDBACK

(Excerpts from interviews with the local radio station)

Government Boys Primary School, Jung

"We have more than 250 students and six teachers. Five teachers are on the government's payroll while one of them is provided by Engro. Engro provides us with necessary stationary; for instance, during exams they supply exam sheets. Whatever we need, we write about it to Engro and subsequently we receive the required materials. Besides that, the two rooms you see are also built by Engro. We thank Engro for the provision of electricity, drinking water and fans for class rooms."

- Abdul Razzaq (Headmaster)

Prior to 2004, the people of Tinden Lankhan village had no access to any educational facilities, with literacy rate in the village being almost zero. In 2004, Engro had started a primary school for children of the village which too had been reduced to ashes by the fire.

After the disaster, Engro approached community elders at Tinden Lankhan inquiring about the support the company could extend in rebuilding the devastated village. The villagers were unanimous in their request that Engro should rebuild the school to allow their children’s education to continue unaffected. Engro agreed and the school was rebuilt in 2008. It is now run through the support of the village community and managed by TARC under the Sahara Welfare Society.

The school employs one teacher responsible for the education of all students from grades one to four. The school not only provides academic learning but also opportunities for developing different life skills for students such as improved hygiene practices (bathing daily, brushing teeth, wearing cleaner clothes etc). The Tinden Lakhani school now has 41 students studying from KG to Class V.

3. Government Schools’ Adoption Program

Initiated in 2004, this program enables Engro to identify and adopt government schools in neighboring vil-lages with support from the provincial education department and local communities. Currently Engro sup-ports ten adopted schools in eight villages (five each for boys and girls) with an enrollment of 2234 students. The following table presents a snapshot of the program.

School Name	Location	Number of Students
Govt Girls Primary School	Rehmoo Wali	530
Govt Boys Primary School	Jung Colony	394
Govt Girls Primary School	Siddique Colony	384
Govt Boys Primary School	Jan Mohammad Bugio	372
Govt Girls Primary School	Bago Bhutto	161
Govt Girls Primary School	Kaloo Buriro	110
Govt Boys Primary School	Bago Bhutto	106
Govt Primary School Boys	Natho Bhutto	86
Govt Primary School Boys	Kotlo Mirza	61
Govt Primary School Girls	Kotlo Mirza	30
10 schools	8 locations	2,234 students

SUCCESS STORY OF
RAFIQUE AHMAD:
A Katcha School Student Enrolls at Prestigious Cadet College
Larkana

Rafique Ahmad completed his primary education from Government Primary School, Noor Lakhani Kacha in 2005 where he regularly topped in his class. A regular and punctual student, he not only achieved an above average performance in academic activities but also participated actively in extra-curricular and sports activities. After graduating from class V, he studied at a private school in Kandkot for the next two years.

Rafique’s parents are uneducated, and his father, Muhammad Yousaf Lakhani, was a farmer who passed away in 2007. Rafique has five brothers and one sis-ter, with one elder brother working as a farmer and another as an electrician. A younger brother and sister are currently studying at Noor Lakhani Primary School.

Rafique is now a student at Cadet College, Larkana where he was admitted to Class VIII in April 2008, after clearing the competitive selection test. He has also won a scholarship from the institute based on his performance in the se-lection test which covers his tuition fees and other expenses.

Engro wishes Rafique all the best in life!



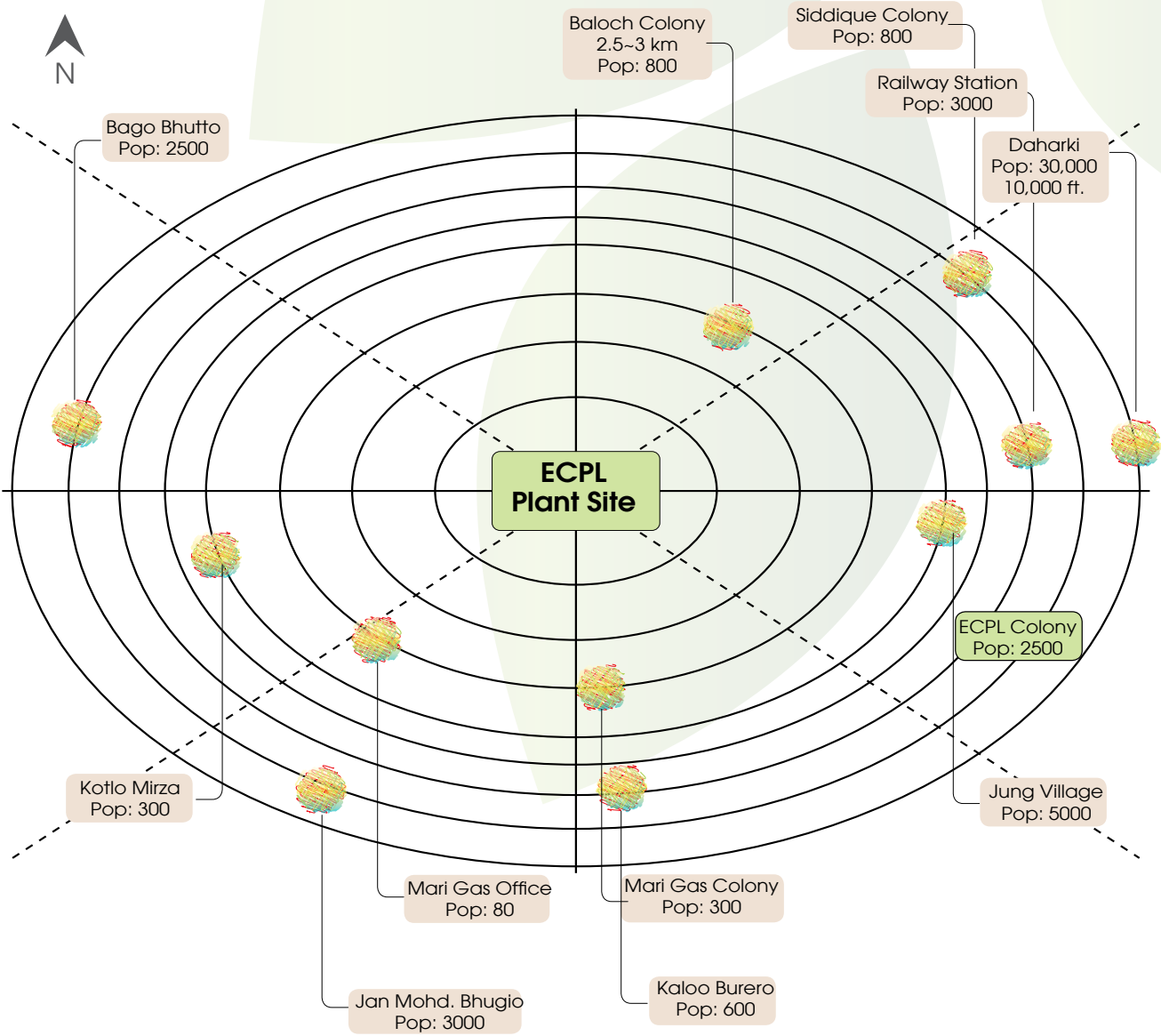
Engro’s support has led to improvements in physical infrastructure and academic standards of the adopted schools and in turn contributing to increased demand for enrollment in these schools. In many cases, parents have withdrawn their children from private schools to enroll them in Engro’s adopted schools. Engro’s interventions in these schools involves the support activities such as

- Provision of teaching and support staff,
- Training of teachers,
- Physical maintenance, and provision of missing facilities
- Organization of co-curricular activities, and
- Provision of essential stationery

Various stakeholders including government officials, principals, teachers, parents and local communities continue to express their appreciation for Engro’s efforts towards creating a conducive environment and improving the quality of education for their children.

SCHOOL NAME	LOCATION	ENGRO-SUPPORTED ACTIVITIES				
		PROVISION OF TEACH-ING AND SUPPORT STAFF	TEACHERS' TRAINING	PHYSICAL MAINTENANCE/ PROVISION OF MISSING FACILITIES	CO-CURRIC-ULAR ACTIVI-TIES	STATIONERY PROVIDED
Govt Girls Primary School	Bago Bhutto	Yes	Yes	Yes	Yes	Yes
Govt Boys Primary School	Bago Bhutto	Yes	Yes	Yes	Yes	Yes
Govt Primary School Boys	Kotlo Mirza	Yes	Yes	Yes	Yes	Yes
Govt Primary School Girls	Kotlo Mirza	Yes	Yes	Yes	Yes	Yes
Govt Primary School Boys	Natho Bhutto	Yes	Yes	Yes	Yes	Yes
Govt Girls Primary School	Kaloo Buriro	Yes	Yes	Yes	Yes	Yes
Govt Girls Primary School	Siddique Colony	Yes	Yes	Yes	Yes	Yes
Govt Boys Primary Madersa School	Jung Colony	Yes	Yes	Yes	Yes	Yes
Govt Girls Primary School	Rehmoo Walli	Yes	Yes	Yes	Yes	Yes
Govt Boys Primary School	Jan Mohammad Bugio	Yes	Yes	Yes	Yes	Yes

Visual Snapshot Of Schools Adopted By Engro



4. Snakebite Treatment Facility

Engro’s snakebite treatment facility, housed at the Engro Clinic at Daharki, is a one-of-a-kind facility available for snakebite victims in Ghotki and surrounding districts. The facility is open round-the-clock with professionally trained paramedic staff available to attend to patients.

Since its inception, the snakebite clinic has treated nearly 80,000 patients and saved innumerable lives. In 2008, the facility treated 4,962 patients, of which 1,416 patients were administered the anti-snakebite venom (ASV) serum. Since the ASV serum is not produced locally, the company imports the serum from India and provides it free of cost to patients. In 2008 alone, over Rs. 2 million were spent on treatment of snakebite patients. The following graph shows the number of patients treated over the year, with a peak in the July-September months when snakes are most active as a result of the monsoon season.

Snake Bite Cases, Treated At ECPL Clinic Deherki 2008

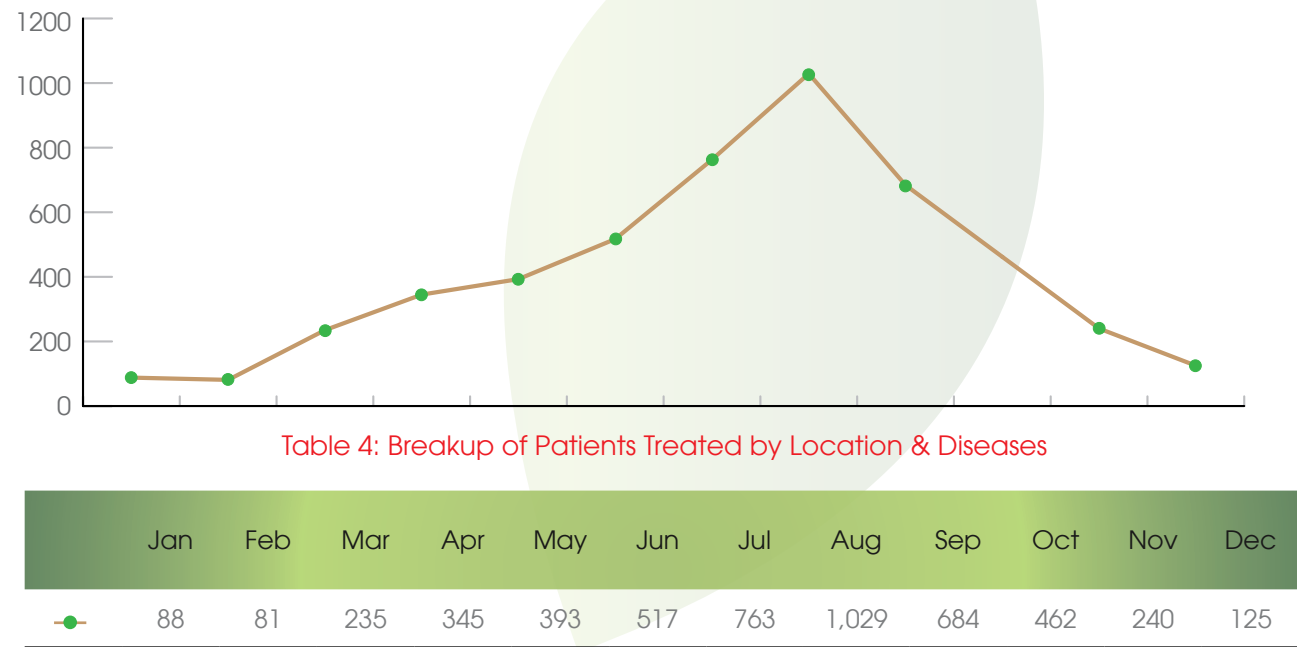


Table 4: Breakup of Patients Treated by Location & Diseases



STAKEHOLDER FEEDBACK
(Excerpts from interviews with the local radio station)

Government Girls Primary School, Bago Bhutto

"I came here in 1995. It has been 13 years since I started working at this school. At present, we have 200 students, about 180 of them are regular. There are two teachers provided by the government and one volunteer teacher provided by Engro. Although we are happy with the support of Engro, we also need support in terms of building facilities, more teachers and financial assistance."

- Mohtarma Hasina Bhutto (Headmistress)



PROTECTION AGAINST
NATURE’S PREDATORS:.....

The Evolution of Engro’s Snakebite Facility at Daharki

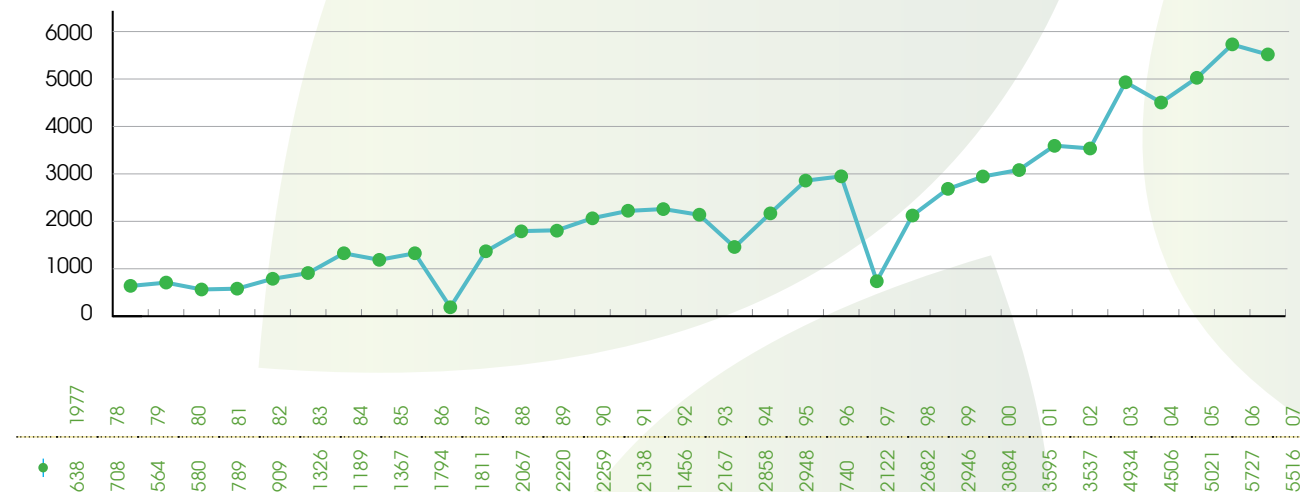
Engro’s plant in Daharki is located in an area where the local community is mainly agrarian due to the availability of vast tracks of agricultural land. This area is also home to many species of snakes and with the rural population having to move around within the snakes’ territory, snakebites are a common occurrence.

In 1964-65, Dr. Abdul Jabbar, then Chief Medical Advisor at the clinic, established the snakebite treatment facility for the poor people of the Ghotki district with support of company management. The locals were often victims of snakebites, but did not have access to any specialized medical treatment. As a result of Dr Jabbar’s efforts, the Engro Clinic, essentially a free health facility for company’s employees, was expanded to treat snakebite victims. Additional equipment and medical supplies were acquired for the snakebite facility, staff was trained in handling snakebite cases, and anti-snakebite venom (ASV) serum was procured from Iran (due to absence of local suppliers).

With the opening of the snakebite facility, word quickly spread to surrounding areas of upper Sindh and as far as lower Punjab. The need for, and success of, this facility can be gauged from the fact that there has been a rapid increase in number of snakebite patients handled by the facility over the years; as highlighted by the graph and table. Since the 1960’s, patient numbers have almost doubled every ten years.

The high demand for snakebite treatment at Engro’s facility, as evidenced by 4962 patients treated in 2008, is attributable to the free treatment offered to all patients and unavailability of effective ASV serums at other medical facilities in the surrounding areas.

Historical Snapshot of Number of Patients Treated by Snakebite Facility at Engro Clinic, Daharki 1977-2008



*Note: The graph indicates an upward trend over the last thirty one years, from 1977-2008, with one sharp dip in 1996; this was due to a disruption of ASV serum supplies in that year from the National Institute of Health, Islamabad. Subsequently, ASV serums were procured from India and this practice is being continued to maintain adequate stocks of high quality ASV serum.

Anti-Snakebite Venom (ASV) Serum at the Engro Snakebite Facility

The polyvalent ASV serum, administered to snakebite patients at the facility, is effective against the venom of all four common species of snakes in the area, including the Russell Viper, Common Cobra, Common Krait, and Saw Scaled Viper. There is no commonly available monovalent ASV primarily because there are no objective means of identifying the snake species in the absence of a captured snake.

It is important to note that not every patient needs ASV serum and many patients recover with only supportive medication. ASV must be administered when there are definite signs of envenomation (i.e. unbound, free-flowing venom can only be neutralized when it is in the bloodstream or tissue fluid). It is critical that the patient showing symptoms of envenomation receives the ASV serum as soon as possible because progression of symptoms becomes difficult to halt if the manifestation begins.

The average cost for one vial of polyvalent ASV serum is Rs. 1,360, and required dosages can vary from 4-5 vials (Viper) to as many as 8-10 vials (Cobra). Children and pregnant women receive the same ASV dose as adults. The administration of the serum is decided taking into consideration the severity of the patient's condition.

5. Indus River Dolphin Conservation Project

The Indus River Dolphin is an endangered species and the only species out of four known freshwater dolphin species in the world to be completely blind. In 2006, Engro became the major sponsor for the Indus River Dolphin Conservation Project, with WWF Pakistan as the implementing partner.

In 2008, the fully equipped multimedia "Indus Dolphin Conservation and Information Centre", established in Sukkur, through significant contribution from Engro, organized presentations for visitors, in an effort to promote awareness about the conservation of dolphins and dolphin habitats. Other activities which were organized through the project in 2008 included boat safaris, awareness raising workshops, an Open Day on Environmental Awareness, a Speech Competition as well as an Awareness Walk in 2008. Students, teachers, NGO representatives, local communities, Taluka Municipal Officers and the general public participated in these outreach activities.

Project support also led to the hiring of four community watch guards in Sukkur and Guddu last year for dolphin watch and rescue activities and for raising community awareness for protection and conservation of dolphins. In addition, background work was also completed last year for the establishment of Fisher Sustainability Schools (FSS) to reduce threats to the dolphins' survival by introducing sustainable fishing practices to the local fishing communities. The background work included socioeconomic survey of eighteen fishermen communities, development of a relevant FSS curriculum, and training of four Master Field Trainers from four local fishing communities.





6. Project Hope (Telemedicine)

“Project Hope” was established in April 2005 as a partnership between Jinnah Postgraduate Medical Center (JPMC) and Engro. It provides free and easy access to high quality medical consultation services of JPMC specialists to poor patients in remote rural areas of Sindh.

Under the project, a “hub” and “spoke” model has been developed whereby JPMC acts as a “hub” while the health facility in a particular rural location serves as a “spoke”. JPMC specialists are seated at the “hub” while patients are seated at the “spoke” accompanied by a local doctor. Through video-conferencing facilities, JPMC specialists undertake consultation and diagnosis of patients. In addition, medical data supported by specialized computer software allows JPMC specialists ready access to x-rays, ECG and other diagnostics information of patients in real time which assists them in diagnosis and treatment.

Through “Project Hope”, patients in remote rural locations have access to 45 JPMC specialists, ranging from neonatology to cardiology.

In 2008, Engro contributed Rs. 2 million for the project in continued support, taking Engro’s total contribution to Rs. 8 million since the project’s inception. Currently, 8 spokes are operational in rural Sindh including Gambat, Shikarpur, Ghotki, Jacobabad, Mirpurkhas, Sanghar, Shahdadpur and Mithi, of which the last one was added in 2008. Since its inception, over 13,000 patients at remote locations have benefitted from the project; in 2008 alone, 5,274 patients benefitted from medical consultation services of JPMC specialists. In addition, 25 local doctors benefitted from the project through the Continuing Medical Education sessions. Through the use of the videoconferencing facilities, JPMC’s senior specialists offer specialized training sessions, ranging from epilepsy to hepatitis B, for local doctors with the aim to improve knowledge and level of competence of local doctors. The following table captures the growth of “Project Hope” over time.

Table 3: Growth of “Project Hope”

Period	2005	2006	2007	2008
Number of spokes	2	5	7	8
Number of project employees	3	5	7	8
Spoke locations added	Gambat, Shikarpur	Ghotki, Jacobabad, Mirpurkhas	Sanghar, Shahdadpur	Mithi
Number of consultants at hub	15	30	35	45
Number of consultations	121	1,477	6,226	5,274*
Number of CME sessions held for local doctors	7	50	10	25

*Lower number as consultations were hampered in Q108 due to riots following death of Ms. Benazir Bhutto.

Of the total patients treated, the highest number of patients were treated for dermatology (66% of total patients), followed by internal medicine (18% of total patients), neurology (9%) and nephrology (3%). The highest number of patients was diagnosed through the “spoke” in Gambat, which accounted for almost 33% of the total number of patients. This can be attributed to the fact that Gambat is the oldest “spoke” location established under the project and with the widest familiarity among the surrounding communities. The following table presents a snapshot of number of patients treated by diseases and by “hub” in 2008.

Table 4: Breakup of Patients Treated by Location & Diseases

Diseases /	Gambat	Shikarpur	Mirpurkhas	Jacobabad	Ghotki	Sanghar	Mithi	Total
Location	Gambat	Shikarpur	Mirpurkhas	Jacobabad	Ghotki	Sanghar	Mithi	Total
Dermatology	1,509	615	190	405	616	71	107	3,513
Medicine	126	290	41	91	127	124	137	936
Neurology	105	78	46	91	68	35	30	453
Nephrology	30	0	11	66	47	8	6	168
Peaderiatrics	23	2	8	59	28	24	60	204
Total	1,793	985	296	712	886	262	340	5,274

Prevalence of Skin, Kidney and Neurological Problems Treated by Project Hope

Professor Dr. Rashid Jooma explains...

The routine work of the telemedicine centre includes consultations in internal medicine, general surgery and women-specific diseases. The largest group of patients diagnosed and treated in "Project Hope" has been those with skin abnormalities. This is primarily because elements of diagnosis in dermatology largely involve visual inspection and therefore, skin conditions are easily managed by telemedicine. "Project Hope" has four consultant dermatologists attached to it who provide consultations to patients at various "spokes", five days a week.

The province of Sindh also lies along the kidney stone belt, with a high prevalence of renal diseases among the population. Due to the high number of nephrology patients at the "spoke" locations, two JPMC nephrologists provide consultation services twice a week.

Finally, with a shortage of neurologists in interior Sindh, many patients with nervous system diseases are denied the benefit of expert advice. Through "Project Hope", a panel of four neurophysicians offer consultation services four days a week to patients at "spokes", one of which is exclusively devoted to managing patients with epilepsy in the district hospitals.

“

STAKEHOLDER FEEDBACK:

(Excerpts from interviews with the local radio station)

Government Hospital, Daharki

"I started my career at this hospital on 9th May, 1999 as an eye specialist. The Engro Eye Care Center was established with the full support of Engro. I must admit that without Engro's support, setting up of this center was not possible. All of my requirements, which are needed for patients, are met on time. Our hospital is fully equipped and one can find all the facilities that one has in hospitals found in the mega cities of the country. We treat about 100 to 150 patients in OPD. In a week, we operate on 25 to 30 patients, and in a month we operate about 70 to 125 patients; both major and minor operations are carried out. Because we are facing a shortage of staff, some 30% to 40% patients are turned down for treatment every month. As far as I know of the agreement that Engro has, it is the government's responsibility to fill staff requirements. Another reason for such a high number of patients is our top-of-the-line facilities. We treat patients from Jacobabad, Kashmore, Rahim Yar Khan and Sadigabad. If we are supported by our sponsors to buy more medicine and eye lenses, then I believe we can further improve our operations and treat even more patients."

- Dr. Anwer Ali Soomro (Eye Specialist), Engro Eye Care Center, Government Hospital Daharki

7.7. Clinic in partnership with Marie Stopes Society

Since 2005, Engro has been working in partnership with Marie Stopes Society to support a weekly clinic on Sundays in a dedicated room on the premises of the Sahara Welfare Society. Between 2005 and 2008, the clinic has offered reproductive health and general medical consultation services to over 7,000 patients. 2,226 patients benefitted from the services offered by the clinic in 2008.

8. Engro Thalassemia Center

In 2008, the Engro Thalassemia Center in Sukkur, housed at Sukkur Blood & Drug Donating Society, provided free blood transfusion facilities to 4,413 patients. Of these patients, 3,309 girls and 1,104 boys received blood transfusions. This facility serves as a critical life saving function for the most vulnerable children who are the main users of the facility, many of whom travel with their parents from far away communities to avail this facility.

9. Earthquake Relief in Balochistan

In response to the devastation caused by the earthquake in Balochistan in October 2008, Engro provided 4,000 cartons of milk as part of the primary relief efforts. The milk cartons were distributed among the earthquake affectees of seven union councils of Ziarat and Pishin districts in Balochistan, in partnership with Hisaar Foundation.

10. Eye Camp in Sahiwal

With Engro's support, a two-day free eye camp was organized on November 14 and 15, 2008 at Sahiwal by the Al-Shifa Eye Trust Hospital. This event was well publicized for the benefit of local communities and there was a large patient turnout. Over 900 patients availed the facilities at the camp, 600 patients received free medicine, while 300 patients received free eye glasses. 120 patients were diagnosed for surgery at Al-Shifa Eye Hospital, Rawalpindi, with the travelling expenses borne by Engro.



11. Malaria Control Program

Engro continued to work closely with local health department to promote healthy living in the Daharki Union Council in 2008 by helping to effectively control the threat of malaria in surrounding villages. The inefficient drainage systems in these villages cause water pools to form, which in turn serve as breeding grounds for mosquitoes. Engro’s contribution consisted of fuel and anti-malarial insecticides for two anti-malarial spraying campaigns. These spraying campaigns were held in July and September, considered peak months for the spread of malaria, in Daharki and villages of Jam Abdul Fateh, Raharki, Kahir Mo-hammad, Fateh Pur and Dad Lighari.

12. Polio Immunization Campaign

Engro partnered with the Department of Health, Government of Sindh, and World Health Organization to undertake 10 polio immunization campaigns in Taluka Daharki in 2008. On average, 55,000 children were vaccinated during each campaign. Engro’s contribution consisted of providing logistical support in the form of hired vehicles for mobilization of polio immunization teams in far-flung areas for the entire length of the campaigns, as well as providing lodging and boarding facilities for WHO teams.

13. Infrastructure Schemes

Through drainage and brick-paving schemes, Engro contributed towards improving basic infrastructure in the poor communities. While drainage schemes are aimed at improving hygiene and health conditions of local residents, the brick paving schemes are geared to reduce possible injuries to pedestrians from walking on unpaved streets, especially after sunset and rainfall. Jung has benefited from the drainage scheme in 2008 while Bago Bhutto was a beneficiary of the brick paving scheme in the same year.



14. Kidney Dialysis Centers

Established with Engro’s support in 2001 and 2005 respectively, two dialysis centers are operating in government hospitals at Daharki and Mirpur Mathelo. These centers offer free dialysis services to the needy patients with ongoing financial support from Engro for the running costs. In 2008, the two facilities jointly conducted a total of 867 dialyses for patients (525 at Mir Pur Mathelo; 342 at Daharki). Patients visit these facilities not only from surrounding areas, but also from far flung areas like Kash-more and Rahim Yar Khan.



15. Financial Support to Various Organizations

Engro provided financial support to over 40 non-profit organizations in 2008, many of which are listed in the table below.



NON-PROFIT ORGANIZATIONS SUPPORTED IN 2008

- Pakistan Center for Philanthropy
- Foundation for the Global Compact
- LUMS National Outreach Program
- Liaquat National Hospital
- Kidney Center
- Sindh Institute of Urology & Transplant
- Fatimid Foundation
- Al Mehrab Tibbi Imdad
- Hussaini Blood Bank
- PMA Marathon
- Karwan-e-Hayat
- Lady Dufferin Hospital
- AKUH Patients Welfare Program
- Medical Aid Foundation
- Behbood
- Marie Adelaide Leprosy Centre
- Ida Rieu Poor Welfare Association
- Citizen Archive Foundation
- Darul Sukoon
- All Pakistan Women's Association
- Citizen Education Development Foundation
- District Red Crescent Branch Hyderabad
- Tharparkar Association for Disabled Persons Mirpurkhas
- IBP School of Special Education
- Al-Shifa Hospital Sukkur
- Hisaar Foundation
- Old Kinnaird Society
- Nigahban Welfare Association
- Bait ul Sakoon
- HelpCare Society
- Family Education Services
- Karachi Press Club
- The Health Foundation
- Inner Wheel Club
- Blood Bank, RHC Daharki
- DHQ Hospital, Dadu
- Civil Hospital Jacobabad
- TCF School Engro Daharki Campus

16. Upcoming Major Projects

a. Technical Training Center (TTC)

In 2008, Engro spearheaded efforts to establish a Technical Training Center in Daharki, District Ghotki, to develop skilled labor for the energy and chemical industrial cluster located in Upper Sindh. Over 10 industries are located in this region; however, they all face shortages of adequately trained local labor. Expanding the pool of locally available trained labor is expected to reduce social frictions, improve corporate-community relations, and boost the local economy.

These efforts bore fruit in December 2008 when Pakistan Industrial Development Corporation approved the release of Rs 100 million for the project. Engro has also committed Rs. 44 million in addition to technical assistance it is providing the project over the next few years.

TTC will be governed by the Pakistan Chemical and Energy Sector Skill Development Company, which will make all decisions regarding recruitment, financing, curriculum, selection criteria for students etc. The running cost will be met through grants from local and international donors including government, fees and revenues from short-term courses. Loans and fee concessions will be offered for deserving students.

Initially, courses will be offered in mechanical and chemical disciplines, with a planned intake of fifty students each for three-year diploma courses recognized by the Sindh Board of Technical Education. The TTC will house modern workshops and classroom facilities with a special focus on remedial courses in the Sciences and English for first year students. Short vocational courses and hostel facilities are also being planned under the project.

b. Vocational Training Institute (VTI)

During 2008, Engro successfully concluded arrangements to launch a Vocational Training Institute at Daharki in early 2009 to promote employment opportunities for local youth by expanding the pool of well trained and skilled labor. Initial training is to be provided by highly skilled and experienced in-house faculty from ECPL, and will include classroom instructions and hands-on practical training in the professional environments, conducive for learning at the Daharki urea manufacturing facility. Classes for the first course have commenced in January 2009. A separate campus is being planned to house the VTI.

To ensure high quality instruction and skills, the vocational training courses are being designed and offered in collaboration with Descon Training Institute, Lahore, a strong market leader in vocational training with an established reputation with local and international employers.





c. Karachi School for Business and Leadership

Engro is playing a pivotal role in establishing a world-class business school in Karachi, named the “Karachi School for Business and Leadership”, to produce future business leaders who can address the need of the city’s large and diversified business sectors. The school is part of an agreement between **Karachi Education Initiative (KEI) and Judge Business School (JBS), University of Cambridge**. The school aims at developing innovative business leaders with corporate managerial and governance skills. Three kinds of programs will be offered by the school in a phased manner, i.e. Executive Development programs (2010), Master of Business Administration (2011), and Executive MBA (2012). Till end 2008, Engro had donated Rs. 40 million out of a total commitment of Rs. 100 million.

Project Name	Beneficiaries
EDUCATION	
Sahara Community School	1 school, 335 students (247 regular, 88 over-age)
Sahara Arts & Crafts Center	1 center, 280 students
Teaching and Resource Center	1 center, 45 teachers trained
Katcha Schools’ Program	11 schools, 1,224 students
Government Schools’ Adoption Program	10 schools, 2,234 students
Total	22 schools, 4073 students, 45 teachers
Health	
Dar-ul Shifa Clinic	5,039 patients
Clinic in partnership with Marie Stopes Society	2,226 patients
Snakebite Treatment Facility	4,962 patients
Engro Thalassemia Center	4,413 patients
Eye Camp in Sahiwal	Over 900 patients
Polio Immunization Campaigns	10 campaigns, around 55,000 children vaccinated during each campaign
Kidney Dialysis Centers	867 patients
Telemedicine “Project Hope”	5,274 patients
Total	23,681 patients treated, 550,000 children vaccinated
ENVIRONMENT	
Indus River Dolphin Conservation Project	
INFRASTRUCTURE	
Drainage and Brick paving schemes	Villages of Jung and Kalo Borriro
Daharki Railway Station Revamp	
MISCELLANEOUS	
Malaria Control Program	Daharki city and 5 villages
Earthquake Relief in Balochistan	7 union councils in 2 districts
Financial support to various organizations	More than 40 organizations



STAKEHOLDER FEEDBACK
(Excerpts from interviews with the local radio station)

Government Girls Primary School, Bago Bhutto

"I have worked at the dialysis center for the past 8 years. My team and I treat kidney related diseases and also diagnose early signs of kidney failure. Engro's greatest contribution toward the center and our village is the dialysis unit. There are two machines that are operational within the unit right now. We can operate two machines simultaneously and if we work in shifts then we can treat 6 people in a day. At present, the daily average of patients that we treat at the center is two. However, in the past we used to treat six patients daily. The decline in the number of patients is due to new centers sprawling in different parts of the region such as Sukkur and Kashmore. Most of the dialysis related expenditures are born by Engro while some items are provided by the government as well. What we need is a sonologist who could figure out kidney diseases or the possibility of these diseases in time so that treatment is more effective."

-Dr. Parmanand Karda (Senior Medical Officer), Engro Kidney Dialysis Center, Government Hospital Daharki

MAJOR SOCIAL INTERVENTIONS BY ENGRO AFFILIATES IN 2008-2009

ECPL affiliates spent Rs. 32 million on social investments in 2008 alone. The major thrust of Engro's social investments has been in five areas: education, health, skill development, environment, and emergency relief efforts, as detailed below:

Education Initiatives

In terms of current education initiatives being supported by Engro companies, EEL has adopted 3 government schools, while EPCL is providing support to 3 government schools. Support to these government schools from the affiliates contains various elements including provision of infrastructure (e.g. classroom buildings, toilet facilities, furniture, water coolers), teachers, support staff (e.g. sweepers, gardeners), teachers' training, classroom materials, teaching aid materials for teachers, stationery and co-curricular activities for students etc.

Health Initiatives

EEL (in collaboration with ECPL) organizes annual eye camps in partnership with nonprofit organizations like Al Shifa Eye Trust. In 2008 alone, over 900 patients benefitted from these eye camps.

Skill Development

EFL is partnering with UNDP to financial and implement Community Empowerment through Livestock Development and Credit (CELDAC). Under CELDAC, EFL has trained 1,200 lady livestock workers, 70% of whom are working in their own villages and generating an average monthly income of Rs. 2,000. Improving livestock productivity has increased income generating potential of rural women who are responsible for care of livestock. In addition, the program has contributed to significant social and economic empowerment of women in rural areas.



PERFORMANCE REPORT 2008

Performance Targets 2008	Status 2008
Progress in OHIH program compliance to achieve skill level rating of (3)	OHIH program progressed, Audit planned for 2009.
TRIR – Company-wide target of less than 0.50	Achieved company-wide TRIR of 0.23
Daharki – Upgrade PSRM to achieve Program Excellence rating of (4)	Recent audit of PSRM Program Excellence indicates arating of 3.86
Zarkhez – Progress PSRM & PSM to achieve skills level rating of (3)	Work in progress on PSRM & PSM implementation. Targets revised for PSRM Rating (3) in 2010 & PSM Rating (3) in 2011
Marketing (Agr Business) – Dupont audit and prepare plans to achieve skills level rating of (3) in 2009	DuPont alignment work underway. External audit planned in 2009
Develop plans for Ammonia Storage Relocation	Plans developed for project construction by 1Q10
Develop a site water conservation & recycling program	Progress made on site water conservation & recycling program.
Progress in all projects for timely completion	Progressing as per plan
Achieve Plan top / bottom line targets	Achievement of planned targets was: Top line Rs 23,317 Million (101 %) Bottom line - Rs 4,240 Million (134 %)
Position company to pursue plans fertilizer opportunity overseas	Company pursuing fertilizer opportunity in Algeria. Engro has qualified, and received formal letter of approval.
Identify next round of growth projects	Focus on international trade pursuing fertilizer business in North Africa and starting trade in rice business by 2009.
Conduct Organization wide Quadrennial Business Practices Review	Organization-wide QBPR completed in 2008. Details on page 70.
Technical Training Centre at Daharki	PIDC investment of Rs 100 million, with registration of Skill Development Company. Saipem and Descon commit Euro 250K and Rs 5 m respectively. Other stakeholders being approached, with classes to commence, September 2010.
Karachi Business School Initiative	Agreement with MERC for setting up international advisory board and search for Dean initiated. Parallel dialog started with one of top 10 global businessschools for collaboration.School to start with executive education followed byMBA classes in fall of 2011
Complete Social Investments projects identified for the year	All identified projects for the year were completed, at a total worth of Rs 40 million.

CORPORATE OBJECTIVES 2009

1. Health, Safety & Environment

- Company - wide TRIR target of less than 0.45
- DAHARKI - Make progress in PSRM towards achieving Program Excellence rating of 4 in 2010
- ZARKHEZ - Progress PSRM to achieve skills level rating of 3.0 in 2010 & PSM Skills Level Rating of 3.0 in 2011
- MARKETING (Agri Business) - Get DuPont audit done in first half and prepare for satisfactory rating 3.0 by DuPont at end of the year
- Achieve OHIH Skill Level Rating of 3.0
- Finalize and Implement Evaporation Ponds Lining Project
- Conduct environmental audit to further improve environmental management system according to international benchmarks

2. Growth

- Achieve planned top / bottom line targets
- Pursue growth opportunities for fertilizer business in North Africa
- Develop rice business to be operational in 2009
- Achieve 94% project completion on EnVen by end-December 2009

3. CSR

- Increase Employee Engagement and encourage staff to volunteer for CSR activities
- Technical Training Centre (TTC) implementation with classes to start in September 2010 and Vocational Training Centre (VTC) classes to start in February 2009 in Daharki for local students
- Completion of all social projects identified for 2009

4. Diversification

- Progress projects for timely completion,
- Achieve Plan top / bottom line targets,
- EPCL: Finalize agreement with KESC and start sale of electricity,
- EEL: Develop a 500MW dual fire power gen project at Bhikhi,
- EFL: Develop strategy for first overseas operation



UN GLOBAL COMPACT.....

Engro’s emerging business approach of balancing growth with responsibility is the foundation of its sustainable strategy.

Engro met or exceeded nearly all sustainability goals we set for ourselves for the 2008 reporting period. This year again we report our sustainability performance using UNGC and GRI-defined voluntary disclosure indicators, collated through a process of internal review and external validation.

Within the context of our current growth strategy and from the perspective of sustainable stakeholder benefit, our report shares what we perceive as unique challenges and opportunities emerging from our expanding products and markets. It depicts our continuous efforts to align our business objectives with the evolving needs of society, today and in the future. This is the thinking that permeates all our actions and operations, which demands from us regular sustainability reporting as a self-imposed requirement with the aims of transparency and disclosure.



The Ten Principles

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment, and anti-corruption:

10 UN Global Compact Principles	Relevant GRI 3 Indicators
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	EC5, LA4, LA6 - 9, LA13 - 14, HR1 - 9, SO5, PR1 - 2, PR8
Principle 2: Make sure that they are not complicit in human rights abuses.	HR - 9, SO5
Labor Standards	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	LA4 - 5, HR1 - 3, HR5, SO5
Principle 4: The elimination of all forms of forced and compulsory labor;	Hr1 - 3, HR7, SO5
Principle 5: The effective abolition of child labor;	HR1 - 3, HR-6, SO5
Principle 6: The elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA13 - 14, HR 1 - 4, SO5
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	EC2, EN18, EN26, EN30, SO5
Principle 8: Undertake initiatives to promote greater environmental responsibility;	EN1 to EN-30, SO5, PR3 - 4
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5 - 7,EN10, EN18, EN26 - 27, EN30, SO5
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	SO2 - SO6

*Note: The performance of the Company in all these parameters is reflected in the GRI 3 Tables on the following pages

UN Global Compact and GRI 3 Performance Indicators

Indicator	Performance Indicators	ECPL Performance 2008
Economic Performance Indicators		
Aspect: Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Rs million
		Direct economic value generated
		a) Revenues 23,317
		Economic value distributed
		b) Operating costs 17,326
		c) Employee wages and benefits 1,411
		d) Payments to providers of capital
		- Financial Institutions 1,509
		- Shareholders 1,432
		e) Payments to government 957
		f) Community investments 42
		Economic value retained 640
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Engro has invested in developing alternate energy and less carbon intensive sources, especially solar geysers. There have been systematic reductions in usage of water as well as discontinuations of CFCs. EnVen has utilized technology that is efficient, is a low burden on the environment as well as reduces emission of greenhouse gases.
EC3	Coverage of the organization's benefit plan obligation	Engro provides competitive compensation and benefits to employees' vis-à-vis other top companies in the market. Engro offers a structured, grade wise defined benefit pension plan benefit gratuity scheme for management and non-management employees. Additionally, Engro offers defined contribution pension plan to management employees with the company contributing a fixed percentage of basic salary. The company also operates a defined contribution provident fund for its management & non-management employees.
EC4	Significant financial assistance received from government	No significant financial assistance received. Rs 4,758 m, received on account of lower feed gas prices, were passed on to farmers in the form of lower Urea prices. Rs 573 m received on account of reduction in Phosphatic/Potash fertilizer prices, were also passed on

Indicator	Performance Indicators	ECPL Performance 2008
Economic Performance Indicators		
Aspect: Market Presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Average salary for non management employees is Rs. 12,717 in comparison to Rs. 6,000 as defined by law. Engro does not use minimum wage rules to define compensation strategy for employees, but does comply with any applicable minimum wage requirement.
EC6	Policy, practices and proportion of spending on locally-based suppliers	Decided as per situation
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Equal opportunity employer at all locations, with special emphasis on Ghotki residents for technical trade aspects.
Aspect: Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Refer to Social Investments Section.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Refer to Social Investments Section



Indicator	Performance Indicators	ECPL Performance 2008			
Environment Performance Indicators					
Aspect: Materials					
EN1	Materials used by weight or volume	Material	Quantity	Unit	
		Natural gas	37,212	MMSCF	
		Water	1,460,226	K Gal	
		Lube oil	470 x 210	Lit	
		Resin	8,130	Lit	
		Anthracite	8.5	MeT	
		Lime	165.5	MeT	
		Coating earth	17.2	MeT	
		Vehicle batteries	26	nos.	
		Mercury lamps	2,096	nos.	
		Paper	3,100 x 500	Sheets of paper	
		EN2	Percentage of materials used that are recycled input materials.	Engro products and processes do not involve externally sourced recycled materials. Within Engro processes, there is an ongoing pursuit of the highest yields possible and this results in internal recycling being a part of many processes.	
Aspect: Energy					
EN3	Direct energy consumption by primary energy source		Material	Quantity	Unit
		Direct Energy consumption by primary energy source	Natural gas	37,212	MMSCF
		Direct energy source produced	Natural gas	411 x 10 ⁹	GJ
EN4	Indirect energy consumption by primary source	Zero. There is no indirect energy consumption Or Energy purchase.			
EN5	Energy saved due to conservation and efficiency improvements	5,275,646,922 GJ This energy saving in comparison with last year operation was realized due to sustained plant operation and continual optimization steps of plant parameters. Note: Energy saving calculated using Indicator Protocol Set for GRI 3.			
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	Total energy saved was 5,152 GJ by following projects done at Da-harki. <ul style="list-style-type: none">Conventional Window ACs Replacement by energy efficient ACs in Housing Colony.Conventional Window ACs Replacement by energy efficient ACs at Plant Site.Replacement of Air conditioning unit for Plant Administration Building by energy efficient substitute.Replacement of Mercury lights with energy efficient Sodium lights at plant.Replacement of Conventional chokes with energy efficient electronic ballasts.			

Indicator	Performance Indicators	ECPL Performance 2008		
Environment Performance Indicators				
Aspect: Energy				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	There is no indirect energy consumption / purchase, hence this is not applicable.		
Aspect: Water				
EN8	Total water withdrawal by source	Material	Quantity	Unit
		water (from canal and ground)	3,685,795	m3/year
EN9	Water sources significantly affected by withdrawal of water	None		
EN10	Percentage and total volume of water recycled and reused	1.3 Million Meter Cube		
Aspect: Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	There are no protected or high biodiversity vale areas close to / within our Manufacturing area.		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	None		
EN13	Habitats protected or restored	Migratory birds visit and stay at ECPL Evaporation ponds during winter season. During their stay, every effort is made to ensure these migratory birds are not disturbed. ECPL has prohibited hunting of all animals/ birds in its premises.		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	None		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	There are no IUCN Red list/ national conservation list species with habitats in areas affected by operations, by level of extinction risk. Hence it is not applicable.		
Aspect: Emissions, Effluents, and Waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Material	Quantity	Unit
		CO ₂	835,294	MeT
		CO	1,699	MeT
EN17	Other relevant indirect greenhouse gas emissions by weight	No other significant indirect Green House Gas emissions.		



Indicator	Performance Indicators	ECPL Performance 2008				
Environment Performance Indicators						
Aspect: Emissions, Effluents, and Waste						
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieve	See EN6				
EN19	Emissions of ozone-depleting substances by weight	Material	Quantity	Unit		
		Freon 22	0.3105	MeT		
EN20	NO, SO, and other significant air emissions by type and weight	Material	Quantity	Unit		
		NOX	576	MeT		
		SOX	173	MeT		
		Particulate matter	1,614	MeT		
EN21	Total water discharge by quality and destination	Total water discharge to canal	Material	Quantity	Unit	
			Ammonia	144.4	MeT	
			Sulphates	1,846.4	MeT	
			COD	61.8	MeT	
			BOD	13.9	MeT	
			Oil	3.2	MeT	
			Zinc	0.5	MeT	
			Chlorides	489.3	MeT	
			Total Dissolved Solids	3,850.5	MeT	
			Suspended Solids	177.1	MeT	
EN22	Total weight of waste by type and disposal method	Material	Quantity	Unit		
		stored in waste yard				
		Anthracite	8.5	Ton		
		Resin	8,130	Lit		
		total batteries	26	Ea		
		total mercury bulbs	2,096	Ea		
		total tube lights	2,577	Ea		
		total bulbs	1,532	Ea		
		Asbestos	40	Sheets		
		glass wool	10	Ton		
		spent carbon	2	Ton		
		Stored in land fill				
		coating earth	17,182	Ton		

Indicator	Performance Indicators	ECPL Performance 2008			
Environment Performance Indicators					
Aspect: Emissions, Effluents, and Waste					
		Lime	165.5	Ton	
		Freon 22	0.3105	Ton	
		Incinerated as per NEQS Limits			
		hydrocarbon waste	1.8	Ton	
EN23	Total number and volume of significant spills	No significant spill occurred			
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Material	Quantity	Unit	Transported from ECPL Daharki to Sukkur for incineration by Petrowaste busters.
		hydrocarbon waste	1.8	Ton	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	None			



Indicator	Performance Indicators	ECPL Performance 2008	
Environment Performance Indicators			
Aspect: Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Initiatives	Actions Taken
		Materials use	In 2009, Reverse Osmosis Project at site will minimize the use of acid and caustic being used in water treatment. It will also eliminate the current consumption of water being used for lime softening filters back wash. All lime sludge being generated after water treatment will be eliminated as reverse osmosis will be on-line in future
		Water use	
		Waste	
		Emissions of ozone-depleting substances by weight	Phase wise replacement of CFCs is in progress
		Effluents	In 2009, canal water storage and Reverse osmosis projects will reduce the effluent generated during water treatment
		Noise	2 vent silencers installed in year 2008 and an additional one is being planned for future
		Report quantitatively the extent to which the environmental impacts of products and services have been mitigated during the reported period	5,275,646,922 GJ This energy saving in comparison with last year's operation was realized due to sustained plant operation and continual optimization of plant parameters. Note: Energy saving calculated using Indicator Protocol Set for GRI 3.
			In addition to the above, energy saved due to other projects done at Daharki was 5,152 GJ. These projects were:
			<div><div>1.</div><div>Conventional Window ACs Replacement by energy efficient ACs in Housing Colony.</div></div> <div><div>2.</div><div>Conventional Window ACs Replacement by energy efficient ACs at Plant Site.</div></div> <div><div>3.</div><div>Replacement of Air conditioning unit for Plant Administration Building by energy efficient substitute.</div></div> <div><div>4.</div><div>Replacement of Mercury lights with energy efficient Sodium lights at plant.</div></div> <div><div>5.</div><div>Replacement of Conventional chokes with energy efficient electronic ballasts.</div></div>
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	None	

Indicator	Performance Indicators	ECPL Performance 2008		
Environment Performance Indicators				
Aspect: Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None.		
Aspect: Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	None		
Aspect: Overall				
EN30	Total environmental protection expenditures and investments by type			
		Material	Quantity	Unit
	Costs of non product outputs	TK-417 effluent use for horticulture	5.9	Million Rupees
		Vent silencer installation art Am-2	0.7	Million Rupees
		test run of solar geysers		
	Fine for noncompliance with environmental regulations	None	None	None
	Treatment and disposal of waste	cost of hydrocarbon waste disposal	55,000	Rupees
	Treatment of emissions	None	None	None
	Expenditures for purchase and use of emissions certificates	None	None	None
	Depreciation of related equipment, maintenance and operating material and services, and related personnel cost	N/A	N/A	N/A
	Insurance for environmental liability	N/A	N/A	N/A
	Clean-up cost	None	None	None
	Personnel employed for education and training	E & IH Advisor and Engineer	2	Salaried employees

Indicator	Performance Indicators	ECPL Performance 2008			
Environment Performance Indicators					
Aspect: Overall					
EN30	Continued.		Material	Quantity	Unit
		External services for environmental management	ISO-14001 by LRQA	1	0.325 Million Rupees
		External certification of management systems	ISO-14001 by LRQA		
		Personnel for general environmental management activities	E & IH Advisor and Engineer		
		Research and development	None	None	None
		Extra expenditures to install cleaner technologies	None	None	None
		Extra expenditures on green technologies	None	None	None
		Other environmental management costs	None	None	None



Indicator	Performance Indicators	ECPL Performance 2008																												
Labor Practices & Decent Work Performance Indicators																														
Aspect: Employment																														
LA1	Total workforce by employment type, employment contract, and region	<table><tr><th colspan="2">Employees by Contract Type</th></tr><tr><td>Management</td><td>453</td></tr><tr><td>Non-Management</td><td>21</td></tr><tr><td>Graduate Trainees</td><td>29</td></tr><tr><td>Trade Apprentices</td><td>134</td></tr><tr><td colspan="2"></td></tr><tr><td>Daharki based</td><td>323</td></tr><tr><td>Karachi based</td><td>159</td></tr><tr><td>Other locations (marketing)</td><td>126</td></tr><tr><td>Total</td><td>608</td></tr></table>	Employees by Contract Type		Management	453	Non-Management	21	Graduate Trainees	29	Trade Apprentices	134			Daharki based	323	Karachi based	159	Other locations (marketing)	126	Total	608								
Employees by Contract Type																														
Management	453																													
Non-Management	21																													
Graduate Trainees	29																													
Trade Apprentices	134																													
Daharki based	323																													
Karachi based	159																													
Other locations (marketing)	126																													
Total	608																													
* Data only for Permanent Employees																														
LA2	Total number and rate of employee turnover by age group, gender, and region	<table><tr><th colspan="2">Attrition(%)</th></tr><tr><td>Total</td><td>14.8</td></tr><tr><td>Manufacturing attrition rate</td><td>12.0</td></tr><tr><td>Marketing attrition rate</td><td>13.2</td></tr><tr><td>Corporate Services attrition rate</td><td>21.5</td></tr><tr><td colspan="2"></td></tr><tr><td>By Gender</td><td>Male 11.82</td></tr><tr><td></td><td>Female 0.86</td></tr><tr><td>By Age</td><td>Below 30 3.97</td></tr><tr><td></td><td>30 – 50 6.77</td></tr><tr><td></td><td>50 + 1.93</td></tr><tr><td>By Region</td><td>Daharki 6.77</td></tr><tr><td></td><td>Karachi 3.33</td></tr><tr><td></td><td>Other locations 2.58</td></tr></table>	Attrition(%)		Total	14.8	Manufacturing attrition rate	12.0	Marketing attrition rate	13.2	Corporate Services attrition rate	21.5			By Gender	Male 11.82		Female 0.86	By Age	Below 30 3.97		30 – 50 6.77		50 + 1.93	By Region	Daharki 6.77		Karachi 3.33		Other locations 2.58
Attrition(%)																														
Total	14.8																													
Manufacturing attrition rate	12.0																													
Marketing attrition rate	13.2																													
Corporate Services attrition rate	21.5																													
By Gender	Male 11.82																													
	Female 0.86																													
By Age	Below 30 3.97																													
	30 – 50 6.77																													
	50 + 1.93																													
By Region	Daharki 6.77																													
	Karachi 3.33																													
	Other locations 2.58																													
* Data only for Permanent Employees																														
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Full time employees have life and health insurance coverage. Other facilities including loans, bonus and housing assistance are offered.																												
Aspect: Labor/Management Relations																														
LA4	Percentage of employees covered by collective bargaining agreements	100% (of permanent employees).																												
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Notices as per specified in relevant laws applicable																												

Indicator	Performance Indicators	ECPL Performance 2008
Labor Practices & Decent Work Performance Indicators		
Aspect: Market Presence		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	100%
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	Injury rate (TRIR) 0.28
		Occupational disease None
		Lost day None
		Absentee None
		Fatalities None
		System of rules applied in recording and reporting accident statistics OSHA
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	<p>Engro offers medical benefits to employees and their families, covering preventive, diagnostic and treatment services. Programs and assistance vary by location and other criteria including age, employment category, and include:</p> <ul style="list-style-type: none"> Onsite Clinics in Karachi and Daharki Employees offered periodic (two year) health assessment exams Educational courses Partnership with AKUH for employees to be trained in First Aid and CPR Free Eye Camps (with marketing office)
LA9	Health and safety topics covered in formal agreements with trade unions	Yes
Aspect: Training & Education		
LA10	Average hours of training per year per employee by employee category	48 to 54 hours / Employee depending on need

Indicator	Performance Indicators	ECPL Performance 2008
Labor Practices & Decent Work Performance Indicators		
Aspect: Training & Education		
LA11	Programs for skills management and lifelong learning that support continued employability of employees and assist in managing career endings	Trainings to develop: <ul style="list-style-type: none"> Supervisory Skills Leadership Skills Six Sigma (white, yellow, green and black belt) trainings Performance Management & Appraisal Systems Classroom Training Other behavioral interventions
LA12	Percentage of employees receiving regular performance and career development reviews	100%
Aspect: Diversity & Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority, group membership and other indicators of diversity.	Board of Directors: All male Age group 34 to 66 years Management & Corporate HSE Committee: All male Age group 36 to 54 years * Also refer to LA1
LA14	Ratio of basic salary of men to women by employee category	1.07 : 1 distinction based on talent not gender



Indicator	Performance Indicators	ECPL Performance 2008
Human Rights Performance Indicators		
Aspect: Investment and Procurement Practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	None
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	None
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	None
Aspect: Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken	None
Aspect: Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	None
Aspect: Child Labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	None
Aspect: Forced and Compulsory Labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	None
Aspect: Security Practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	None
Aspect: Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	None

Indicator	Performance Indicators	ECPL Performance 2008
Society Performance Indicators		
Aspect: Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Environmental Impact Assessments are carried out to assess impact of new facilities or processes introduced
SO2	Percentage and total number of business units analyzed for risks related to corruption	100%
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	100%
SO4	Actions taken in response to incidents of corruption	None
Aspect: Public Policy		
SO5	Public policy positions and participation in Public policy development and lobbying	Company plays an active role in policy development through various Government Ministries, Forums, e.g.
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	None
Aspect: Anti-Competitive Behavior		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	None
Aspect: Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None



Indicator	Performance Indicators	ECPL Performance 2008
Product Safety Performance Indicators		
<i>Aspect: Customer Health and Safety</i>		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	None
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	None
<i>Aspect: Product & Safety Labeling</i>		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	<p>Engro's products must comply with labeling requirements laid down in the laws and regulations of the country, namely, the Provincial Fertilizer Control Order. These include the net weight of the bags, the chemical name of the fertilizer inside the bag and the chemical composition of the fertilizer in addition to the name of the manufacturer and marketer.</p> <p>Our extensive market development field force appraises the users at large through farmer meetings and one to one direct contact about the dosage and use of fertilizers in the farmer's fields.</p> <p>Moreover we also print and distribute dosage and application guidelines for the consumers through the same contact mechanism and through our extensive dealer network through out the country. Some products also carry fertilizer recommendation cards inside the bags.</p> <p>We also answer customer queries regarding usage of our products and their application. We also provide a service of free soil sampling through our extensive field force and have two fully equipped laboratories to test the soil samples received from the farmers. We then recommend the optimal fertilizer usage based on the results of these analyses.</p>
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	<p>Provincial Fertilizer Control Orders includes labeling requirements like mentioning address of manufacturers, date of manufacturing, formulation and packaging and also the registration number.</p> <p>The registration number is only issued by the relevant authorities for products categorized under the micro-nutrients category and we are fulfilling the regulation in this case.</p> <p>The other requirements are not only not being followed by Engro but by all the fertilizer manufacturers and marketers in the country as these cannot technically be followed.</p>

Indicator	Performance Indicators	ECPL Performance 2008
Product Safety Performance Indicators		
<i>Aspect: Customer Health and Safety</i>		
		A request has been sent by the fertilizer industry to the relevant authorities for amendment in the FCO which is under consideration.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	This information is managed at the business level. Extensive brand health surveys are conducted every year through third party market researches and all product ranges in all operating locations are covered. Customers are overwhelmingly satisfied with the products and services being offered by Engro.
<i>Aspect: Marketing Communications</i>		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Marketing communications programs and materials are reviewed by specialists and comply with all local laws and regulations as well as Engro's Ethics Policy. This includes product marketing information on product packaging, literature, point of sales material like posters, banners etc, billboards, TV and radio advertising, news releases and other brand activation activities.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	None
<i>Aspect: Customer Privacy</i>		
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

CORPORATE GOVERNANCE

Core Values and Mission

At Engro, our policies steer us to reach our sustainability goals. All Engro team members hold themselves to twelve core values as a guide to everyday business conduct. Our core values revolve around ‘Ethics & Integrity’ and ‘Safety, Health & Environment’ which keep reminding us to choose the course of highest integrity in all that we do.

Our two fold mission guides us to proactively help farmers maximize farm produce by using our superior plant nutrients and unmatched technical services. Simultaneously, we are building chemical, technological, infrastructural and agricultural business to augment national wealth.

Structure and Governance

As a company striving to be sustainable, Engro constantly redefines the roles and responsibilities of our Board and Management, and reassesses the ever-evolving relationships with our stakeholders. We strive to benchmark our corporate governance to international standards to matching best practice demands, taking bold initiatives to strengthen our tradition of accountability and our commitment to sustainability.

Three committees form the core of corporate stewardship at Engro, translating our economic, environmental and social bottom-lines into reality. The Management Committee ensures that we live up to our sustainability values, oversees risk management and governance standards. The Health, Safety and Environment Committee routes, implements and monitors HSE best practices. The Compensation, Organization & Employee Development (COED) Committee develops and institutes mechanisms to attract quality personnel at competitive remuneration, train them and implement human capital management systems to motivate and retain employees.

Codes and Policies

Engro’s policies link financial performance to our extended responsibility as a corporate citizen. The Company places particular emphasis on Core Values, Code of Business Ethics and Sustainability Programs and Procedures.

Role of Board of Directors

Engro’s ten-member Board of Directors brings together some of the nation’s top business leaders with employee and shareholder representatives. Non executive directors receive individually tailored orientation programs. The Board’s core principles ensure independence and integrity of directions, demonstrable leadership, frequent consultation, performance evaluation and succession planning. The Board’s Compensation and Audit Committees directly engage with our conduct of business, while updating and monitoring the policies.



Risk Management

Engro understands that we are as sustainable as our ability to withstand challenge. Our approach to risk management comprises prudent analysis with social sensitivity towards our financial and plant-related risks. Our Management Committee works with the Board to implement a comprehensive risk management system that allows for a critical assessment of diverse interventions, ranging from business strategy to social investments

The two committees of the Board have the responsibility to sustain issues in the respective areas that they oversee:

Board Compensation Committee

This committee ensures best practices in human resources and that one our most important stakeholders, our employees believe that Engro is fair and adds value to them via competitive compensation and growth avenues. Specifically, it is responsible for:

- Executive compensation,
- Management and development and succession
- Broadly applicable compensation and benefit programs

Board Audit Committee

Assists the Boards in fulfilling its responsibilities for:

- Integrity of the Company’s financial statements
- Compliance with legal requirements
- Independent auditors qualification and independence, and
- Performance of the company’s internal audit function and independent auditors



Quadrennial Business Practices Review

At Engro, the implementation of policies is more significant than just their framing and adoption. These are kept in check through strict internal audits with zero-tolerance for any violation of the Company's ethics guidelines. ECPL has a detailed system for reporting irregularities that are identified, and these are reported all the way to the Board Audit Committee which has oversight in matters affecting the Company's reputation risk.

In 2008, an extremely exhaustive Quadrennial Business Practices Review was completed, and yielded 305 questionable business practices reported by the employees. These were analyzed in detail and a final list of 29 practices were classified as violations of Business Ethics and reported to the Board.

The QBPR is a continuation of ECPL's compliance program to ensure ethical conducts by employees, which starts with every new hire getting a set of policies related to business conduct. These policies are again reinforced at the orientation program conducted regularly for new hires.

The QBPR is conducted every four years, involving all employees, to evaluate ECPL's business practices as observed by them. Questionable practices are noted and analyzed in details. For those classified as a violation of the Business Ethics Policy, immediate remedial measures are developed and implemented. These violations are also reported to the Board.

ASSURANCE

United Registrar of Systems was commissioned by Engro Chemical to provide independent assurance of selected data and related claims presented in their "Corporate Responsibility Report 2008".

United Registrar of Systems Ltd. (hereafter "URS") has been commissioned by the management of Engro Chemical Ltd. (hereafter "Engro Chemical") to carry out an independent verification of Engro Chemical Corporate Social Responsibility (CSR) and Sustainability Report 2008 (hereafter "the Report").

Scope

Engro Chemical requested that a staged approach to verification be adopted, focusing initially on the draft versions of its report and then moving towards stakeholder engagement and actual monitoring at the plant site. This assurance does not cover the sustainability performance of Engro Chemical Group of Companies mentioned on page 38 of the report.

The accuracy of selected quantitative information was verified, namely donations and employee training data. Our verification did not include verification of the accuracy of test results data.

URS was not involved in the preparation of any information or collection of data included in the Report and has no active engagements with Engro Chemical that could influence its judgement.

Approach

URS, headquartered in United Kingdom, is one of the leading providers of third party sustainability solutions, including verification of sustainability reports.

This verification was carried out between May and July 2009, by suitably qualified and experienced professionals, in accordance with the URS Protocol for Verification of Sustainability Reports, which is based both on the GRI G3 Guidelines and the AA1000AS Assurance Standard.

Findings

Regarding the content of the report, the following conclusions have been made:

Completeness

URS has reviewed both qualitative and quantitative information and found the presentation in the report to be accurate and complete. The presentation of the data reflects current business practices and performance within Engro Chemical.

In line with our recommendations last year, we welcome the moves to broaden the ownership and authorship of the report this year; although there is still a need to further improve ownership for the quality of sustainability data within the individual functions at Engro Chemical Plant and Head Office.

Materiality & Responsiveness

Engro Chemical has many effective engagement processes for communicating with its stakeholders and it is apparent that some feedback on sustainability issues is gathered through these. However, we feel that the existing processes are principally driven by other business needs, consequently, engagement specific to sustainability performance and its reporting could be more structured and robust.

Climate change issues have been receiving increased media attention and greater public focus. Stakeholders may expect to see sophisticated and comprehensive reporting of climate change issues from all organisations in future. We also encourage Engro Chemical to engage with the emerging methodologies for carbon footprinting that will also consider issues such as travel, transport and water consumption. We believe these developments should be part of the Engro Chemical Sustainability Strategy in the future. We support these developments and look forward to seeing their outcomes reported in future reports.

Although Engro Chemical has defined it’s HSE Targets and Objectives, Sustainability Targets are absent, combined with a lack of sustainability indicators. We believe there is a need to clarify Engro Chemical’s key sustainability aspects and relevant objectives and targets. These objectives and targets should be placed firmly within Engro Chemical’s overall business processes and programmes at both corporate and functional levels.

In URS’s opinion, Engro Chemical’s CSR Report 2008 generally meets the content and quality requirements of the GRI G3.

Accuracy

The data measurement techniques and bases for calculations have been adequately described to URS. No systematic errors in data collection and reporting have been detected.

It is noted that Engro Chemical is committed to continually improving the quality of data and is in the process of adopting a more structured data management system and process for environmental and sustainable data

Comparability

In comparison with the 2007 Report, the current report presents information in a format that better allows readers to see positive and negative trends in performance on a year-to-year basis.

Recommendations

Various sustainability activities of Engro have developed historically and in an evolutionary manner, and there is little evidence of a comprehensive approach or strategy for sustainability. We recommend that Engro undertakes a sustainability strategy exercise, to clarify the direction, engage the stakeholders, and provide the right framework for the various sustainability initiatives.

We also recommend that Engro examines how to integrate their sustainability initiatives into the core activities of their business. For example, the CAER program should be more closely integrated with their other social responsibility initiatives in local communities.

Expectation within the business is that the HSE Programme will help lead the sustainability effort for Engro Chemical over the coming years; however, sustainability constitutes only one of the eight priorities listed in the HSE Policy. It will be interesting to see whether this approach succeeds in putting sustainability at the heart of the Engro Chemical’s business.

We note that there is a small number of high level sustainability objectives included in the Corporate Objectives 2009 and we expect to see performance against these objectives in next year’s report.

We recommend that Engro Chemical uses its HSE Programme to develop and review an appropriate set of key performance indicators and targets; these would support the high level objectives for all Engro Chemical’s key sustainability issues and will drive improvements and sustainability reporting over the coming years.

There is a need for Engro Chemical to assure itself that systems which are relied upon to produce sustainability data are working properly, covering all the relevant areas and producing robust data. This will enable a more straightforward relationship to be developed between internal and external assurance which in turn will improve the assurance on data accuracy provided to stakeholders.

The report would benefit from detailed explanation of performance and trends to enable readers to understand the underlying reasons for any change.

We encourage Engro Chemical’s decision to include data on emissions, greenhouse gases as part of its Low Carbon Strategy. We anticipate that Engro Chemicals will be able to report on an increased scope of climate change impacts and carbon management issues next year. We also suggest Engro Chemical to consider the adoption of a recognised methodology for carbon footprinting, like the GHG Protocol and ISO 14064:2006.

Responsiveness could further improve by developing a focused programme of stakeholder engagement that directly addresses sustainability and reporting. This should involve stakeholder groups at both corporate and business unit levels with the ability to inform overall sustainability programmes, reporting and risk management.

The Responsibility of Directors and Independent Assurance Providers

The Directors of Engro Chemical are responsible for the preparation of the CSR report and for the information and assertions contained within it. They are responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. Our responsibility is to independently express a conclusion on the reliability of management’s assertions in the areas identified above.

This statement is made solely to Engro Chemical in accordance with our engagement letter for the purpose of the Directors’ governance and stewardship. Our work has been undertaken so that we might state to the company those matters that we are required to state to them in a limited assurance statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Engro Chemical for our work, for this statement, or for the conclusions we have formed.

Limitations

Environmental and social data is subject to inherent limitations due to its nature and to the methods used for determining, calculating or estimating such data. Therefore, this Independent Assurance Statement should not be relied upon to detect all errors, omissions or misstatements, nor can it guarantee the quality of accounting and reporting processes. Whilst URS has examined and interrogated Engro Chemical data collection systems for the performance data under review, we have not systematically tested all the data back to their sources.

During the course of our assurance nothing came to our attention to indicate that there was any material error, omission or misstatement in the information subject to review. However, this review was carried out to provide reasonable, rather than absolute assurance and we believe the scope above provides a reasonable basis for our conclusions.

Statement of independence, impartiality and Competence

URS is an independent professional services company that specialises in quality, health, safety, social and environmental compliance and verification. URS services over 30,000 clients through its global network.

URS works to a strict code of ethics across its business, which ensures that all URS staff maintains the highest standards in their day-to-day activities. We are particularly vigilant in the prevention of “conflicts of interests”. As URS had no involvement in the preparation of this report, we believe that this assurance activity and letter does not raise any conflicts of interest issues.

Competence: The assurance team completing the work for Engro Chemical has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes. They have over 25 years combined experience in this field and an excellent understanding of good practice in Corporate Responsibility reporting and assurance.



Ali Khan
Chief Executive
Pakistan & Saudi Arabia Business
For and on behalf of United Registrar
of Systems (Pakistan)

David Watson
Social Programme Assessor
URS - Pakistan



Zafarullah Khan
Environmental Assessor
URS - Pakistan

Karachi, September 14, 2009

ACKNOWLEDGMENTS.....

We would like to thank the following for their efforts in producing this report:

Tahir Jawaid	Syeda Kiran Alvi
Zubair K Bhatti	Haider Ali Isani
Saima Alvi	Mohammad Omar Khan
Hussain Ali Talib	Nadeem Munawar
Khusrau Nadir Gilani	Andaleeb Alavi
Farooq M Saleem	Muneeza Iftikar
Irfan Manzoor Bhutta	Farhan Akram
Rameez Ahmed Faraz	Suhail Akhtar
Naveed A Hashmi	Syed Riaz Hussain Shah
Asghar Naveed	Mir Kaiser Yaqoob
Ali Abbas Alavi	

United Registrar of Systems

Ali Khan
David Watson
Zafarullah Khan



for queries and information, please contact:
Public Affairs Department,
Engro Chemical Pakistan Limited
Karachi, Pakistan