

ACI LIMITED

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ACI Limited

Advancing Possibilities

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United Nations Global Compact Communication on Progress 2012

Message from the Chairman

Dear Global Compact Stakeholders,

It gives me great pleasure to commemorate another significant year with UN Global Compact and communicate the CSR activities of ACI.

Being a socially responsible corporation, ACI finds ways to return some of its reward to the community. ACI is committed to the development of the community, protection of the environment and in bringing about qualitative improvements in the workplace for its employees. In 2012, ACI continued some sustainable projects that had been started earlier and also initiated some new activities. As a part of ACI's CSR approach, "Adopt a Village"- this program has further expanded into 11 villages by using the experience of the pilot project. ACI endeavors to improve the living standard of the rural community by spreading the project across the country.

Finally, as an active member, ACI embraces the ten principles of UN Global Compact and attaches a great deal of importance to protecting the environment and ensuring human and labor rights in the workplace.

Best Regards,

M. Anis Ud Dowla

Chairman, ACI Limited



About ACI Limited

Advanced Chemical Industries (ACI) Limited is a conglomerate that has spread its wings in pharmaceuticals, consumer, commodity, agricultural and packaging products. It also has extended into retail business.

With seventeen SBUs and eight functions, it has a employee strength of around eight thousand. The yearly revenue of the company is around USD 280 million.

Scope of the COP 2012

The Scope of the Communication on Progress is directed towards development of the community through improving the awareness relating to healthcare, proper sanitation, surrounding environment, water supply and so on.

In 2012, ACI carried out following activities:

Activities	Global Compact Principles
Employment Generation	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
"Adopt a Village"	Principle 8: Undertake initiatives to promote greater environmental responsibility
Discrimination free workplace	Principle 6: The elimination of discrimination in respect of employment and occupation
Proactive teamwork to prevail constraint	Principle 8: Undertake initiative to promote greater environmental responsibility
Confronting Corruption	Principle 10: Business should work against corruption in all its forms, including extortion and bribery

Employment Generation

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

With a growing population and relatively small size of the economy employment generation is a challenging task for Bangladesh. Since its independence, the economy of the country has been experiencing structural changes. It has gradually moved from an agrarian to a more industry and services sector based economy. Along with the structural change, the economy has also achieved impressive growth in terms of Gross Domestic Product (GDP). However, the growth of the economy has not been accompanied by adequate employment creation and the number of unemployed people has increased over the years.

The country continued to reveal a vigorous pace of economic development despite an adverse international economy. The Gross Domestic Product (GDP) in Bangladesh expanded 6.30 percent in 2012 from the previous year. Agricultural and aqua-cultural production, ship-building industry, export earnings from readymade garments and generous remittance from Bangladeshi expatriates; all contribute to a good performance of the economy.

Table: Contribution to Growth (%)

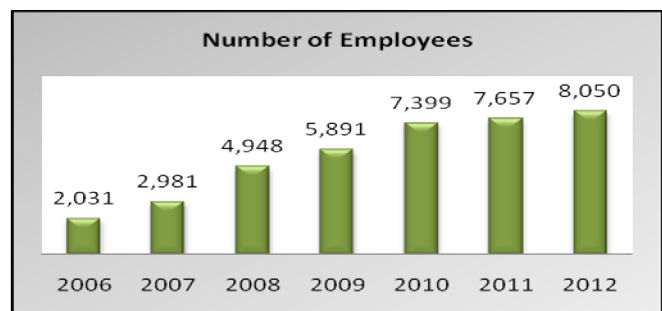
Sector	FY06	FY07	FY08	FY09	FY10	FY11	FY12	Difference (FY11 and FY12)
Agriculture Sector	1.1	1.0	0.7	0.8	1.0	1.0	0.5	-0.5
Crops	0.6	0.5	0.3	0.5	0.7	0.6	0.1	-0.5
Industry Sector	2.6	2.3	1.9	1.8	1.9	2.4	2.8	0.4
Manufacturing	1.7	1.6	1.2	1.1	1.1	1.6	1.7	0.1
Construction	0.7	0.6	0.5	0.5	0.5	0.6	0.7	0.2
Service Sector	3.0	3.3	3.1	3.0	3.1	3.0	2.9	-0.1
Import Duty	-0.1	-0.1	0.5	0.1	0.1	0.3	0.1	-0.2
GDP	6.6	6.4	6.2	5.7	6.1	6.7	6.3	-0.4

Source: Estimated from BBS data.

A recent report of the World Bank (2012) reveals that Bangladesh is the only country in South Asia where growth in labour force outpaced growth in employment

during the last decade.

Indeed, enhancement of economic growth should be at the centre of an employment strategy, which will be intertwined with the ultimate aim of poverty reduction through employment generation. However, for Bangladesh the major impetus for increased employment has to come from the private sector. Enhancing growth and employment creation in Bangladesh will of course require removal of obstacles such as infrastructural bottlenecks, institutional weakness and political instability.



Outcome:

Due to adverse macroeconomic environment including political disturbance, the year 2012 proved to be challenging for ACI. However, ACI and its resilient workforce managed to increase the business by 13.07% over the previous year. With the growth of business, ACI has been generated employment for many people. Development of people has been the cornerstone of ACI's activities, and is the primary reason behind sustained business growth. Through on the job coaching, mentoring, training and other ways of development, ACI enhances the skill and knowledge of employees.

In year 2012, total number of employees increased to 8050. And the growth of employees is 5 percent over the last year.

Awareness for Safe Motherhood

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

Safe motherhood is fundamentally a matter of human rights; all women are entitled to good health and high-quality health services. Despite the strides made in maternal health, women in the developing world are still at extremely high risk of dying or being injured from pregnancy-related causes, with the lifetime risk of maternal mortality being as high as one in eight in some places. With the increasing focus on the MDGs, there is an extraordinary opportunity for accelerating progress and expanding efforts to improve maternal health worldwide.

In Bangladesh 194 mothers are still dying per 100,000 births each year as over 68 per cent of them still give birth unattended by trained personnel, according to a recent nationwide demographic health survey.

OutCome: ACI observed safe motherhood day on 28 May 2012 by taking a month long program to help mothers and new born babies protecting them from all kinds of germs. ACI distributed Savlon New Born Baby Kit to all the mothers of new born babies at 47 Smiling Sun Franchise Program (SSFP) clinics throughout Bangladesh through partnership arrangement with SSFP.



Observing "World Diabetes Day"

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

ACI Pure Flour, a subsidiary of ACI Ltd, with the help of NHN (National Health Network) center run by BIRDEM, observed "World Diabetes Day" by undertaking a highly effective awareness campaign on 14 November, 2012. Throughout the day, 15 teams interacted with diabetes patients, advised them to emulate doctors' suggestions and raised awareness about diabetes. They distributed leaflets which were enriched with valuable information that ranged from types of diabetes and their respective prevention methods, diet chart etc.



Adopt a Village

Principle 8: Undertake initiatives to promote greater environmental responsibility

Adopt a Village is a project of ACI for the progression of the community through sustainable poverty reduction initiatives. This is a CSR approach to change the society by providing adaptable technology, cost effective solution and services. The core objective of this project is to improve the lives of the people who strive to get adequate food, proper education and bare minimum health care. Another purpose of this sustainable project is to drive for sustainable agriculture, food security followed by prosperity through best agronomic practice, profitable agriculture & serving the purpose of corporate social responsibility.

At the initial stage, ACI adopted a village as pilot basis to improve the villagers' knowledge on personal hygiene, sanitation and agricultural practices. After running the project for two years of period, the project has been evaluated to find the appropriateness of the project goal, deviation of the actual result from the expected result, and the sustainable benefits acquired from the project. The positive result of the project provided a drive to extend the activities into more villages.

In Year 2012, this project has been replicated in further 11 villages under the Gopalganj Sadar and Tungipara Upazila in Bangladesh. According to the action plan ACI has conducted following programs during the period.

Access to Safe Drinking Water:

Lack of access to safe drinking water is a significant barrier to improving the health and wellbeing and reducing poverty in Gopalganj area. Salinity in ground and surface water, arsenic contamination of shallow aquifer, lack of aquifer and difficulties in extracting saline free water are some of the causes. The effects are negative health, social and economic outcomes for the local population. In an



effort to allow villagers to get access to safe drinking water, ACI also installed at least 26 Deep Tube Wells (DTW) in the villages of Gopalganj district where people were facing acute shortage of pure drinking water. Deep Tube well helps to prevent many water generated diseases. Villagers are now less prone to the water generated diseases.

Skill Development programs:

ACI organized training program for villagers to transfer the best agronomic practice to the farmers. Increasing the productivity with lowering the cost is the main objective of this training program. Through this training program farmer gets thorough knowledge about crops, soil, land, purchasing characteristics, credit status, new technology for high yield crop production etc.

“In Year 2012, this project has been replicated in further 11 villages under the Gopalganj Sadar and Tungipara Upazila”

Besides that, a two day long retailers' training has been conducted in October. 25 2012 retailers, who deals with fertilizer, pesticide & herbicide, participated in this training program to provide better understanding about new technology to create sustainable environment for agriculture.

Pesticide Safety Awareness Programs:

- Safe and judicious use of pesticides: ACI provided training on safe and judicious use of pesticides among 1455 farmers in 50 batches from selected 11 villages to educate the farmers about the best agronomic practices.
- Provide personal protective equipment (PEE): ACI also distributed personal protective equipment (PEE) among the farmers where every lead farmer got apron, safety goggles, set hand gloves and spray machine.



Soil Health Testing and Fertilizer Recommendation:

ACI started the establishment of a mobile soil testing booth. A "Humboldt Soil Testing Kit" will be established in this booth. Farmers will take their soil for testing purpose and ACI will recommend fertilizer dose including right type of fertilizer which will save farmers money and keep good soil condition.

Motivational Activities:

ACI is also performing a consistent motivational activity among the villagers about vegetable cultivation, homestead gardening, safe drinking water, hygiene and sanitation etc. About 300 household are engaged in vegetable cultivation in their homestead premises and fallow land. ACI distributed various types of vegetable seeds among the villagers to draw their attention and to create eagerness to boost up the production.

"ACI will recommend fertilizer dose including right type of fertilizer which will save farmers money and keep good soil condition"

Training programs for employee safety

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

ACI is committed to conduct all its operations in a manner that is protective to the environment, health and safety of employees as well as community. On September 2012, ACI formed a SHE (Safety, Health and Environment) committee to ensure a safe and healthy work environment that will yield productivity and efficiency while minimizing work related hazards, injuries, accidents, incidents and diseases etc.



Outcome:

Under SHE initiative, a “Safety Training for Non Management Staff” was organized on 29 December 2012 aiming to form a fire fighting team and train them to handle crisis situation, identify hazardous conditions and taking corrective measures. The training has covers some important areas like general safety, housekeeping, working at height, safety techniques for hazard, handling manual tools, use of fire extinguisher etc.

Proactive teamwork to prevail constraint

Principle 8: Undertake initiative to promote greater environmental responsibility

Flood in Bangladesh is commonly a result of the geographical position of the country. Bangladesh is situated in the Ganges Delta and this can make it prone to flooding especially during the rainy season. In recent years the frequency of abnormal floods in Bangladesh has increased substantially, causing serious damage to lives and property. Torrential rain starting on 23 Jun 2012 resulted in floods and landslides, killing 139 people and causing the destruction of homesteads and significantly affecting ten districts in the northern and south-eastern parts of Bangladesh.

Outcome:

ACI Pure flour (APFL) stepped forward to help recent flood affected people of Sylhet district of Bangladesh. In response to the requirement of Non Governmental Organization Islamic-Relief, ACI Pure flour Ltd distributed relief bags to the flood affected people that contained food items like rice, dal, sugar, salt, oil as well as non food items like candles, matches and polythene sheets. Employees of ACI worked together to distribute relief materials among 500 flood affected families. Whenever such situation arises, APFL will always be there to support and extend their help towards helping people in need during similar calamities.

Confronting Corruption

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

Anti-corruption has become the greatest challenge to operating as a value based organization in a country like Bangladesh. Corruption imposes steep cost not only on the organizations, but also on the society. Corruption obstructs business from running in a smooth manner. Corruption can corrode the soul of financially efficient businesses. In order to attain business practice free from corruption, company must take anti corruption strategies. This may reduce the profit incurred from corruption practice but on the other hand it creates climate of integrity and ethical base culture across the company.

Outcome:

ACI also has some anti corruption strategies which restrict stakeholders from engaging in any undue activities. ACI embraces some policies in its day to day activities to reduce corruption and increase accountability and transference in the transactions.

- Company shows zero tolerance attitudes for any misconduct, fraud, theft and illegal activities.
- Internal audit plays vital role in anti bribery efforts.
- There are regulation and guidelines in terms of giving and receiving gifts.
- Maintaining transparency in procurement process.
- Employees of ACI can not be a supplier of this company.

Employees need to sign an agreement known as “Loyalty and Security Agreement” where they make commitment not to engage with any undue and illegal activities. Management always pays attention to the issues regarding corruption and take prompt action to wipe out the corruption from the Company.

Discrimination Free workplace

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

One of the basic rights women have is not to be discriminated against in the workforce and in the workplace. ACI always follow this principle in its workplace and provide a safe and discrimination free working condition to the female workers. In this regards, a two day training program on “Promoting Gender Equality and Preventing Violence against Women at Workplace” in ACI Formulation factory where selected employees participated from respective departments. The training program was organized by Bangladesh Employer’s Federation (BEF).