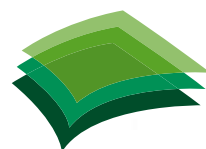
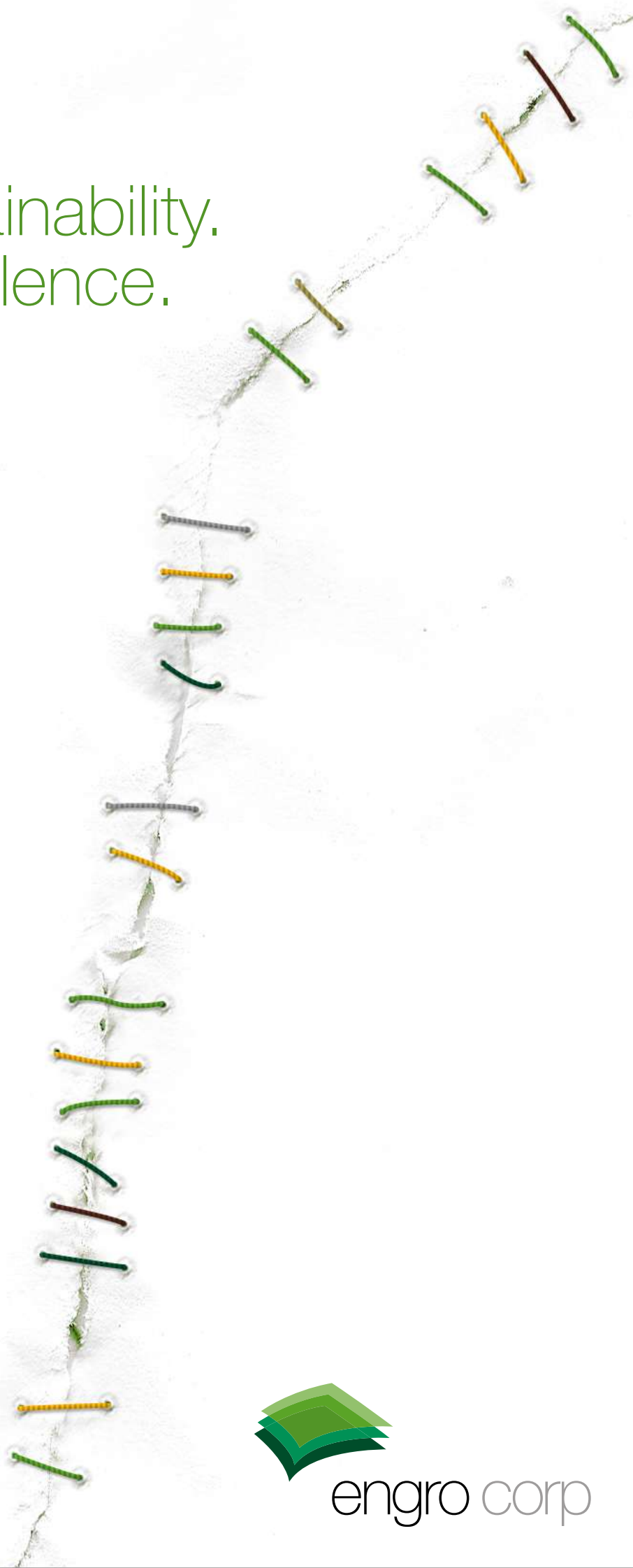


enabling sustainability.
enabling excellence.



Engro's commitment to sustainability is the common thread that runs through all of our actions. This report stitches together the various elements of our triple bottom-line approach over the course of 2010.

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scope of the report

This report covers the corporate social responsibility and sustainability initiatives of Engro Corporation Limited and its subsidiaries.

The period covered by the report is Engro's financial year 2010, ending December 31, 2010.

Engro's standards for reporting data in this report are based on the "Global Reporting Initiative" (GRI) standards, an international set of guidelines initiated with the support of the United Nations Environment Programme (UNEP).

An adherence to these global standards ensures that the company retains consistency in the depth and scope of reporting across time periods. It will also ensure that Engro lives up to its commitments it makes: by having to report data along the same parameters every year, our stakeholders will be able to monitor our progress on the promises we make to invest in their future.

Ultimately, this report is a product of, and produced for, our engagement with our various stakeholders and partners in sustainability. The company frequently engaged in surveys and studies designed to ensure that we listen to what our stakeholders have to say about their needs, before we craft a social investment strategy that helps them realise their potential.

In 2009, the company engaged Gallup to conduct a detailed survey where we solicited opinions from our stakeholders, based upon which the company formulated its social investment strategy for 2010.

Engro Corporation's report for 2010 has been assured by the United Registrar of Systems, one of the world's leading inspection, verification, testing and certification companies.

Engro Corporation is committed to transparency. This report is a reflection of our beliefs and principles, and provides the platform from where we will build our reporting for the future. This report is part of a dialogue between us and all who might be interested in our social responsibility initiatives. We welcome feedback, suggestions and queries, which can be directed to the following person:

Naila Kassim
Corporate Communications
nkassim@engro.com
+9221-35296049



This report covers the corporate social responsibility and sustainability initiatives of Engro Corporation Limited and its subsidiaries.

chairman's message

At Engro, our foundations have been built on the pillars of integrity and ethics and an unwavering belief in the need to create an environment that promotes excellence, as a means of corporate, social and personal success.

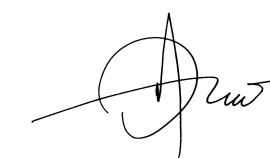
This commitment to excellence builds upon the vision of those who first set the foundations of Engro and is consolidated by the current leadership, who continuously strive to raise the standards of the frontiers in business. As one of Pakistan's leading conglomerates, Engro has enhanced its level of engagement with all stakeholders, ranging from our employees to our suppliers, from investors to shareholders and extending beyond our consumers into the communities in which we operate.

At Engro, we have developed our own brand of corporate sustainability. Our approach has been proactive and driven by the desire to create a symbiotic relationship between our business practices, the stakeholders we directly impact, our country and the planet we live on. For Engro, profit is the reward for doing what's best for this country, as responsible employers and dutiful taxpayers.

Our commitment to excellence has withstood the tests of numerous challenges. I am particularly elated at our efforts in 2010, to help our nation overcome the devastation caused by floods. The company's response to this national tragedy was defined by compassion for and empathy with the plight of our fellow citizens. It is a privilege to be able to acknowledge the Engro employees, hundreds of whom selflessly devoted their time, energy and resources to help those most in need. I am also grateful to our partner organisations that made this herculean effort possible.

Engro's commitment to corporate social responsibility is a value that permeates all levels of our business, inculcated by an enabling culture that has been conscientiously developed across the organisation. This report is a reflection of that culture and of our uncompromising commitment to transparency in all that we do.

We developed our brand of sustainability that links how we do business, the stakeholders we interact with and the planet we live on.



Hussain Dawood
Chairman

president and ceo's message

For over 45 years, Engro has been a part of Pakistan's economic landscape. In that time, we have survived the many economic challenges and shared in some of the triumphs that the country has been through. Our commitment to Pakistan, however, has never wavered and we have proudly served the nation as a company that believes in achieving and enabling excellence in every aspect of what we do.

The company's investments in agriculture, energy and chemicals are designed to take advantage of Pakistan's competitive strengths and core economic needs. To ensure that the company is able to harness the full potential of each of its diverse business lines, Engro moved to a holding company structure in 2010, creating Engro Corporation to manage its businesses and the Engro Foundation to consolidate and manage its social investments.

More than any time in its history, Pakistan needs to create, sustain and expand economic opportunity for its citizens and to do so through utilising the country's competitive advantages. Engro is attaining excellence in the businesses and in serving the communities that host us.

Engro's brand name and reputation today are the result of the tireless efforts of our employees who have felt a personal stake in our success. With diversified businesses, we are better positioned than ever before to enhance


that sense of ownership and to offer enriching, highly rewarding careers to our team members.

Our commitment to the well-being of our team members is reflected in the company's stellar record on safety, including setting a national record for 29.8 million safe working hours during the construction of our fertilizer expansion project.


In an era of global climate change, Engro is cognizant of the need to invest in protecting the environment. The company has taken several initiatives to reduce our carbon footprint and ensure that Engro is a greener and a more planet-friendly company every year.

In short, Engro's commitment to all its stakeholders is strong, deep and multi-faceted. We stand by not just our shareholders and employees but also our host communities and the nation that has given us the opportunity to thrive amidst the myriad challenges it faces.

This report is part of Engro's commitment to transparency as well as engagement with our stakeholders. It is part of the process by which we solicit feedback on the successes (and failures) of our sustainability efforts.



Asad Umar
President & CEO



Our commitment to Pakistan has never wavered and we proudly serve the nation as a company that believes in enabling excellence.

core values



Safety, Health & Environment

We will manage and utilize resources and operations in such a way that the safety and health of our people, our neighbors, 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.



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.



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 a hundred percent of the time. Our motto is, 'Quality in all we do'.



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.



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.



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 where we live and conduct our business.

Engro's core values define every aspect of our way of doing business.



Candid & Open Communications

We value communications that are courteous, candid and open and that enable each of us to do our jobs more effectively by providing information that contributes to the quality of our judgment and decision making. Effective communication should also provide the means for gaining understanding of the company's overall objectives, its plans and the thinking behind them.



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.



Innovation

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



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 not only contribute, but also help to grow and develop themselves and help to develop each other.



Teamwork & Partnership

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



Diversity & International Focus

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



Engro is passionately committed to not just attaining excellence in business but also serving the communities that host us.

sustainability strategy

Engro Corporation's sustainability strategy is centred on our triple bottom line approach with a focus that goes beyond Profit to encompass the People directly or indirectly connected to us as well as the Planet we live on.

Our motivation for adopting the triple bottom line approach is simple: in modern times, no company can ignore the fact that its operations have an impact not just on the welfare of its shareholders, but also on the lives of the people in its host communities, as well as the environment of the planet. We strongly believe that the interests of our broader stakeholder community, as well as the environment, are as important as the interests of our shareholders.

In crafting our core sustainability strategy, Engro Corporation seeks to ensure a seamless integration between investments in our business, our stakeholders and the planet. When crafting business strategy, for instance, Engro Corporation sees itself first and foremost as a corporate citizen of Pakistan that can best serve the nation by taking advantage of the country's competitive strengths as well as addressing its weaknesses.

By ensuring that our business model is geared towards Pakistan's economic needs, Engro creates opportunity for a far wider community than our direct suppliers and customers: we help fulfil the economic promise of the nation as a whole.

Our fertilizer, foods, chemical and commodity trading business help improve the productivity of Pakistan's agricultural sector while our investments in energy, chemicals and industrial automation fulfil core economic needs of the country. Going forward, we plan to diversify even further and enter businesses where we feel the country has the greatest need or provides the greatest opportunity.

As a corporate entity, however, we are mindful that our success relies very heavily on our ability to attract, recruit, and retain the highest quality of human capital. This is why, as part of our commitment to People, the first group of stakeholders we have identified are our own employees. We help them move forward. Simply put, without them, Engro's brand name would not be what it is today.

As Engro grows beyond its historical presence in fertilizers and into a much wider array of businesses that include foods, chemicals, energy and industrial automation, there has never been a greater need for Engro to ensure that its human resource policies are designed to provide our employees the ability to have highly rewarding careers at the firm. The diversity of our businesses ensures that we are able to redeploy talent far more productively than ever before.

The second set of stakeholders we have identified are the communities that host our businesses. We are mindful of the fact that our business

Our fertilizer, foods, chemical and commodity trading business help improve the productivity of Pakistan's agricultural sector.

and our negligence may be equally damaging to them.

We view it as our responsibility to cater to their needs and be mindful of their interests, and the company has committed itself to creating sustainable, long term partnerships with our host communities. We have stepped in to provide access to healthcare, education and even basic infrastructure to ensure that our stakeholders can live better, healthier and more productive lives. The safety of both our employees and contractors is paramount during any operational process.

Even as the group's businesses were reorganised under a holding company structure in 2010, we created the Engro Foundation, a non-profit entity designed to manage and sustain our partnership with our stakeholders, as well as the several government and non-government organisations with whom we collaborate in order to make investments in the needs of our host communities.

Engro takes particular care to ensure that we engage our stakeholders in

the social investment projects that we undertake. Our community participation model is designed to ensure that our host communities feel that they have a stake in the investments we make on their behalf.

To this end, Engro is proud to have undertaken partnerships with several leading non-profit organisations, as well as government agencies. We have worked alongside the Punjab and Sindh governments, the Pakistan Poverty Alleviation Fund, the Sindh Rural Support Organisation, HANDS, and USAID among others.

But being mindful of the interests of our stakeholders, in addition to our financial investors, is not enough. As the world's climate begins to change, oftentimes rapidly and dramatically, no company can afford any longer to ignore the impact it has on the environment. This is especially true of companies like Engro, which have significant industrial manufacturing facilities.

Engro Corporation has committed itself to some of the most stringent of standards when it comes to

environmental safety. In addition to taking responsibility for our environmental footprint, we have found that, quite often, our commitment to the planet results in cost savings and improves our ability to track and measure risks to our businesses.

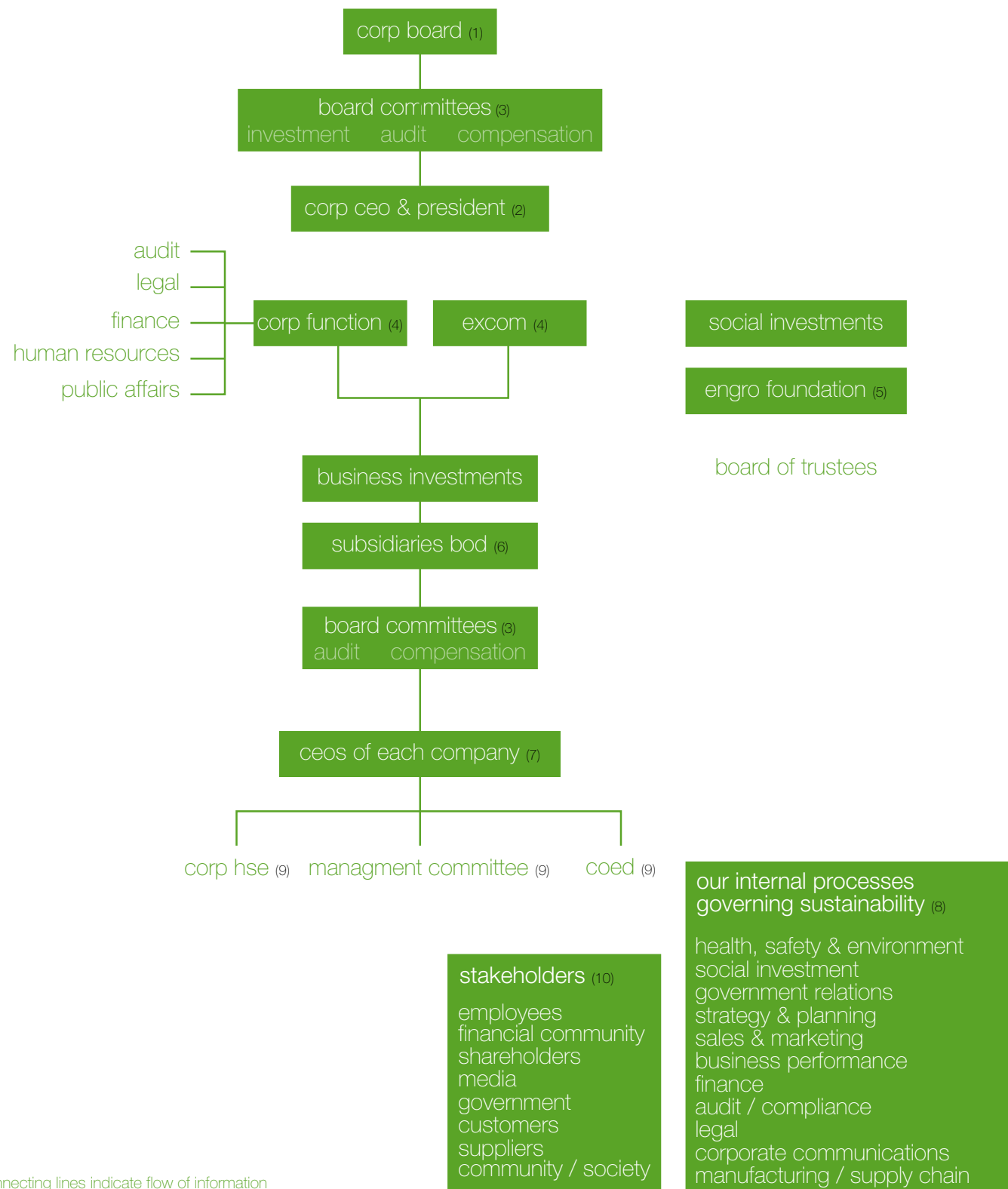
We are also committed to investing in mitigating the effects of both manmade and natural disasters, the latter of which is made more likely by the incidence of global climate change.

To summarise, Engro is committed to taking a wider view of what constitutes success and how we choose to define it for ourselves. We are committed to delivering profits to our shareholders, but we will do so while ensuring that we are able to invest in the needs of our broader stakeholder community as well as the planet we live on.



Engro seeks to ensure a seamless integration between investments in our business, our stakeholders and the planet.

engro's approach to sustainability



sustainability framework

The following framework outlines Engro's approach towards sustainability.

The **Corporate Board (1)** has a top down view as the representative of share-holders' interest, and works with the **Corporate CEO & President (2)** in deciding the overall strategic vision and direction of the company.

The Corporate Center provides the Corporate Board and CEO & President with a shared set of functional strengths. The Corporate Centre enables a 'portfolio-oriented' management of independent businesses, as well as integrating the management of businesses, where most skills can be shared across similar business systems. This centralization of skills allows advantages, such as improved management and decision making, assessment of expansions, and investments as well as maintaining operating flexibility for companies.

The Board is assisted by a number of **Board Committees (3)** in making decisions related to Executive Compensation & Remuneration, Investment and Oversight. A number of **Functional Committees (9)** act at the operational level in an advisory capacity to the Corporate CEO &

President, providing recommendations related to business and employee matters. Additional details of these committees can be found on page 39.

The **Engro Foundation (5)**, also detailed on page 39, serves as a single platform for community engagement activities and social investments of Engro subsidiaries, which pool their financial and managerial resources under the Foundation to create large scale social impact.

Each Engro business is governed by an independent **Subsidiary Board (6)**, led by a **Subsidiary CEO (7)** who is responsible for translating the direction set by the Board into results.

The company has put a number of **Monitoring & Reporting Mechanisms** in place at every level of the organization, including Engro Foundation, to provide a robust process of planning and measuring results. These mechanisms provide a bottom-up and top-down approach to review, and measure, the achievement of objectives and to decide future action.

The operations of each function are governed by an **Internal Process (8)**, which focus on the areas that are integral for business continuity and for delivering performance based growth. A number of **Operational Committees (9)** provide recommendations on business areas such as health & safety, management, business investment, budgetary matters, employee compensation and development.

The senior management of the Company considers feedback to be a significant contributor for the review of objectives and for the development of future plans and strategies. The company has put in place an **External Process (10)** of gathering information through various external functions including the Foundation, Corporate Communications and Finance, which ensure a flow of information both in and out of the company.

*Connecting lines indicate flow of information

objectives and performance 2010

Objectives	Performance
Implement Central Safety System after obtaining Board approval	Obtained Board Approval for making all businesses DuPont System aligned, as well as deciding that all businesses to achieve a 3.0 rating
Achieve Consolidated Profit after tax as per corporate plan	PAT Achievement for 2010 is Rs 6.79 billion
Complete viability study for Thar mining and launch detailed feasibility study for mining and power	Block 2 DFS completed in time, viability assessment still incomplete on account of delays by GoS and GoP in finalizing infrastructure related issues
Deliver Engro Fertilizers' expansion project on time and within budget	Production achieved by end December
Pursue fertilizer opportunities in N Africa	Feasibility conducted, other options being considered
Launch public debt product	Our Public Debt Product, Engro Rupiya Certificate was launched and generated Rs. 4 billion with Greenshoe option exercised
Implement rice project	Rice plant start up initiated in November
Continue expansion of domestic foods portfolio and begin implementation of overseas opportunity	Domestic foods portfolio expanded. Board approval was obtained for the negotiation for acquisition of Al Safa Halal
Demonstrate strategic viability of outsourcing model in Avanceon	Value addition based on outsourcing model established
Transition of executives and top talent to Engro Corp	All executives and top talent converted to Engro Corp
Implement and roll out HR policies based on guiding principles approved by BCC	Salary survey conducted with specific policy instituted for executives and top talent. Institutional structure of Engro Corp in alignment with subsidiaries to ensure one firm culture across all companies
Position Engro Foundation as key social spend vehicle	Organization in place, active involvement in implementing company's social programs (basic services, education, health, livelihood) and flood relief / rehab activities (disaster management)
Leverage contribution budget through PPAF and execution through partner organizations	Total funding from external sources is Rs 140 million including USAID funding of USD 800,000. Multi-year MoU signed with PPAF (valued at Rs 320 million)



Engro is committed to taking a wider view of what constitutes success and how we choose to define it for ourselves.

Profit

As a profitable company, our management structure has evolved to create a more transparent organization.



our investments in businesses

Our management teams take a long term view of our financial success, which we view as intrinsically linked to the growth prospects of Pakistan.

For over 40 years, Engro has been an integral part of Pakistan's agricultural landscape. As the business has grown, we have continued to diversify our business lines to make our organisation economically sustainable. While Engro continues to have a significant presence in the fertiliser business, Engro is now a leading firm in Pakistan's chemical, energy and industrial automation sectors.

Even within the agribusiness-related industries, Engro has continued to diversify its holdings. Engro has entered the consumer foods business as well as trading agricultural commodities.

Our management teams take a long term view of our financial success, which we view as intrinsically linked to the growth prospects of Pakistan. In growing our own bottom line, we help expand the horizon of economic opportunity for the nation as a whole.

Yet even as we grow our businesses, we recognise that the sustainability of our success depends on a strong governance structure. To ensure that we hold ourselves to the highest standards of corporate governance, Engro has adopted a two-tiered approach: in addition to building institutional capabilities to implement and monitor our governance policies, Engro seeks to create a culture where employees hold themselves to high standards and report any activity that they feel does not conform to our values.

our economic investment strategy

The progress of Engro as a company, and its diversification into various businesses has been essential intertwined with the opportunities and successes of Pakistan itself. The company's investments in agriculture, energy and chemicals were designed to take advantage of Pakistan's competitive strengths and core economic needs. We identify what the country needs and what it has to offer and then create business strategies in order to capitalise on the opportunity before us. In pursuing profit for itself, the firm also creates economic opportunity for countless others and helps put the country on a path towards creating, sustaining and growing a middle class.

Agriculture is at the heart of Pakistan's economy and is the country's key competitive advantage. Over 45% of the country's workforce is engaged in agriculture. It is no accident that, despite minimal levels of investment, the country still ranks as a top ten producer in nearly every major agricultural commodity in the world.

Engro has been serving Pakistan's farmers for the last 40 years through its fertilizer business. By expanding our fertilizer production, capacity, Engro is reducing Pakistan's need for imports, helping the country conserve its vital foreign exchange reserves.

As a natural corollary to the fertilizer business, Engro has expanded its presence in Pakistan's agribusiness sector by entering the food business.

By identifying the key strengths of the markets we operate in, Engro has been able to serve both our suppliers and our customers well.

For example, Engro Foods and Engro Eximp are engaged in helping dairy and rice farmers improve the quality and quantity of their product, directly helping raise rural incomes. In addition, Engro Foods Supply Chain is engaged in creating a domestic supply chain that disintermediates some of the gross inefficiencies in the agricultural sector, cutting out several layers of middlemen and ensuring better prices for suppliers.

Engro is also committed to helping Pakistan fully develop its own domestic resources. Engro Powergen has set up a power production facility at Qadirpur, utilizing as fuel gas that was previously being wasted, creating energy with a reduced carbon footprint and contributing towards a solution to the nation's chronic energy crisis.

The company is also willing to go into hitherto unexplored sectors. The Thar Desert in Sindh, for example, has one of the largest coal reserves in the world, which were first discovered in the early 1990s and have not been developed for lack of a risk appetite amongst investors. Engro, however, is willing to take on the challenge. Through its joint venture with the Sindh government, Engro Powergen is also looking to develop the vast coal reserves at Thar, in order to increase the availability of domestic energy sources and reduce the need for

expensive fuel imports, so that our consumers get more benefits.

Our role in Pakistan's economic development is further highlighted by the significant advisory role that Engro's management is asked to engage for the reform of economic policy in Pakistan, ranging from meeting the country's fertilizer needs to the development of alternate energy solutions for the long term.

Engro executives are part of an effort by leading businesses of Pakistan that aim to help advise the government on shaping pro-growth economic policies. We also advise the government on the impact of their fiscal and monetary policy decisions to the business climate of the country.

In short, we find opportunity in fulfilling Pakistan's economic needs, giving back not just through business strategy but also through philanthropy.

In pursuing profit for ourselves, we also create economic opportunity for countless others.

our businesses at a glance

Engro's investments in agriculture, energy and chemicals were designed to take advantage of Pakistan's economic needs.

Corporate Performance (Rs millions)

	Revenue	Net income	Taxes paid	Dividends declared	Sales growth	No. of shareholders
2008	40,973	4,126	964	1,278	20%	13,163
2009	58,152	3,807	1,258	1,788	42%	13,980
2010	79,976	6,790	2,378	1,965	38%	13,939

Engro Corporation Limited is a holding company, created following the conversion of Engro Chemical Pakistan Limited on January 1, 2010. Engro Corp is one of Pakistan's largest conglomerates with the company's business portfolio spanning across sectors including chemical fertilizers, PVC resin, a bulk liquid chemical terminal, industrial automation, foods, power generation and commodity trade.

Engro Fertilizers Limited, a wholly owned Engro Corporation subsidiary, is one of the leading fertilizer manufacturing and marketing companies in the country. It is primarily engaged in the manufacturing and marketing of urea and NPK fertilizers. As an example of the synergies between Engro's business lines, Engro Eximp imports phosphate based fertilizers, which are distributed and marketed through Engro Fertilizer's network as an extension of Engro's overall fertilizer portfolio.

The business offers a wide variety of fertilizer brands, which include some of the most trusted brand names by Pakistani farmers. These include Engro Zorawar, a high-phosphate fertilizer developed for alkaline soils. Engro Zarkhez is a high-end blended fertilizer product that offers a unique balance of nutrients for a wide variety of crops. Zingro is an imported zinc micro nutrient, meant to overcome zinc deficiency in a diverse range of crops.

Engro Foods Limited is a wholly owned subsidiary engaged in the manufacture, processing and marketing of dairy products, ice cream and fruit juices. The business owns two milk processing plants in Sukkur and Sahiwal, operates a dairy farm in Nara and has completed construction of a rice processing facility in Muridke.

As an example of Engro's pursuit of excellence, the business has established several brands that have

already become household names in Pakistan such as Olpers (milk), Omore (ice cream), Owsum (flavoured milk), Olpers Lite (low fat milk), Tarang (tea whitener) and Olfrute (fruit juice).

The business has also acquired Al Safa Halal, a meat processing company based in the Canada, and plans to enter the North American market for halal meat with its own brand.

Engro Powergen owns and operates Engro Powergen Qadirpur Limited, a 220 megawatt power plant and the group's first initiative in the power sector of Pakistan, which is 10% directly owned by the holding company and 85% owned by Engro Powergen. The remainder is owned by the International Finance Corporation (IFC), a subsidiary of the World Bank.

In 2010, Engro Powergen's joint venture with the Sindh government, the Sindh Engro Coal Mining Company

Limited, completed a detailed feasibility study (DFS) analysing the technical, social and environmental viability of the Thar coal mining project.

Engro Polymer & Chemicals Limited is a 56% owned subsidiary of the group and the only manufacturer of polyvinyl chloride (PVC) in the country, in addition to manufacturing and marketing caustic soda. The business's vinyl chloride monomer (VCM) plant began production in the first quarter of 2010 and was able to achieve commercial production capacity by September 2010, making the entire integrated facility fully operational. The firm produces 150,000 tonnes of PVC a year and markets its products under the name of "SABZ".

Engro Eximp Limited is the group's commodity trading business that deals primarily in the import and trading of phosphate-based fertilizers for Engro Fertilizers Limited such as DAP, MAP, MOP and SOP, and also imports micro-nutrients like Zinc Sulphate, which it supplies as raw materials to Engro Fertilizer's Zarkhez plant for manufacturing blended fertilizers.

In addition, Eximp also manages the procurement, processing and export of rice to markets in the Middle East and the European Union. The business has built relationships of trust with its clients and is also in the process of launching its own brand of rice in partnership with Engro Foods Limited. Over the past five years, Engro Eximp has become the single largest importer of phosphates and potash fertilizers in Pakistan.

Engro Vopak Terminal Limited is a joint venture with Royal Vopak of the Netherlands, Engro owns 50% of Engro Vopak Terminal Limited, a business engaged in the handling and storage of chemicals and liquefied

petroleum gas (LPG). In November 2010, the business completed 13 years of safe operations without a single employee losing a day's worth of work due to injury.

The business launched Pakistan's first cryogenic import facility for ethylene, in line with the group's overall motto of pursuing and enabling excellence.

Avanceon Limited is a wholly owned subsidiary of the group that engages in automation and control engineering services. The business operates a UAE-based subsidiary out of the Jebel Ali Free Zone which, in turn, has a 70% stake in a US-based subsidiary.

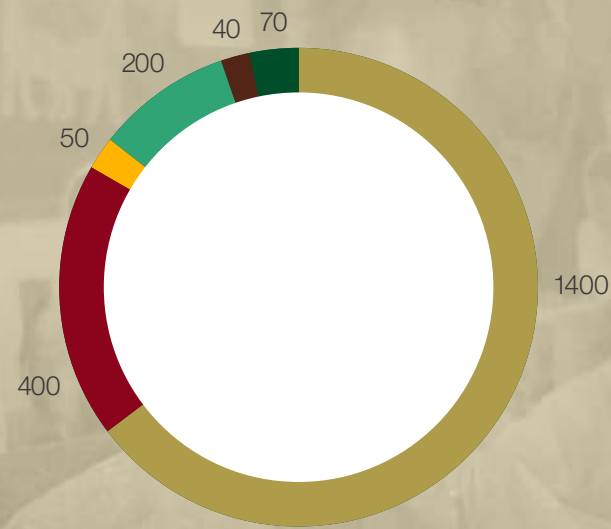
Subsidiaries Performance (Rs millions)

	Revenue	Net income
Engro Fertilizers	19,018	3,730
Engro Foods	21,050	177
Engro Powergen	5,720	1,100
Engro Polymer	14,618	(770)
Engro Eximp	17,720	1,732
Engro Vopak	2,303	1,109
Avanceon	1,828	(195)



engro at a glance

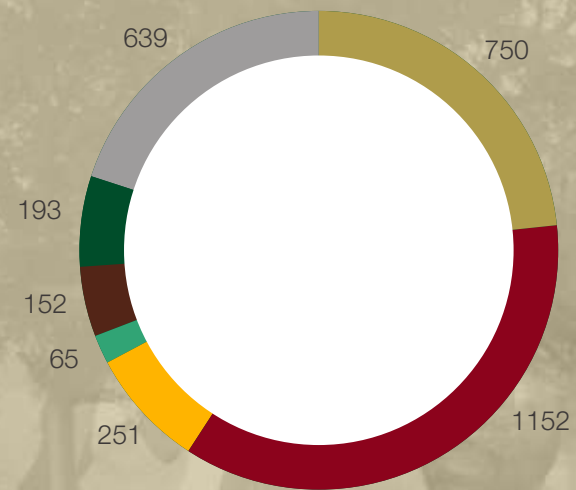
Investment



Total Business Investment to date in USD Million

2,160

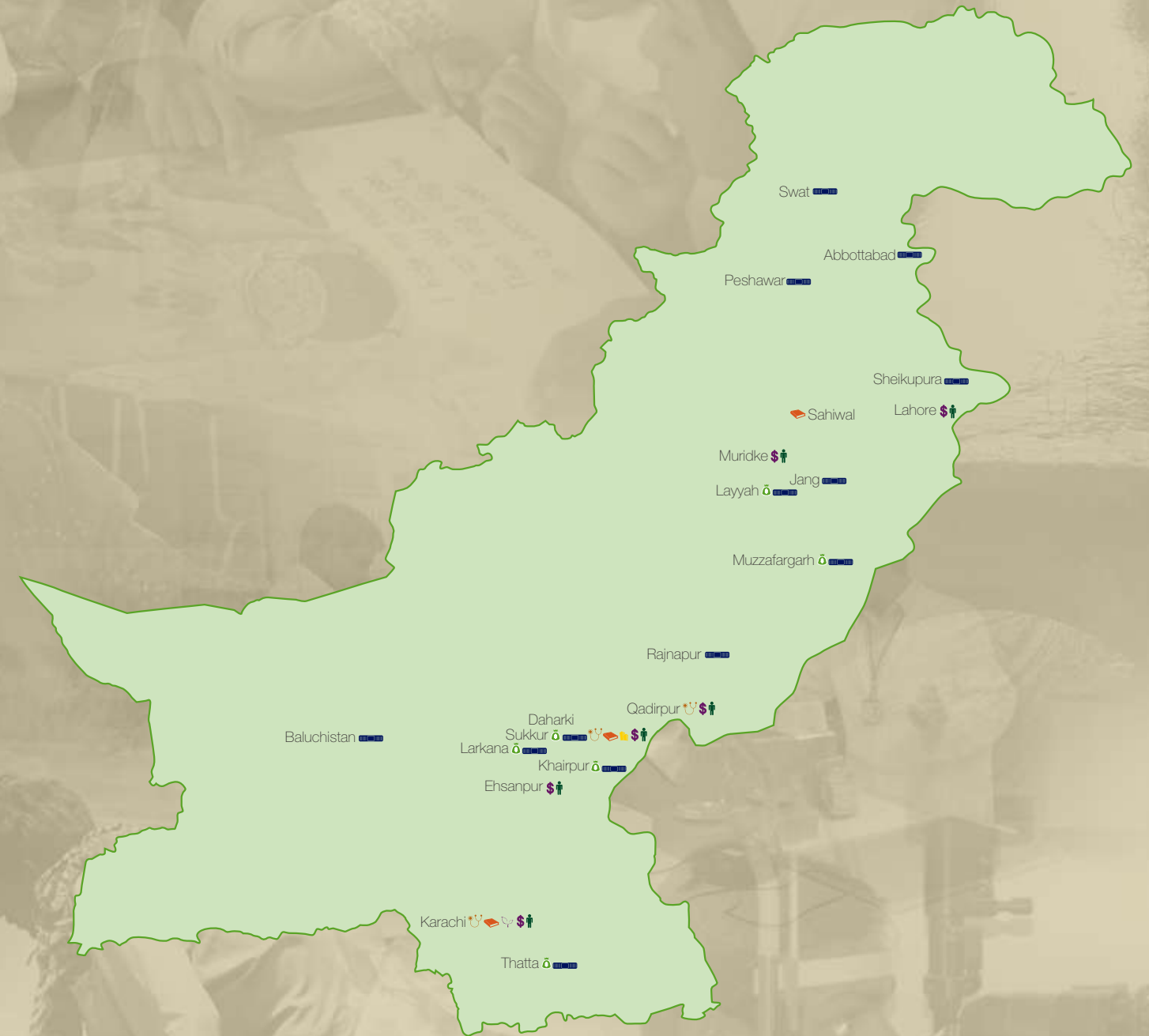
Employees



Total Employees

3,202

■ Daharki
 ■ Karachi
 ■ Sukkur
 ■ Qadirpur
 ■ Muridke & Lahore
 ■ Sahiwal
 ■ Others



- People
- Investment
- Relief
- Livelihood
- Model Village
- Disaster Management
- Health
- Education
- Infrastructure
- Environment

our corporate strategy & performance

In 2010, Engro Corporation witnessed the successful completion of the world's largest single train ammonia-urea manufacturing facility.

Engro, despite being in a period of transition, was able to achieve nearly all of its strategic and financial goals. Engro Corporation's consolidated net income for the fiscal year that ended December 31, 2010 was Rs 6.8 billion, which is 19% more than the target set out by the management at the beginning of the year.

The year was a landmark for Engro Fertilizers, which successfully completed the world's largest single-train ammonia urea manufacturing facility, an achievement that represents a \$1.1 billion investment, the single largest private sector investment in the Pakistani industrial sector.

Engro Fertilizers' strategy of capturing a larger share of the fertilizer market in Pakistan has been stymied by the government's restricted gas supplies to several large industries. Nevertheless, Engro Fertilizers will continue, through a more efficient use

of resources, to maximise domestic production while continuing to fulfil the gap between the agricultural sector's demand and the domestic industry's production capacity through the judicious use of fertilizer imports.

Having successfully expanded its domestic line, Engro Fertilizers has been actively pursuing the prospects of generating production capacity abroad. The company has conducted feasibility studies on options in North Africa, given the region's abundant deposits of phosphorous. The business is continuing its due diligence of other possible options as well and will finalize an investment decision after having considered all multiple dimensions.

Engro Powergen achieved its goal of beginning power production at its 220-megawatt power production facility in Qadirpur.



With rising oil prices and depleting gas reserves, the need for cheaper energy resources has become imperative. Engro Powergen has been exploring the possibility of coal-based power that utilises the vast reserves in Thar, in order to maximise the use of domestic resources and reduce the country's dependency on foreign sources of fuel. The business has successfully completed a detailed feasibility study (DFS) that assessed the technical, social and environmental viability of the Thar Coal Mining Project, a joint venture with the Sindh Government.

Engro Foods achieved overall profitability in 2010, ahead of schedule, and continues to expand its cold-chain across the country. The key to success for a food business in Pakistan is to disintermediate the inefficiencies in the country's agrarian supply chain, a task for which Engro Foods has expended considerable time, effort and money, an investment that has now begun to pay dividends.

Engro Foods is now moving to the next stage, by becoming the first Pakistani consumer goods business to move up the global value chain and acquire a foreign brand. With the

successful acquisition of Al Safa Halal, a Canada-based halal meat processing company, Engro Foods is poised to become a significant player in the halal food business.

In keeping with the company's strategy of developing endogenous product capacity in the products it creates, Engro has successfully completed and began operations of its own rice processing facility in Muridke, located at the heart of Punjab's rice-growing region. The project, owned by Engro Foods Supply Chain and operated for Engro Eximp, was completed on time and cost 14% less than what was originally budgeted. With the new plant coming online, the company will have the ability to market its rice product to customers in Europe and the Middle East.

The group's industrial automation business, Avanceon, continued to face tough competitive environment. The company has tried to overcome the challenge of slow growth in the economic sectors it serves by exploring the option of horizontal expansion into outsourcing.

In order to continue financing its rapid expansion across several business lines, the company has been raising

capital in numbers that the ordinary banking sector of the country has, at times, been unable to keep pace with. Rather than accepting exogenous limitations on its growth potential, Engro has crafted its own innovative solution and tapped a hitherto unconventional source of capital: a retail bond - Engro Rupiya - which was launched in late 2010 and was able to raise Rs 4 billion from individual and institutional investors.

The success of the bond offering is a testament to the trust that the public has in Engro's brand and the faith they have in the continued commitment of the company to the pursuit of excellence. That the company was able to complete the offering with minimal assistance of financial intermediaries is a testament to Engro's continued ability to surmount the unique challenges it faces in its macroeconomic environment.



Engro foods is now moving to the next stage by becoming the first Pakistani consumer goods business to acquire a foreign brand.

our corporate objectives for 2011

Engro's objectives for 2011 are a continuation of our overall strategy to grow our business in sectors where we have identified opportunities and needs. This year will also see Engro expanding out of its Pakistani base in a significant way, entering global markets, on the path to geographically diversifying our revenue streams.

Despite a difficult macroeconomic environment, Engro Corporation expects 2011 to be a year of continued growth and expansion. The management expects the group's consolidated revenues and net income to continue to rise for the year ending December 31, 2011.

The success of Engro Rupiya, coupled with the profitability of our core business lines, means that the group can explore the possibility of publicly listing three of its subsidiaries: Engro Fertilizers, Engro Foods and Engro Powergen. Offering three high-performing businesses to the public equity markets will allow investors to participate in the growth opportunities in some of the most exciting segments of Pakistan's economy.

Engro Fertilizers will begin commercial production on its new plant, though it will be unable to function at full capacity due to the government's decision to curtail gas supply to several large industries, owing to a chronic shortage of gas in the country. Engro Fertilizers will continue to explore a strategy to expand its production activities internationally.

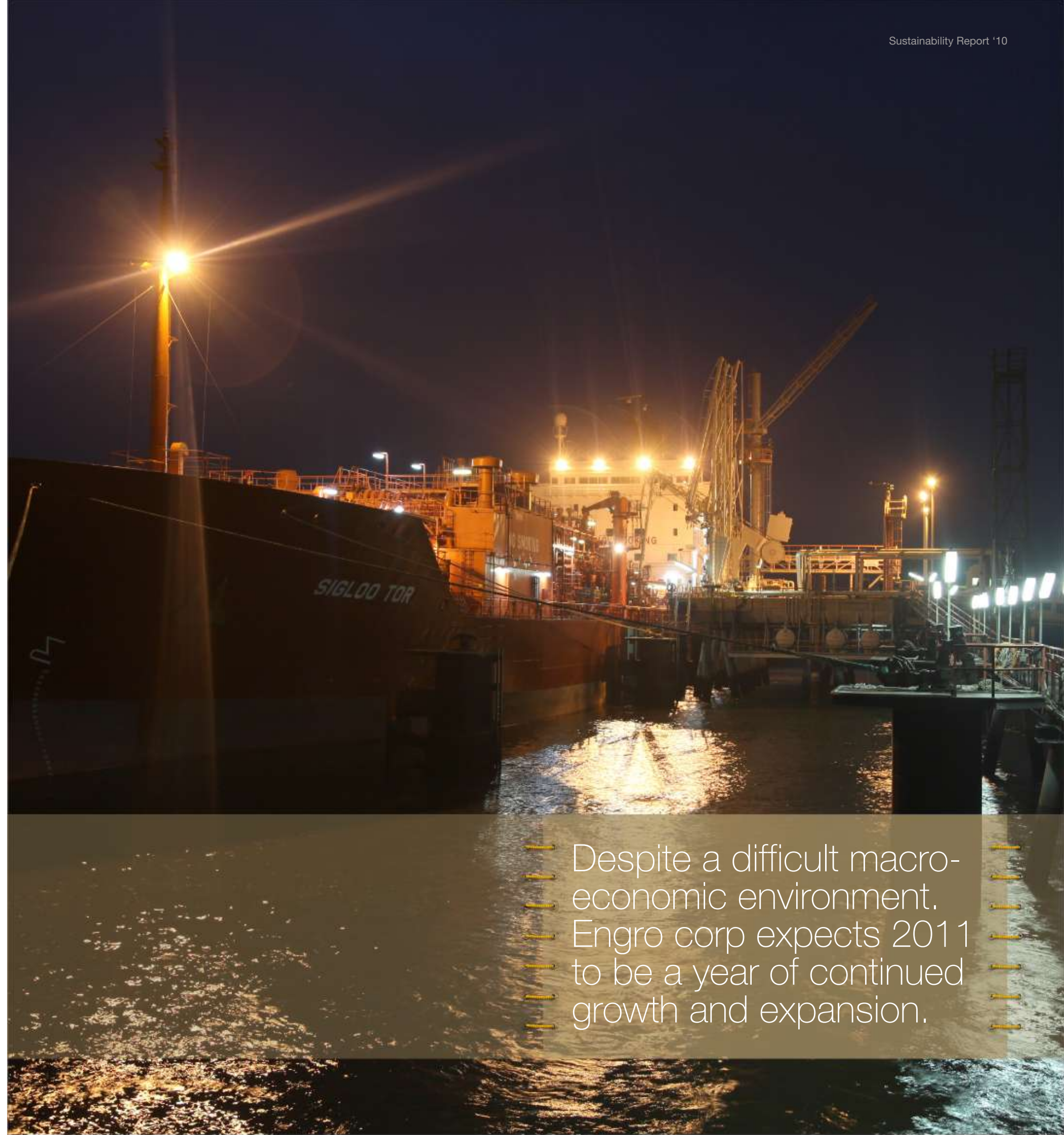
Engro Foods will seek to complete all regulatory approvals in Pakistan as well as Canada to complete the acquisition of Al Safa Halal. The business is in the process of developing a strategy for expanding its operations into North America. Closer to home, Engro Foods will seek to continue its domestic business expansion and continue improvements on its supply chain.

Engro Eximp will expand its rice processing capabilities in addition to exploring the prospects of a value-added rice product, increasing its revenues by moving up the value chain.

Engro Vopak will explore the possibility of setting up an LNG import terminal. The government of Pakistan has recently announced that it plans to create an offshore LNG import terminal in order to mitigate the chronic gas shortage due to the depletion of domestic natural gas reserves. Engro Vopak will liaise with the IFC to bring them on as an equity partner in the venture in addition to completing the legal and financial due diligence.

In 2011, Engro Powergen aims to secure investors for its power projects by the end of the fourth quarter.

Engro Polymer will continue its plan to remove the bottlenecks in its supply chain and production process in addition to expanding its overall production capacity.



Despite a difficult macro-economic environment, Engro corp expects 2011 to be a year of continued growth and expansion.

our governance strategy

As part of the company's commitment to the ethical pursuit of profit, as well as in keeping with Engro's consistent drive towards excellence, the group has sought to institutionalise some of the highest standards of corporate governance in Pakistan, in line with the world's most responsible companies.

Our wise governance strategy relies on creating mechanisms designed to ensure that the firm lives up to its commitments and responsibilities to everyone with whom the firm interacts, whether it be our customers, suppliers, employees, host communities or the government.

When it comes to governance, our first objective is to ensure that we remain compliant with all laws and regulations that govern our activities. All of our governance policies, whether they relate to human resources, the environment, or our financial reporting, first and foremost ensure that they are in line with the law of the land.

Yet, in keeping with Engro's tradition of enabling excellence, the company aims to hold itself to a higher standard than merely what is legally permissible. The firm's policies with respect to

protecting our shareholders go beyond our obligations to the law. Being a publicly listed company, we have a responsibility to ensure that our management and employees are not taking unfair advantage of their position. Engro has instituted strict measures to inhibit and discourage insider trading, monitoring the activity of all concerned employees carefully to ensure compliance with both the law and Engro's own policies.

We also monitor and restrict direct employment in other organisations, to ensure that their commitment to Engro is not compromised. Board approval is required for directorship of companies where there could be a direct conflict of interest. Our employees are required to comply with our policy on receiving gifts to ensure that they cannot fall victim to rent-seeking behaviour from prospective suppliers and contractors.

Yet even as we monitor the behaviour of our employees and suppliers, we also make it a point to ensure that Engro treats them fairly. The company makes it a point to pay its suppliers on time and has a specific policy to ensure that payments are made and

approved without inordinate delays. We believe our commitment to living up to our financial obligations in a timely manner sets us apart from many of our competitors.

Engro is also committed to fairness towards our customers, through a commitment to a competitive marketplace that benefits consumers. In addition to complying with the Competition Act of 2010, the firm has its own, more extensive, Anti-Restrictive Trade Practises, designed to ensure that our employees do not engage in activities that would conflict with Engro's commitment to a free and fair marketplace.

In essence, Engro's governance strategy is designed to ensure that the company lives up to its core values and principles, institutionalising Engro's commitment to enabling excellence in everything we do.



Our governance strategy creates mechanisms designed to ensure that the firm lives upto its comittments and responsibilites.

our governance structure

Engro Corporation's governance approach is two-pronged: we have put in place a system of audits and reporting designed to catch any irregularities in time, while also trying to inculcate a culture of voluntary reporting so that incidences of irregularities are reduced. Engro believes that this continued emphasis on transparency and ethical practices has played a significant role in developing our employees as responsible professionals and citizens for the benefit of Pakistan.

Board of Directors

Engro's institutionalization of our governance policies begins with our board of directors. Engro's Board of Directors includes eight non-executive directors and five executive directors, who share the collective responsibility of ensuring that the affairs of the organization are managed competently and with integrity. The Board has been reconstituted as of April 2009, supplementing the number of non-executive directors. The board is assisted by several committees that are responsible for monitoring and ensuring compliance with all of the countries laws and the companies policies and procedures.

Our board committees are made up of independent, non-executive directors who are supported in their efforts by reporting mechanisms that are designed to ensure that any problems are caught early and dealt with effectively.

Board Audit Committee

The audit committee meets at least once every quarter to review and endorse the company's financial accounts before they are sent to the full board for approval. The CFO is required to attend the meetings upon the invitation of the committee's members and presents the company's accounts. The audit committee is one of the most critical of governing bodies of the corporation, ensuring the adequacy of the financial reporting process, maintaining the integrity of internal audits and control systems, as well monitoring compliance with SECP regulations. In addition, the committee assesses the effectiveness of the risk management strategies of both the holding company as well as all of the group's subsidiaries.

Board Investment Committee

The investment committee at the board of director's level is charged with managing the group's capital and financial resources, as well as reviewing investment decisions, transactions and their performance. While the committee meets at least three times a year, it can meet more frequently as and when the need may arise. The committee also discusses and advises on the company's overall strategy and reports regularly to the full board of directors.

Board Compensation Committee

The compensation committee meets once every quarter to monitor, assess and evaluate the group's policies with regard to human resources, including compensation, organisational development, and employee training.

The BCC is also responsible for the selection of members of each subsidiary board. In addition, the committee is charged with deciding on matters of remuneration for all executives and CEOs.

Executive Committee

The EXCOM is headed by the President and CEO of Engro Corporation and comprises the group's heads of human resources and finance as well as the CEOs of all of the group's subsidiaries. EXCOM serves in an advisory capacity to the President and meets to discuss performance appraisals. As the primary management committee, EXCOM has jurisdiction over a myriad of policy areas, including business development strategies, human resource policies, corporate ethics & compliance, and corporate social responsibility initiatives. There is also an active special sub-committee on health & safety, chaired by the CEO.

COED

COED is responsible for the review of compensation, organization and employee development matters of all people excluding directors and senior executives.

Engro Foundation Trustees

Engro subsidiaries and affiliates pool their resources through Engro Foundation, which was created to ensure maximum effectiveness for the group's social investment activities. The foundation's activities are governed by a board of trustees, which includes the President of the company as its chairman.

Our transparency and ethical practices have played a significant role in developing employees as responsible citizens.

our governance performance

For 2010, the company's primary objective with regard to governance revolved around ensuring that the management teams were effectively distributed and deployed between the holding company and its subsidiaries. This objective was achieved with the successful completion of the transition process.

In addition, the company aimed to continue expanding its whistleblower program, an endeavour in which Engro has had a considerable degree of success.

SpeakOut Policy

When it comes to encouraging high standards, Engro ensures adherence to the codes of ethics and governance laid out in the company's guidelines. There is an active policy that encourages employees to speak out when they see violations of the code of corporate governance or ethics.

Engro is one of the very few companies in Pakistan that has a whistleblower protection policy. It is part of our commitment to our people that we want to create the environment where people do not feel that their job would be at stake if they report negative information.

The whistleblower policy ensures that employees are able to lodge complaints through e-mail as well as through a toll-free telephone number. Each complaint is taken up by the Board Audit Committee and thoroughly investigated.

While Engro is devoted to the idea of achieving excellence in everything it does. To this end, we are making public the data collected by our reporting mechanisms, so that all of our stakeholders can be aware of our efforts and the degree of success we have had in achieving the highest standards of corporate ethics and governance.

The data in the table below has been made available to its stakeholders, in order to ensure a high level of transparency, which we believe will inculcate a culture of responsibility, honesty and ethical behaviour across the entire organisation.

Of these irregularities, thefts are an exogenous factor that depends upon the law and order situation in the country, over which the company has no control. The reports here simply highlight that employees are very diligent in reporting any losses of company property.

The increase in whistleblower-linked investigations is an example of the

The company encourages employees to speak out when they see violations of the code of corporate governance or ethics.

Governance Data (number of incidents)

Irregularities	Irregularities				Total	Whistleblower & Other Investigations
	Fraud	Ethics/legal violations	Theft/loss	Violations of prescribed procedures		
2008	18	10	91	73	192	4
2009	15	45	137	103	300	11
2010	6	68	133	82	289	26

success of the SpeakOut campaign, which created awareness within the firm's employees of a policy meant to protect them and the firm. Of the cases reported, many were found to lack merit.

Audit report results

The core of Engro's governance structure revolves around the thorough and frequent audits of every department, where every financial transaction is scrutinised, and system compliance audits are conducted. Each

department is regularly audited and issued audit reports. Based on the degree of compliance with the company's policies, the departments' reports are rated, with a total of four possible ratings: (in descending order of acceptability) Good, Satisfactory, Management Attention Required (MAR) and Unsatisfactory.

As is evident from the data in the tables below, in 2010 Engro was successfully able to improve its governance to the

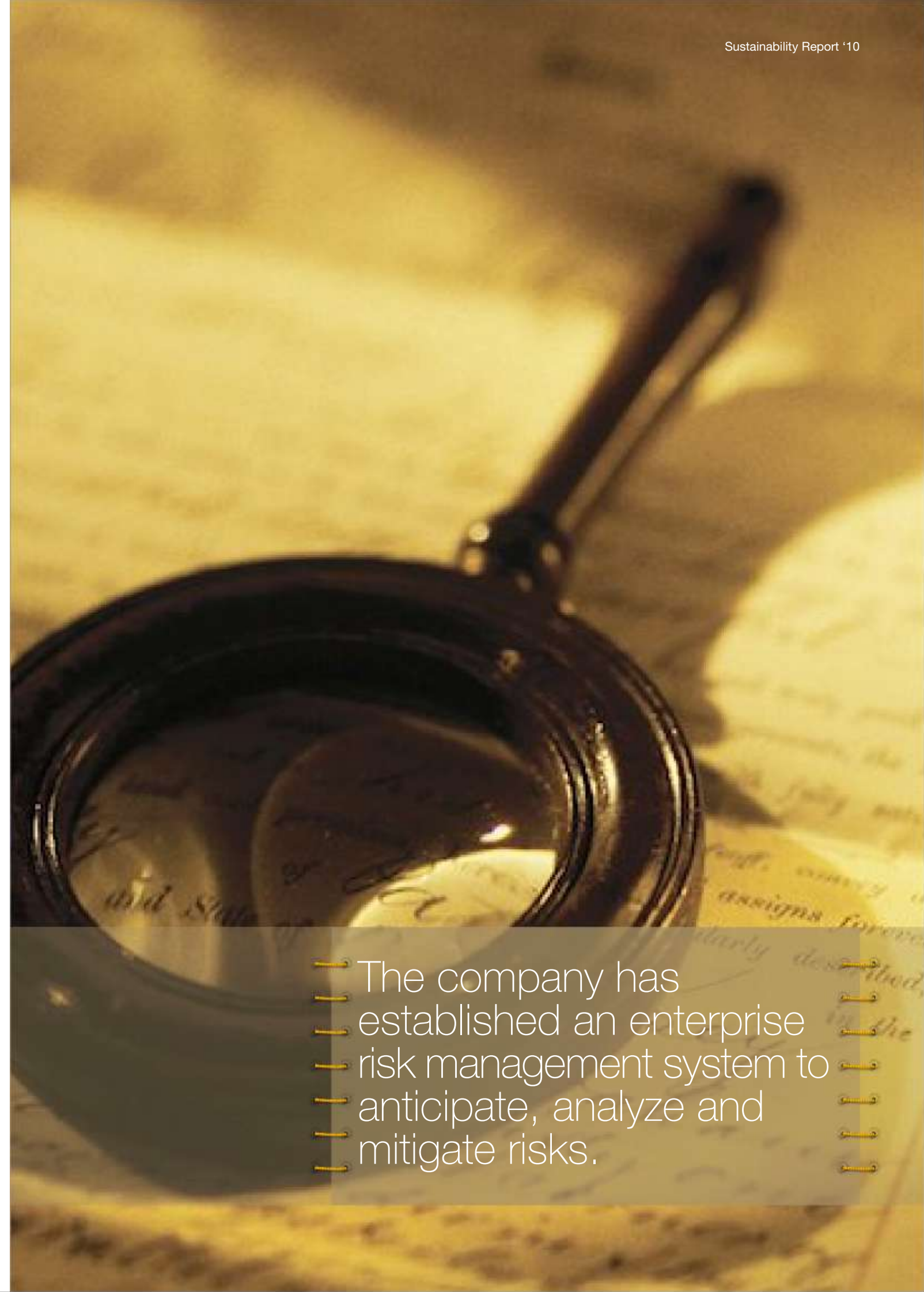
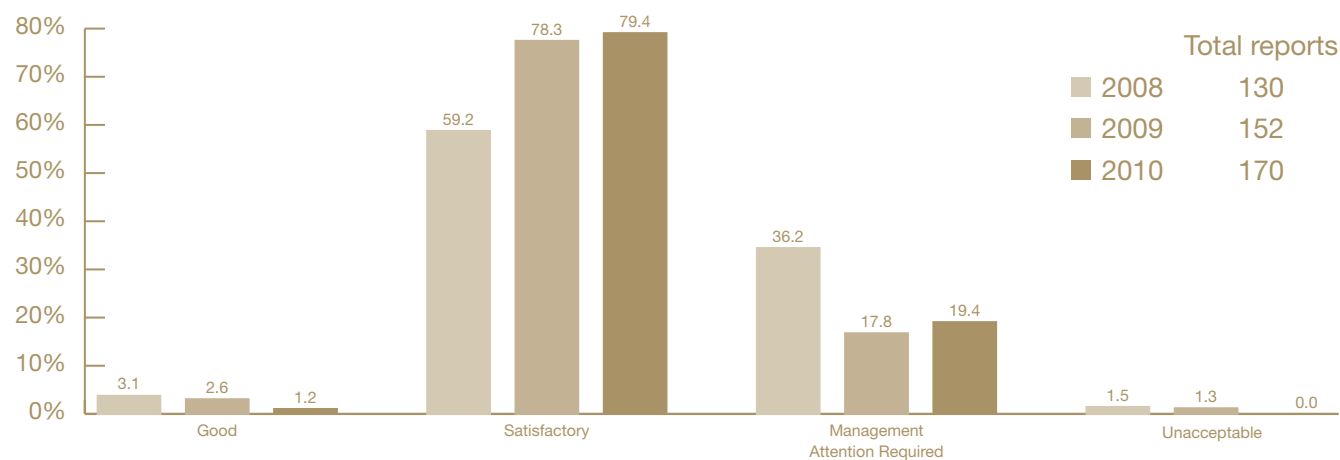
point where none of the company's business lines got an "unacceptable" rating on any of their audit reports, despite the fact that the company kept increasing the number of internal audits that it conducted.

In addition, the company has also been able to significantly reduce the incidence of MAR reports, which suggests that more and more of our businesses are conducting themselves in compliance with the company's policies.

2010 Audit Report Ratings

	Good	Satisfactory	Management Attention Required	Unacceptable
Engro Fertilizers	2	35	6	0
Engro Foods	0	36	6	0
Avanceon	0	19	15	0
Engro Polymer	0	20	6	0
Engro Powergen	0	20	0	0
Engro Eximp	0	5	0	0
Total	2	135	33	0
Percentage	1.2%	79.4%	19.4%	0%

Historical Audit Report Ratings Summary



The company has established an enterprise risk management system to anticipate, analyze and mitigate risks.

our governance objectives for 2011

The core of Engro's governance structure revolves around the thorough and frequent audits of every department.

For the financial year 2011, Engro Corporation has two primary goals with respect to its governance structure.

Engro has established an Enterprise Risk Management (ERM) system throughout the company, its subsidiaries and joint ventures. This system will ensure that the company has an enhanced capacity to anticipate, analyse and mitigate risks. In addition, the company will be better able to control its costs, improve its efficiency and deliver greater value to its shareholders.

The second initiative is to ensure that all departments, subsidiaries and joint ventures attain a level of efficiency in their corporate governance whereby no more than 10% of their audit reports receive an MAR rating or below.

The internal audit department will continue its expansion in order to implement both of these initiatives. The audit committee of the board of directors are cognisant of the need to improve the Governance Risk Control (GRC) function of the company and will take steps to ensure an increased footprint for both the GRC and the internal auditors.



role of engro companies in public policy affairs

Our efforts to give the workplace a more gender-friendly environment has resulted in the 'Protection against Harassment of Women at Workplace' Bill, 2010 that was signed into law this year.

Engro Foods was heavily involved in revision of the Pure Food Laws to bring them up to date with international food laws.

Engro Polymer's Green Pakistan drive has been joined by various government

agencies and NGOs in a bid to be part of a bigger afforestation project. The company plans on planting 100 acres every year with an aim to reach 16,000 hectares to restore forests and assist in the preservation of biodiversity.

Engro Vopak is a member of the Petroleum institute of Pakistan and actively provides inputs for Pakistan Energy Policy. Engro Vopak is also providing inputs to finalize the LNG Policy of Pakistan.



making procurement transparent

Engro companies make certain that their procurement mechanisms are transparent. Milk is collected from farmers and payment is made either directly through cash or as credit to their account. Engro Foods makes such payments to small and big dairy farmers on time and thus building and supporting society through them. The payment system is being automated with a live recording of all the transactions.

Every farmer will have a Smart Card which they can swipe and their daily transactions will be recorded. This Smart Card can even be used for bank transactions. Engro Foods is using United Bank Limited's Omni Services for direct payment to farmers.

Agricultural raw materials are sourced from many thousands of small farmers. For agricultural products, Engro Eximp ensures that paddy is procured through a transparent mechanism, which also allows for a price premium for better quality paddy. For this reason, Engro Eximp has partnered with a leading commercial bank to improve credit availability and provide low interest loans to farmers so as to reduce the stranglehold and dependence that the aarhi (middleman) system has on such farmers through high interest loans. Along with paddy procurement, Engro Eximp also buys unfinished rice from the local market thus giving business to the local farmers as well. The company also gives out professional farm management advice through its qualified representatives.



good agricultural practices (engro eximp)

Engro Eximp in its business practices has ensured seed multiplication and provision of good quality registered seeds for basmati rice to farmers in order to enhance their crop yields and income in the process. It has already grown various varieties of seeds and aims to supply fresh, pure seed to its contract farmers. Engro Eximp started a pilot project of contract farming with fifteen farmers with mostly small land holdings. The company received their paddy in the last few months of 2010. The company plans to procure approximately 300,000 tons of paddy

in its 5th year of operation and will purchase this from 15,000 to 20,000 farmers having land holdings of approximately 10 acres per farmer. The sustainability of this effort will be driven by company's ability to fetch better prices which should be possible based on better quality raw material purchased from the farmers. The company will create a dedicated team comprising of agricultural professionals tasked to work very closely with the farmers to provide help in improving the quality and quantity of their crop.



innovations in dairy farming

Small dairy farmers were not reaping the benefits of their production due to contractor control over pricing, payment and milk quantity made available for sale. Engro Foods developed a milk collection infrastructure which improved payment cycles, guaranteed collections and improved margins directly for the dairy farmers. In less than 3 years, the network has grown to 750 milk collection centres, 1,100 village milk collectors and a wide network of milk tankers that ensures uniform quality of milk supplied to the company.

In addition, the company has developed a team of veterinary doctors and village workers, who have helped 116,000 farmers in aspects such as improved milk yield, awareness on fodder cultivation, balanced feed, and animal health & breeding. The company also focuses on providing opportunities for rural women and a cadre of Lady Live stock Worker (LLWs) has been developed to deliver primary livestock management, production and extension services.



good agricultural practices (engro fertilizers)

For many years now, Engro Fertilizers has been advocating GAP with the aim to have safe and healthy food while making sure that it is environmentally sustainable. Training of farmers through on-the-ground activities as well as literature such as the 'Behtar Zindagi' magazine has resulted in improvements in yield and profitability and prevented the degradation of soil. This in effect has helped them boost their incomes as well as helping the company in achieving targets to sell fertilizers to supply the right nutrients to the soil.

Engro Fertilizers, through its agronomists, promotes the right dosage of zinc (Zingro) and potassium carbonate (Zorawar) by educating farmers on the judicious use of these products.

Farmers are taught through education and awareness how to achieve their target yield through a mix of the right ingredients for the soil and crops. Engro Fertilizers's Zarkhez (NPK) bags contain fertilizer recommendation cards for use to help farmers in giving the correct dosage to ensure optimum yield for different crops.

In 2010, Engro Fertilizers reached out to over 90,000 farmers, providing information on best practices and improving farm yield. Engro's agronomists conducting 64 seminars and 13 workshops, and over 9,000 farm visits in their efforts to create awareness. In 2010, 135 demo plots were developed, and over 8,600 soil samples were taken to provide farmers with detailed advice on crop practices.

People

Our employees are our biggest asset. Their passion and dedication is the driving force behind our success.





our investments in people

Engro Corporation believes that the impact of our actions and our responsibility extends to all those whose lives we touched.

As part of our triple bottom line approach to sustainability, Engro Corporation takes a broader view of who our stakeholders are. While the interests of our shareholders form the basis for our business strategy, we are mindful of the fact that, in today's era, it would be short-sighted of the company to assume that our impact, and therefore our responsibility, ends at our financial investors.

Engro has identified two broad categories of stakeholders: our employees and the communities that host us. We view it as incumbent upon ourselves to keep the interest of these stakeholders in mind in every decision.

In 2010, we created Engro Foundation, a non-profit organisation whose sole raison d'être is to serve as a single platform to unify Engro's civic engagement activities as well as its social investments. Engro subsidiaries and affiliates pool their resources

through the foundation, which in turn can ensure maximum effectiveness for the group's social investment activities.

Yet even as we cater to the needs of our host communities, we remain mindful of our own team members. For any organisation, its most valuable asset is its ability to attract, hire and retain the best people. Engro has a rich history of taking care of its people.

Engro's goal with regard to its position as an employer is not just to remain one of the most sought after employers in the country, but to hold itself to standards that would make it globally competitive in the world-wide market for talent.

our human resource investment strategy

Engro's success can be attributed to one factor above others: we have consistently sought to attract, hire and retain some of the most talented people in Pakistan. Our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence is what drives our success more than anything else.

Engro is in the process of seamlessly integrating the human resources functions of each of our businesses to streamline both our own capabilities in terms of recruiting candidates and our ability to serve our employees. Engro hopes to leverage the strengths of each company in terms of what we offer our team members.

To make Engro the employer of choice for college graduates as well as experienced professionals, the company has made significant investments in a six-pronged strategy.

We aim to enhance governance across the enterprise whilst ensuring that each business has the ability to make its own decisions based on its unique dynamics. We create synergies across the human resource function through the implementation of a standard set of guiding principles, which continue to be reinforced through forums and continuous capability enhancement of human resource teams.

We provide growth opportunities in an effort to enhance our culture. This is achieved through organization

development interventions such as training, the ability to engage in secondments, travel opportunities and support for volunteer and philanthropic work.

We adhere to the strictest principles of merit in recruitment, compensation and promotion decisions to ensure that all of our employees feel that the organisation treats them fairly. We also aim to provide recognition for superior efforts through an awards program and seek to retain the best of our talent by providing them with leadership opportunities. Engro ensures a focus on successive leadership development by managing the careers of high performance employees and giving them additional responsibilities as a build up to leadership positions.

We ensure that our work environment is inclusive and diverse, with the increasing recruitment and retention of women.

We ensure the highest standards of health and safety at our manufacturing facilities, monitoring carefully every potential risk to our operations and our employees so that we can provide a safe working environment to our team members.

We seek to hold ourselves accountable by allowing freedom of association by actively encouraging our employees to unionise and seek the benefits of collective bargaining.



Engro's one firm culture leverages the strengths of each company and helps us to serve our employees better.

our human resource performance

In a year of transition, Engro Corporation set itself tough goals for 2010, realising that if the company was to succeed in its overall corporate strategy, it would need to have a sustainable institutional mechanism to hire and retain people. We are proud to say that the company was successful in achieving nearly all of its goals with respect to its investments in human resources.

HR governance, synergies & integration
With the formation of Engro Corp, the Company's human resource function established and enhanced its governance across the enterprise to enhance the organization's ability to fully utilise the potential of enterprise-wide synergies. This approach ensured that Engro's processes are aligned and the Senior Management and Board are actively engaged in maintaining a sound talent pipeline across the enterprise.

In addition to the governance process, Engro Corp recognizes the value in the uniqueness of each business and provides significant room for each subsidiary to make its own intelligent decisions consistent with its own business dynamics.

In order to have a seamless human resource function across the enterprise, Engro focused on the standardization of talent induction mechanisms, creating a unified Engro employer brand, homogeneity in evaluating employee performance and career management as well as

alignment in compensation strategy, for a satisfactory and efficient human resource performance.

As a part of this process, Engro also initiated HR synergy forums in 2010, designed to promote coordination and collaboration across business lines and ensure that the company is able to deploy its synergies effectively to serve its employees.

Creating an enhanced company culture
Engro has strived to ensure that every employee of our businesses feels that they are part of the wider Engro family. This goal is achieved through a series of orientations, beginning with one on the employee's first day and supplemented by several company-wide orientations at periodic intervals that include addresses by senior executives of the company.

The company has conducted employee engagement surveys, and is planning to conduct one in 2011 to assess our employees' levels of motivation and morale.

The company also pays close attention to employee development through periodic training, which is conducted on a needs analysis following annual appraisals. Trainings are conducted both in-house and through external trainers. Employee synergy and bonding is also developed through a number of out-of-office initiatives spanning across department, business and cross business levels,

The company also has a policy that allows employees who have been at the company for a substantial period of time to take sabbaticals, which allows them to explore different opportunities while retaining their connection to Engro, helping them build a well-rounded, holistic, and sustainable career while ensuring that the company retains its best people on its team.

The company also encourages and supports employees in their volunteer efforts through a company-wide program known as EnVison (Engro Volunteers in Service of the Nation). The initiative is managed by a team of self-appointed council members who select different volunteer opportunities for company employees. This initiative gives employees opportunity to show leadership as well as inculcating a sense of social responsibility throughout the company.

Recognising & rewarding employees
To ensure that our compensation & benefits philosophy are in line with our strategy, we conducted a detailed salary survey in 2010. We have selected as our peer group some of the most prestigious multinational companies in Pakistan as well as the best-regarded local ones, holding ourselves to the same high standards we expect of our employees.

The company also made a major shift in introducing a new retirement policy with shorter vesting conditions, to improve employee attainability of the

— Engro seeks to ensure a fair process towards measuring our employee progress and believes in recognizing their efforts.

benefits whilst ensuring higher financial security for the organization.

We also conduct an annual survey to ensure that our increments are in line with market increases to ensure company compensation is competitive with its peers.

In addition, the company has several types of awards at every level of the company, to ensure that employees get recognition for extraordinary efforts or work that goes beyond the call of duty. This includes performance based awards across departments and divisions, as well as acknowledgment of best safety practices. In short, Engro seeks to ensure a fair process towards measuring our employees' progress and believes in recognising their efforts.

Despite continuing attrition due to the macro economic environment of the country, the success of our strategy is reflected in a consistent decline in our overall attrition over the last few years (see Employee Retention table).

Employer of Choice & encouraging workplace diversity

A conscious effort was made to ensure a single brand image in recruitment, even as the various businesses retained their autonomy. As part of our effort to create the one-company brand, Engro conducts recruitment activities at leading academic institutions in the country as a single company, a process that is due to be accelerated in 2011.

In 2010, Engro 'achieved Employer of Choice' status, with the graph highlighting Engro's rise to become the Most Admired Company.

The company believes in leveraging the diversity of its operations to provide our employees with opportunities to broaden their horizons and serve on secondments at different areas within the company, whether it is a different department or a different subsidiary.

In terms of the company's culture, a particular emphasis has been placed on diversity. The company makes it a point to recruit people from different backgrounds, and has made it a point to increase the number of women in the company.

In 2010, the company introduced flexible hours, a day-care centre, and a spouse employment policy. In doing so, Engro Corporation puts into practise our belief that family is to be treasured and that women should never be forced to choose between work and family commitments.

As part of our commitment to our female employees, in 2010, the company also introduced a non discrimination and anti-sexual harassment policy to ensure that the women at Engro feel safe at work.



We also took step further towards empowering our female employees in 2010 with the launch of "Weave", a network of women working at Engro, which holds quarterly meetings to help coordinate the promotion of female-friendly policies at the company.

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

Freedom of association
The Company is one of the few that permits freedom of association and actively encourages the employees to participate in collective bargaining by forming unions.

Our progressive attitude towards union activity stems from our understanding of the fact that companies best serve their interests by working with unions rather than against them. A healthy relationship with unions can result in a balance of accountability between the management and employees' interests.

Focused leadership development & succession risk mitigation
2010 proved to be a defining year in Engro's History with significant steps taken to understand and improve the focus on talent identification and succession planning.

A new talent management system is in the process of being implemented to ensure a focus on leadership development as well as improvement in the talent identification process.

This was made possible through a cross functional and cross company team of human resource professionals, who used research on local and global best practices to identify and incorporate legacy systems and develop the talent management framework.

Diversity

	2010	2009	2008
Gender Ratio (Men: Women)*	10:0.7	15:1	16:1

Employee Retention

	2010	2009	2008
Attrition (TIII & above)	12.7%	15.0%	16.3%



In terms of the company's culture, a particular emphasis has been placed on diversity.

our health & safety performance

Engro is committed to providing the safest work environment to our employees and contractors, in all aspects of business, and is applying safety practices in alignment with DuPont best standards. The fertilizers business has been the first to take the initiative and has implemented these standards at its manufacturing and marketing functions, with other sites at various levels of implementation. DuPont safety practices are also implemented within our non-manufacturing activities such as safe driving by employees in the field plus safety practices and awareness at the Head Office in Karachi.

We recognise that, without adequate safety measures, both our employees and our operations would be put in severe jeopardy. We hold greatest respect for safety. The firm holds itself to some of the highest standards of safety and has implemented the DuPont best practices system at its manufacturing facilities for fertilisers at Daharki, an effort which is already

beginning to have a positive impact on our safety record.

During 2010, the company continued its endeavor to align HSE management systems and processes to international best practices including Occupational Safety and Health Administration (OSHA) and DuPont Workplace Safety Standards. All HSE systems and processes are regularly assessed and audited internally as well as by third parties.

Every employee involved in plant operations at any of our manufacturing facilities is given an overview of the process and operating procedures, with an emphasis on specific HSE hazards, emergency operations and safe work practices. The Occupational Health program at Engro includes aspects of industrial hygiene and occupational medicine. All employees are also trained and kept up to date on technological changes and safety related aspects of their jobs.

We are proud to achieve a new national safety record of 29.8 million safe man-hours at our urea manufacturing facility in Daharki.

Health & Safety record - by business line

	Man-hours (in millions)	TRIR	Recordable injuries	Fatalities	Lost-work injuries
Fertilizers	25.70	0.30	39	0	1
Polymer	3.70	0.11	2	0	0
Powergen	1.31	0.00	0	0	0
Foods	16.32	0.53	31	1	10
Vopak	0.37	0.00	1	0	0
Avanceon	0.50	0.38	0	0	0
Eximp	0.23	0.00	0	0	0
Total	48.10	0.30	73	1	11

The fertilizer business continued its efforts to record healthy and safety practices at its expansion project which set a national record of completing 29.8 million man hours without a Lost Work Injury (LWI) and a Total Recordable Incident Rate (TRIR) of 0.28.

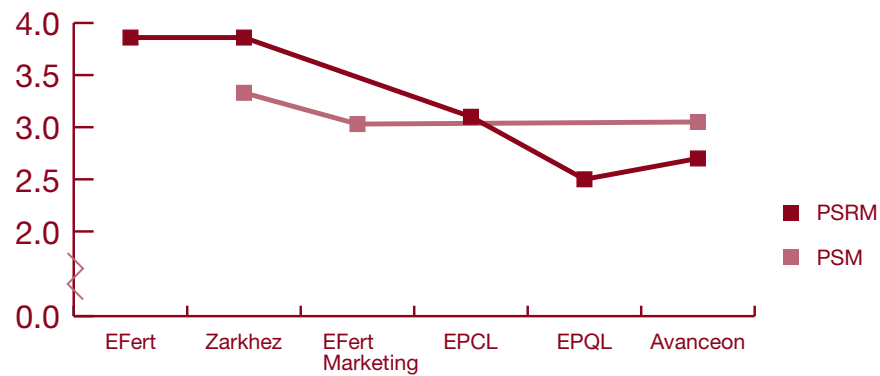
The foods business has the most challenging safety environment and is working towards full implementation of DuPont practices to ensure a safe, healthy and hygienic work environment.

The chemical terminal continued to maintain health, safety and quality standards- per OHSAS 18001, ISO 9001 and 14001 and Vopak Standards Terminal Health Assessment was conducted in 2010 by a team from

Vopak Asia and company achieved highest score of 95% amongst all terminals of Vopak in Asia.

The polymer business had an exceptionally challenging year in 2009 due to fatalities and a high TRIR. However, 2010 was a comeback year with the Company implementing corrective action and achieving one of the best safety records amongst all Engro businesses.

Dupont safety audit rating



- 5 World Class vs. In-kind & Generic operations
- 4 Excellence in all results
- 3 Skills & Systems fully in place and practiced
- 2 Awareness of role, systems and expectations
- 1 Fundamental systems in place
- 0 Basic Instinct – no management focus



our human resource objectives 2011

Engro Corporation's objectives for 2011 focus on furthering our strategy of recruiting and retaining some of the most talented people in Pakistan, furthering our brand as one of the most desirable employers in the country. A significant part of our focus will be to further develop the quality of health and safety mechanisms, to ensure that we continue to improve our exceptional safety record.

In order to ensure that the firm continues to retain its best people and reduces its attrition rate, the company will also conduct a unified engagement survey and craft a proposal on long term incentives. In addition, the survey will also deliver useful data on our employees' priorities, ensuring that the company is able to stay one step ahead in terms of crafting policies that would enhance our ability to retain our talented team members.

Engro plans to roll out a uniform talent management program with Hay to understand potential areas of improvement by studying international best practices, as a step towards upgrading our systems. The company will ensure that our human capital management policies remain consistent across the company, and identifies top talent and leadership potential. An exclusive leadership training program for top talent will also be implemented in 2011,

The company's orientation program will also be revamped to ensure that it covers the changes that have taken place in the organisation.

In 2011, the company will also conduct a survey with Mercer to offer

comparative compensation and benefits packages for its employees.

The company will develop a guideline and policy for the hiring of disabled persons across the corporation.

As a company with industrial subsidiaries, Engro strives to ensure that it holds itself to the highest standards of employee safety. The company plans to continue its implementation of the Dupont Occupation Health and Industrial Hygiene (OHIH) audit and bring the expanded Engro Fertilizers site at Daharki on par with those standards. The firm also plans to conduct an internal audit of 5 elements at Engro Fertilizers, Zarkhez.

Keeping in line with our stellar safety record, Engro plans on maintaining a Total Recordable Injury Rate (TRIR) of 0.30. The company also plans to implement the action plan based on the 2010 Dupont audit of the Engro Fertilizers' Zarkhez plant and continue progress towards achieving a Level 4 on the revised Process Safety Risk Management (PSRM) standards for our facilities at Daharki. Engro also wants to attain a Level 3.0 in terms of its Process Safety Management (PSM) for the Daharki plant and a Dupont Level 3 for its Zarkhez plant.

By holding ourselves to these higher standards, we hope to burnish our credentials as an employer values the safety of its team members. We hope to strengthen our brand as an employer that talented people across the country can look to as the place they want to work for.



We hope to strengthen our brand as an employer that talented people across the country can look to as the place they want to work for.

our social investment strategy

Engro Corporation is committed to the idea that our stakeholders include a much broader category of people than simply our employees and our financial investors. The company is committed to investing in helping address the social needs, firstly of our host communities, but also of the nation as a whole.

As Engro Corporation moved towards consolidating its business under a unified holding company, the group has also decided to move the responsibility to manage our social investments to a single entity: the Engro Foundation, a dedicated non-profit entity. Engro Foundation is creating a 5 year strategy process that the overall direction of the Foundation is set to achieve goals and objectives as set out by its shareholders.

As a demonstration of the degree to which our stakeholders matter to us, the board of trustees for the foundation is headed by the President and CEO of Engro Corporation and includes as its members, the head of HR & PA as well as three of the CEOs of Engro's subsidiaries.

The establishment of the foundation represents a shift in approach for Engro, away from philanthropy towards building more sustained partnerships with our stakeholders through long term social investments. Instead of donations, Engro seeks to build sustained partnerships to help improve the lives of the people who neighbour our facilities.

We believe in giving back to the communities addressing not just their immediate needs but also their long term ability to lead healthy, productive lives. That is why Engro has invested heavily in providing education, technical training, healthcare facilities and even basic infrastructure for our valuable communities.

Our social investments were designed with active community participation. Engro commissioned a Gallup survey of our stakeholder communities to find out what their needs were before we designed our social investment.

We do not just want to help out stakeholders: we want to help them help themselves. Our community participation model is designed to ensure that our host communities feel that they have a stake in the investments we make on their behalf.

To this end, Engro has built sustained partnerships with some of the leading NGOs, international aid agencies and even local governments to support us in our social investment strategies. We are proud to have as our partners the Pakistan Poverty Alleviation Fund, the Sindh Rural Support Organisation, the Citizens Foundation, the Government of the Punjab, hands, NRSP, farmer development organization and the United States Agency for International Development.

As the foundation begins to grow over the years, our goal is to align our social

investment strategy more closely with the Millennium Development Goals of the United Nations. As we continue to delve deeper into our areas of focus, we will attempt to align our social investment projects with the broader global effort to create a more prosperous and environmentally sustainable society.

Engro Foundation is backed by a pledge by Engro Corporation to donate 1% of profit before tax, its net income every year to our social investment efforts.

And even that figure serves as a baseline. Faced with the devastating floods of 2010, Engro did not hesitate to increase the allocation to relief and rebuilding efforts, bringing up our spending to nearly double our initial commitment for the year, demonstrating a degree of responsiveness essential to a vibrant social investment vehicle.

We have decided to move the responsibility to manage our social investments to the Engro Foundation.

our social investment performance

The strength of Engro Foundation has been built into its institutional architecture. The organisation has, in its first year, managed to put in place a separate management team, and stringent reporting and audit mechanisms to ensure the same level of dedication, professionalism and accountability in our social investment efforts as we exhibit in our business lines.

Despite being in its first year of operations, Engro Foundation has already begun to have an impact on the lives of our communities. While much of the year's efforts were dominated by flood relief, the foundation did ensure that it stayed on track with its approach to build longer-term, sustainable relationships with our communities.

The foundation was also successful in being able to lay its own institutional groundwork.

foundation setup and governance

The Engro Foundation Board of Trustees was constituted and formally came into existence in December 1, 2009. That it is made up entirely of the senior-most executives of Engro Corp and subsidiaries, who have agreed to

take on this additional commitment, is a testament to the level of resources Engro is willing to commit to its social investment strategy.

The foundation hired and put in place a dedicated team to focus on managing the company's social responsibility engagements. Some were recruited from within the group while others joined the organisation from outside the Company.

Engro put in place several policies for the foundation, including a five-year plan, human resource policies, reporting formats, structure and responsibilities, in essence ensuring that the organisation itself becomes sustainable before it can manage our sustainability initiatives.

In each of our five focus areas, the foundation was able to get projects off the ground. And while some of them were in response to the floods of 2010, others were part of the long-term strategy that had been initially laid out for the foundation.



Engro foundation has already begun to have an impact on the lives of our stakeholders.

basic services

Engro believes that by investing in the provision of services such as basic healthcare will help our stakeholders lead healthier lives.

Perhaps the single biggest impediment that most of our stakeholders face in leading productive lives is the lack of some of the most basic infrastructure. This is especially true in the small towns and rural areas that many of Engro's businesses operate in and serve. Engro believes that by investing in the provision of services such as basic healthcare and improvements in physical infrastructure. The foundation can help our communities lead healthier, more productive lives.

Our focus on basic services is a reflection of our sustainability strategy that involves long-term engagements. We are not looking for quick solutions, so we take the time to start from the ground up, helping our stakeholders build what is necessary for them to lead healthy and productive lives.

Within basic services, our two primary areas of focus are healthcare and physical infrastructure.





healthcare

Engro also funds specialized healthcare facilities that provide a variety of treatments such as kidney dialysis and malaria control.

As with many of the efforts of Engro Foundation, the genesis of our services in healthcare begin in Daharki, where Engro has been operating the Engro Clinic for decades. The company also supports the Sahara Clinic, which has been one of the leading healthcare providers of the region for many years. Among the unique attributes of the clinic is the Snakebite Treatment Facility, created in direct response to the needs

of our neighbours. The clinic is the only one its kind in the area, providing life saving treatment for snake bite victims.

The Foundation has also partnered with government bodies and NGOs to run clinics providing basic healthcare, including specialised health care facilities for kidney dialysis, malaria control, polio immunisation, eye care, and thalassemia treatments.

Engro's healthcare investments (in numbers)

	2010	2009	2008
Sahara Clinic patients	4091	1054	-
Medical Camp patients	2815	-	-
Snake Bite Treatment	7101	6540	4962
Eye camps	1089	1212	960
Polio Vaccination Campaigns	9	8	7

infrastructure

The foundation is keenly involved in building paved roads and other infrastructure in several villages close to our manufacturing facilities.

Engro has undertaken several investments in improving the quality of the physical infrastructure in our communities around our manufacturing sites. A particular area of focus has been clean water and sanitation services, which far too many Pakistanis lack. Only 40% of Pakistan's population has access to 'improved' water sources and 20% have access to some form of sanitation.

Our investments in healthcare would be meaningless without the infrastructure that our stakeholders would need to

ensure that they can stay healthy, hence the importance of our investments in sanitation and water supplies.

In line with our strategy of ensuring that we invest in the needs of our own neighbours first, the foundation is also involved in building paved roads and other infrastructure in several villages close to our manufacturing facilities in Daharki, Sukkur and Qadirpur. Eleven of these projects were undertaken, in collaboration with our partners, the Pakistan Poverty Alleviation Fund and the Sindh Rural Support Organisation.



Engro's infrastructure investments (in numbers)

Community Infrastructure
(Brick Pavements, Water Courses, Open Drains)

12

School Renovation & Construction

7

Model School Construction

1



education and skill development

The goal is self-evident; without universalizing access to education, Pakistan can never hope to train the next generation of citizens.

primary & secondary education

Engro is committed to improving the quality of education available to Pakistan's children, particularly primary education. Over the years, Engro has developed a strong partnership with organisations such as The Citizens Foundation, sponsoring their efforts to both raise standards and make education more widely available.

With the creation of Engro Foundation, however, the Company is in a position to directly begin to impact the education system. Engro has initiated a Government School Adoption program. With the support of the Sindh education department, Engro currently sponsors 10 schools with a combined enrolment of over 1,600 students in the Daharki and Qadirpur regions.

Engro is helping to spread the enlightenment of education to areas hitherto completely un-served by even

the most rudimentary of schools. In the Katcha region, Engro supports 11 schools with a combined enrolment of 1,250 students. Each one of those children receives a decent education at absolutely no cost to their families.

No school, however, will amount to much without qualified teachers. To this end, Engro has sponsored a Training and Resource Centre (TARC) for teachers working at schools supported by our partner NGOs.

All told, Engro spent Rs 15.9 million on its efforts in education in the financial year 2010. At a total of 24 schools, Engro sponsors the education of 3,173 bright young minds who we hope will grow up to become the next generation of enlightened Pakistani leaders.

Education

	2010	2009	2008
Total number of Schools	25	25	22
Number of Students	3213	3140	4079
Number of teachers	85	85	85



Engro is committed to improving the quality of education available to Pakistan's children, particularly primary education.

technical and vocational training

To improve the productivity of the labour force, however, primary and secondary education is often not enough. This is why the company has actively invested in skill development. By creating access to vocational training programs, we help our stakeholders increase their skill levels, command higher wages and thereby raise their own standard of living.

Engro's historical commitment to Daharki is reflected in the fact that one of our first efforts towards skill development was the creation of a vocational training program in the area, which trains young people in a variety of skills and improves their employability. The program has an exceptional record of job placement. In 2010, nearly all of its graduates were able to secure jobs, including many who were employed by the engineering firm Descon and even some who were able to secure employment overseas in the Middle East.

This effort has now been taken one step forward, with the establishment of the Technical Training College (TTC), a diploma awarding institution in Daharki. The TTC will be a nationally and internationally accredited institution that will offer 3-year diplomas to youth in chemical and mechanical skills.

The Pakistan Chemical & Energy Sector Skills Development Company (PCESSDC) has taken the lead in developing the TTC, and has partnered with organizations such as Engro Foundation, Pakistan Industrial Development Corporation (PIDC) and energy sector firms like Mari Gas, ENI Saipem and Descon to make the institution sustainable in the long run.

No nation can hope to progress while half of its population remains economically idle. Recognising the contribution of women to society, Engro has created initiatives for the skill development of women as well.

In 2003, Engro helped establish the Sahara Arts & Crafts Centre, with the goal of training women in a variety of skills that would enable them to create products that they can sell, generating income and enhancing their ability to support their families.

By vocational training, we hope to help stakeholders, increase skill levels, command higher wages and raise the standard of living.

livelihoods

With our efforts in education and skill development, we are investing directly into the income-generating capacity of our stakeholders.

As a natural complement to our efforts in education and skill development, Engro Foundation is committed to making investments directly into the income-generating capacity of our valuable communities.

Khushaal Livestock Project

During the floods, there were many news reports of villagers who risked their lives to rescue their livestock. These stories may have seemed perplexing to urban dwellers but make sense when considering the fact that cattle form a vital source of income for most rural households.

Given the importance of livestock, Engro Foundation is collaborating with the United States Agency for International Development (USAID) and has started a program called the "Khushaal Livestock Project" and is designed to help restore the productivity of farm animals to pre-flood levels.

The project is being run in technical collaboration with Engro Foods, who

have the expertise and business knowledge given its direct relationships with dairy farmers across the country. This is yet in another example of how Engro leverages its commercial capabilities to enhance the efficacy and efficiency of its social investments.

A total of Rs 77.4 million has been allocated for the project, which aims to help 15,000 households and help over 100,000 animals over a six month period ending in May 2011. The initiative will provide health and nutritional supplements such as mineral mixtures, multi-cut grass seeds (jowar), oat seeds, as well as fertilizers and vaccinations for foot and mouth disease (FMD).

We hope that the success of this project will result in the signing of another project funded by USAID spanning over three years to build capacity in livestock and to develop a linkage of communities with dairy markets.

Khushaal Project Initiatives

Households

18,699

Animal vaccinations

95,386 animals

Mineral mixtures

12,482 households

Oat-seed and DAP fertilizer

4,103 households



natural and manmade disasters

Engro's flood relief efforts

By the numbers

Meals

2,547,361

Liquid Milk (Litres Equivalent)

418,556

Livestock Healthcare

101,847

Water (Litres)

16,300*

Patients Treated

4,829

Hygiene Kits

4,192

Medical Aid

4,106

Shelter Tents

3,850

Community Latrines

47

Engro Corporation, its employees and their families played an admirable role in responding to one of the biggest disasters in the world.

In the summer of 2010, the country experienced the worst floods in over 70 years, killing thousands of people and devastating millions of livelihoods. An estimated 20 million people were impacted by the flood.

Pakistan Poverty Alleviation Fund (PPAF), the Sindh Rural Support Organisation (SSRO), the Farmers Development Organisation (FDO) and HANDS, Dist. government Ghotki, NRSP and NCHD.

Engro Corporation, its employees and their families played an admirable role in responding to one of the biggest humanitarian disasters in the world. Our relief effort was focused on, but not limited to, the communities that host our manufacturing facilities.

Several of Engro's subsidiary companies initiated their own efforts to help the victims of the natural disaster. Engro Foods collected Rs 7.5 million in donations for the relief effort. Engro Polymers provided medical assistance to those who needed it and provided sodium hypochlorite as a water purifier.

Engro Foundation took the lead in initiating the relief work in Ghotki, Sukkur, Dadu, Jacobabad, Thatta (Sindh), Muzaffargarh, DG Khan, Rajanpur, Layyah (Punjab area). Several of our employees spent days delivering food and essential supplies. Among the items our teams delivered were hand pumps, hygiene kits, tents and latrines.

Using the 100 tonnes of sodium hypochlorite that Engro Polymers donated, UNICEF was able to provide up to 350 million gallons of safe drinking water to flood victims in Khyber-Pakhtunkhwa. Engro Polymer also provided storage tanks with a total capacity of 3,000 gallons of water. The Pakistan Army helped in the distribution of this aid.

We partnered with organisations including the Pakistan Army, the

model village program

The village will provide vocational and technical training, nutritional balance, micro enterprise & dairy hub development and multiple skills to enhance income.

Engro Foundation is setting up a model village in UC Rakh Eshanpur Tehsil Kot Addu (district Muzaffargarh), the single largest social investment in the company's history.

Some of the core features of the village will be located in a manner that ensure the availability of benefits to the surrounding villages as well as to the model village itself. The UN Millennium Village Project goals - a subset of the MDGs - have been incorporated into the design of the model village.

The village, with 166 homes, is designed to provide adequate shelter, in addition to a local school and basic health facilities. The model village will also incorporate an improved civil

infrastructure in the form of roads and sanitation, as well as having off-grid energy resources through solar power, providing electricity to all homes and street lights.

Engro Foundation is also working on a project that will enable homes within the model village to harvest grey water for purification and recycling.

The village will particularly focus on providing vocational and technical training to farmers so that they can improve the quality and quantity of the milk from their livestock.

In addition, a dairy hub will be created in the village to develop livestock and dairy farming.





building partnerships

Engro leverages the best resources that are available, including creating strategic alliances with organisations that can help us achieve our social investment goals.

In order to build long-term partnerships with our stakeholders, Engro needs to be able to leverage the best resources that are available, including creating strategic alliances with organisations that can help us achieve our social investment goals.

The foundation recently signed a Rs 350 million memorandum of understanding with the Pakistan Poverty Alleviation Fund for community development activities in Daharki, Sukkur, Sahiwal and Muridke. We concluded another Rs 200 million agreement with the PPAF to collaborate on flood relief and rehabilitation activities.

Engro has also signed a Rs 77.4 million agreement with the United States Agency for International Development (USAID) to enlist their assistance in the livestock rehabilitation program.

The organisation has also been involved in several infrastructure development projects in collaboration with the Sindh Rural Support Organisation.

Each of these organisations brings to the table a degree of expertise or other resources that the Engro Foundation is able to utilise towards efficiently realising its social investment objectives.

our sustainability objectives for 2011

As the country continues to recover from the devastating impact of the 2010 floods, Engro will continue to be there for the stakeholders, helping them rebuild their lives through tragedy and celebrating with them their triumphs over the challenges they face.

We plan to continue to utilise our considerable resources for the good of the communities that host us. For the upcoming year, Engro Corporation plans to build on the successful groundwork laid by the Foundation this year and keep expanding our social investments.

As our manufacturing footprint continues to expand, we continue to add new stakeholders in the communities we become part of. Bearing this in mind, the company also plans to adopt government schools in Muridke and Sahiwal.

Engro Foundation plans to complete the model village in Ehsanpur, including the construction of 166 houses with basic amenities, as well as a dairy hub. The village intends to nurture skills and non formal education, as well as enabling flood affected students to join mainstream education through a speed learning process. The village's power needs will also be self sustaining with the incorporation of solar energy.

In addition, we plan to complete the Technical Training Centre in Daharki and commence classes by September. Engro also plans to repair or reconstruct 11 schools damaged

or destroyed by the floods in the Katcha area.

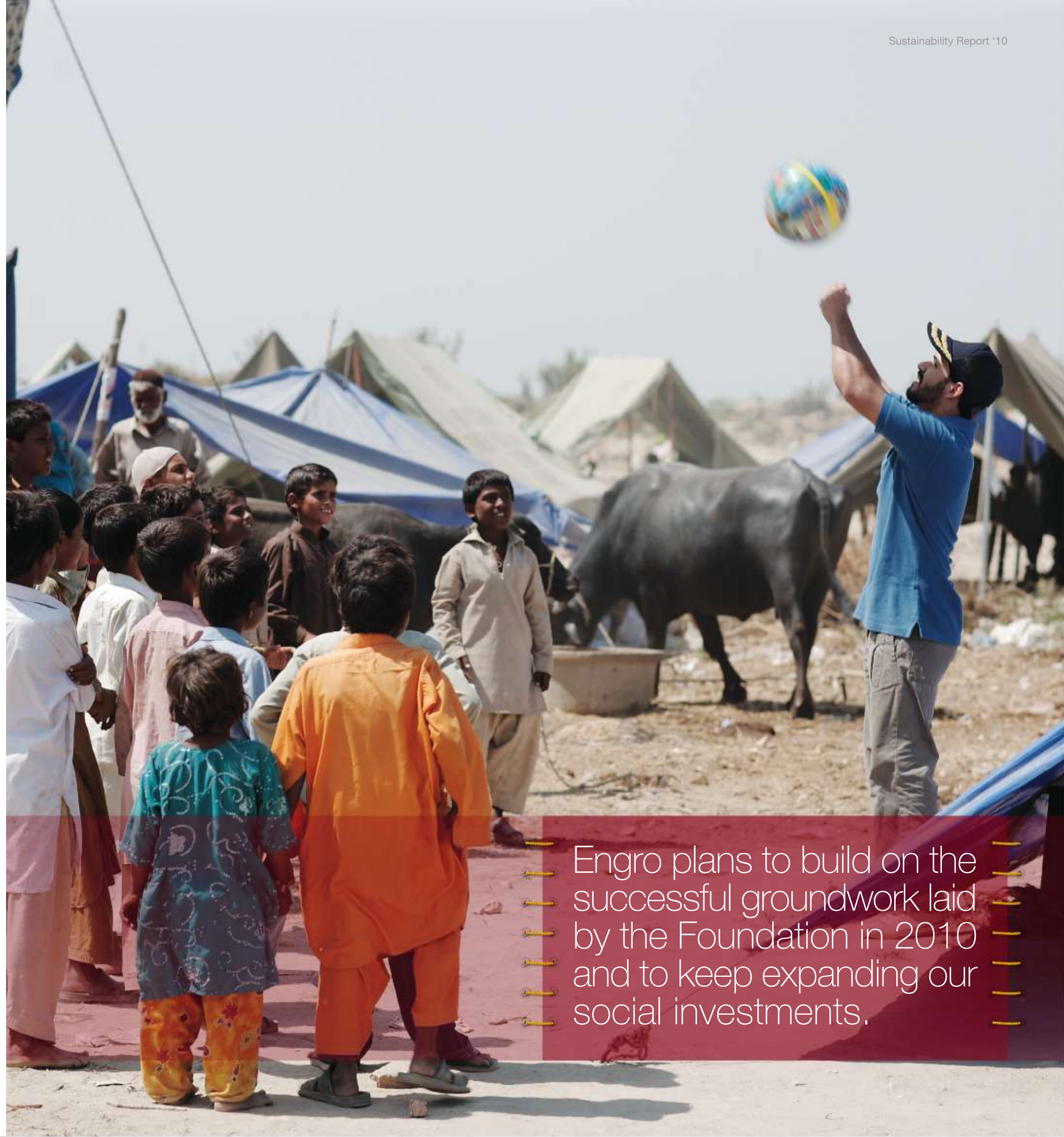
Engro plans to continue the Khushaal Livestock program in Dadu and Larkana in collaboration with USAID. We hope to benefit approximately 15,000 households and 120,000 animals this year.

Engro Foundation is also working on a five year plan for villages based on the millennium development parameters adding basic necessities such as health and livelihoods.

We also plan to continue to invest in the infrastructure and health of our host communities and also plan to develop a corporate social responsibility framework for Thar Block II before we even begin our coal-mining project.

In short, Engro has built the foundation for a long-term, successful and sustainable partnership with our stakeholders. We keep their needs in mind not just when making decisions about our social investments, but also when we make our business decisions. For in the end, we realise that no company can truly succeed unless it keeps the interests of all its stakeholders and shareholders because they are the driving force of its strategy.

USD 1.6 mn project with USAID for womens empowerment through livestock development in South Punjab in eight districts. This will be a thirty months project.



Engro plans to build on the successful groundwork laid by the Foundation in 2010 and to keep expanding our social investments.



engro excellence awards

Engro Corp hosted its first Engro Excellence Awards in January 2011. The Engro Excellence Awards aim at giving Pakistan a platform to present itself as a talented and knowledgeable nation to the world.

The First Engro Excellence Awards recognized contributions of three worthy recipients, from the fields of Social & Humanitarian Services, Literature and Physical & Applied Sciences. Nominees were selected by a jury of five of Pakistan's most esteemed and respected personalities, considered as symbols of excellence and beacons of hope in their relevant fields. Dr. Ishrat Hussain was the Chairman of the jury,

assisted by Dr. Iqbal Chowdhry, Dr. Nafis Sadik, Prof. Anita Ghulam Ali and Mr. Iftikhar Arif.

Winners were awarded on the basis of nominations from educated civilians across Pakistan. The winners were Abdul Sattar Edhi for Social & Humanitarian Services, Mushtaq Ahmed Yusufi for Literature and Dr. Atta ur Rehman for Physical & Applied Sciences. Each winner received PKR 5 million in recognition of their contributions towards their respective fields. The Engro Excellence Awards will be an annual event, awarding a host of prestigious civilians across Pakistan.



beyond the call of duty

Muddassir Chaudhry had relocated to Multan only a few days before the floods hit. Yet despite not having even fully adjusted to his job as Zonal Manager for Engro Fertilizers, Muddassir knew he had to help. He took charge of Engro's relief efforts in the region and immediately decided to focus on Muzaffargarh and Layyah, two of the worst hit areas.

The disaster had been particularly brutal to Muzaffargarh. Hundreds of villages were completely flattened and more than 700,000 people were displaced. Over 63% of the people in the area had no food reserves, and the rest had less than three days supplies. The challenge was daunting, but Muddassir was ready.

He was aided in his heroic efforts by two gentlemen from the sales and marketing department, Haseeb Durrani and Abid Ziauddin. Haseeb was

shrewd enough to realise that the network of Engro dealers, based on relationships that spanned several decades, would now come in handy as a source of both information as well as logistical support. Using this intelligence, Muddassir and his teammates were able to figure out exactly which areas needed assistance and were able to deliver the supplies to dealers, many of whom had initiated their own relief efforts.

Muddassir also took the initiative of calling the Pakistan Army and coordinating a plan to deliver dry rations to 2,000 families in Muzaffargarh and Layyah.

But perhaps the most selfless of Muddassir's efforts was the fact that he made sure to keep visiting refugee camps regularly to ensure that the flood victims had enough to eat for Eid.



flood relief efforts

Engro Foods has collected more than Rs 7.5 million through volunteers for flood relief (donations from business partners and individuals).

This year, Avanceon's CSR team with other Avanceon employees invested their time to help affectees of Muzaffargarh. Donations totaling Rs were also gathered for flood relief activities.

Engro Polymer carried out various flood relief activities. Apart from medical relief, Engro Polymer initiated two crucial projects pertaining to maternal health issues and using sodium hypochlorite as a disinfectant to provide purified drinking water to the flood victims. For maternal health, Engro Polymer targeted districts in Interior Swat and in the province of Khyber Pakhtunkhwa, which

were especially hard to reach due to security issues as well as destruction caused by the floods. 65% of the women in this region were found to be anaemic. Women in these areas have also been through tremendous stress and trauma and are more susceptible to depression, hypertension and other illnesses. Iron therapy was provided to 700 women in the form of injections and oral supplements. To provide purified drinking water, Engro Polymer donated 100 tonnes of sodium hypochlorite to UNICEF to treat upto 350 million gallons of contaminated water in Khyber Pakhtunkhwa. Engro Polymer also provided storage tanks with the capacity of 3000 gallons of drinking water in the regions. The Pakistan Army and Engro Polymer worked hand in hand to make this effort a tremendous success.



USAID

امريڪي سرڪار جي طرفان



engro foundation



KHUSHAAL LIVESTOCK PROJECT

(پروژه خوشحالی جانور)

پروژه ستايل جانورن جي خوشحالي ۽ اوسر جو پرورجيه

Enter



livestock relief efforts

Ramzan Buriro, National Agri-services Manager, Engro Foods, is one of these few individuals. With over 200,000 livestock already documented as being lost and the final toll estimated to be in the millions, Ramzan Buriro and his team have made a tireless commitment to "serve the deserving and their animals" in the devastated dairy hubs of Pakistan. Eye witnesses have seen the team literally wade through muddy water, trek over rough terrain, and ride donkey carts to reach 45,000 animals and over 5,000 households in just a matter of weeks. Their objective is to increase the health and productivity of existing livestock in order to mitigate the loss to producers, consumers and most importantly, to the affected people themselves.

Ramzan's technical knowledge has allowed him to choose the most appropriate focus areas which include, endo & ecto parasites, foot rot & wounds, anti inflammatory, mastitis, fever, FMD cases, drenching pneumonia and fever, and vitamins as nutritional supplements. The plan now is to reach 100,000 animals to complete the relief phase and then move on to rehabilitation, which will be an even greater challenge. Our appreciation, thoughts and prayers are with Ramzan Buriro and his team, who have gone beyond the call of duty to assist animals - a key asset to the common people affected by the floods.

Planet

Being a socially responsible company, Engro has a continuous focus on the environment it operates in.

our investments in the environment

Our commitment to the environment is yet another illustration of how we actively seek to align our interests with those of the nation as a whole.

While a successful corporation must take care of its shareholders and broader stakeholder community, it cannot do so without being acutely aware of its impact on the very planet we all live on. Engro Corporation has actively incorporated a keen awareness of our responsibility to the environment into everything we do.

According to the Intergovernmental Panel on Climate Change, Pakistan is set to become one of the most affected countries by the global shifts in climate. Taking care of our environment for a Pakistani corporation,

therefore, is not just a question of being more socially responsible, it also makes good business sense to address one of the most serious risks to our commercial operations.

Our commitment to the environment is yet another illustration of how Engro Corporation actively seeks to align its interests with those of the nation as a whole. By reducing our carbon footprint, our energy consumption and our use of natural resources, we are helping preserve the planet for future generations.

our environmental investment strategy

As one of the largest industrial conglomerates in the country, Engro Corporation's environmental footprint is highly complex, and therefore requires a multifaceted strategy to confront the challenge of an environmentally sustainable business model.

The group, however, has instituted some of the most progressive policies with respect to climate change, both amongst our local peers and even when compared to other peer companies. We view the measures we take to help become a more eco-friendly company as an investment in the planet we live on.

Engro has adopted a four-pronged strategy with respect to managing our investments in the environment. Firstly, the company actively monitors its greenhouse gas emissions as well as other excursions into the atmosphere and has enacted several measures to reduce our carbon footprint.

Secondly, the company ensures that it is maximising the efficiency of its resource utilisation of everything from water to energy to raw materials to minimise the wastage from our manufacturing processes, making our facilities greener, more planet-friendly.

Thirdly, as with so many other aspects of Engro's business, the company holds itself to some of the highest global standards by pursuing internationally recognised certifications. Our facilities are frequently audited by third parties to ensure that we are holding ourselves to the standards we have committed ourselves to.

The company is also actively engaged in inculcating a culture of environmental responsibility amongst our employees, by launching campaigns to conserve energy and save paper. We seek to ensure that our employees become environmentally conscious citizens who can help spread awareness about the need for action against global climate change.

And lastly, the company ensures that it designs its products to ensure that their end-use has a minimal impact on the planet, helping to make even our customers lives and livelihoods more environmentally sustainable.



Engro's environmental footprint is highly complex and requires multifaceted strategy to ensure sustainability.

climate change commitments

As one of the largest manufacturing companies in Pakistan, Engro's greenhouse gas emissions, as well as its carbon footprint, are one of the biggest challenges we face when trying to invest in environmental sustainability.

Engro Corporation has been able to successfully implement several policies that would reduce the company's carbon footprint and greenhouse gas emissions, thereby helping to slow the pace of climate change.

Engro Enven, the newest manufacturing facility at Engro Fertilizers, has installed carbon dioxide absorbers, which capture and retain approximately 300 tonnes of CO2 per day. Engro has found a way to simultaneously reduce its environmental impact while also reducing its feedstock consumption, combining our investments in environmental and financial sustainability.

Yet perhaps the single best example of how Engro combines business strategy with environmental sustainability is Engro Powergen's plant at Qadirpur, which uses as its fuel permeate waste gas to generate 220 megawatts of electricity at the lowest cost in the entire country.

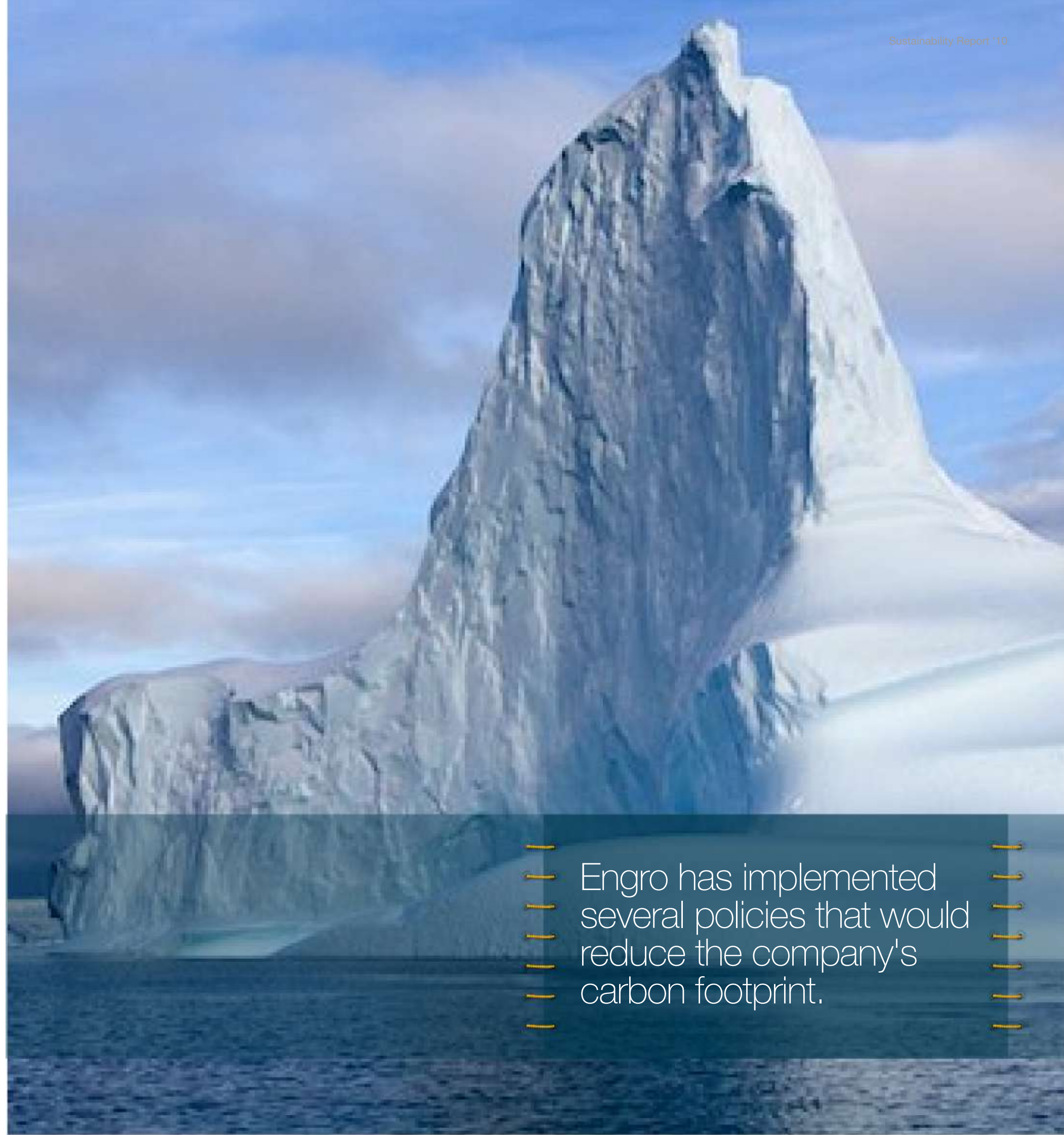
While the company's greenhouse gas emissions have increased substantially, this is largely due to the fact that the company has substantially added new capacity to its manufacturing facilities.

However, even so, the rise in our greenhouse gas emissions has been slower than the rise in our revenues. Since 2008, revenues have risen by 95.2% whereas carbon dioxide emissions have risen by a slower 89.9%.

Engro has also undertaken several initiatives in 2010 to reduce the carbon emissions of its vehicles. Employees are encouraged to use bicycles or other alternative modes of transportation within our manufacturing facilities, whenever feasible. In addition, each vehicle is checked sent in twice to ensure its compliance with environmental policy.

Carbon Footprint Data

	Greenhouse gas emissions (in tonnes of CO2)
2008	865,937
2009	955,223
2010	1,644,577



Engro has implemented several policies that would reduce the company's carbon footprint.

efficient resource utilisation

Engro's vision of environmental responsibility stretches to beyond greenhouse gases and also encompasses our use of nearly every type of resource that goes into the process of manufacturing our products.

Our commitment to efficient resource utilisation is perhaps where our holistic approach towards strategy, and our triple bottom line approach, best shines through: not only does efficiency make our industrial units more planet-friendly, but they also help reduce our costs, thus improving our profitability.

Plant efficiency

Engro Fertilizer's Enven plant is the most efficient plant in Pakistan, with the lowest energy and gas feedstock usage per tonne of urea produced. As a result of the induction of Enven, gas usage has gone down from 40 million British thermal units (mmBTU) per tonne of urea to 27 mmBTU per tonne.

This efficiency has significant consequences. At a time when Pakistan faces a dire shortage of natural gas, Engro is not only reducing its gas consumption but doing so while increasing the production of urea, another product that the country badly needs. In short, through the judicious use of efficiency-enhancing technologies, Engro is expanding Pakistan's production possibility frontier.

In 2010, Engro also initiated a project to increase the use of electronic communications at our headquarters, with the goal of reducing our paper

consumption. We were highly successful in our goal, with a 24% reduction in paper usage. In addition, at least 25% of the paper utilised in our offices is recycled. Taken together, these two initiatives will ensure that Engro contributes to a mitigating the pace of deforestation in Pakistan.

Water consumption

In a country where potable water is an increasingly scarce commodity, Engro Corporation is doing its utmost to ensure that its usage of water remains as efficient as possible. We are committed to improving water-use efficiency not just within our own plants, but also at the facilities of Avanceon's automation clients.

Our manufacturing facilities at Daharki have installed a new reverse osmosis plant that reduces the flow of unsafe effluents from our plant by up to 150 gallons per minutes. The water is then recycled since it complies with national regulatory standards on waste water. In addition, the residential colony is experimenting with efficient toilets to reduce the consumption of water (over 33% of all domestic water consumption is used up by toilets).

Yet Engro is also a pioneer in offering innovative solutions to our clients for cutting down on water consumption and the energy usage of water and steam systems. For example, Avanceon has created two products: iWater and iBoiler, both of which are designed to save the use of water as well as energy in water and steam

Efficient resource utilisation make our industrial units more planet-friendly, help reduce costs and improve our profitability.

systems. Engro has installed 11 of these at client sites as well as our own manufacturing facilities in 2010.

Engro Foods has installed wastewater treatment facilities at its sites in Sukkur and Sahiwal to ensure that any water that is discharged from the facility is safe and does not pollute the region's water table. Engro Vopak was successfully declared in 2010 to be a no-effluent site, meaning that all of the facility's wastewater was successfully treated to ensure that it does not damage the surrounding environment. The facility has also planted mangroves and trees to protect the shoreline against erosion.

Energy consumption
As an example of how efficiency translates into savings, Engro Vopak initiated 15 projects that were designed to reduce its energy consumption and reduce the business' carbon footprint.

Engro Vopak also utilises ambient heat energy for its ethylene vaporisers which has resulted in the potential savings of \$1.4 million in energy costs as well as 4.3 tonnes of CO2 emissions per year.

Our innovations in energy have not just helped save money and reduce greenhouse gas emissions at Engro, but for our clients as well. Avanceon's iWater and iBoiler products help save our clients energy and have been responsible for reducing CO2 emissions by 13,000 tonnes a year.

Waste generation data

	Solid waste generation (in tonnes)	Product packaging waste (in tonnes)
2008	254	58
2009	382	102
2010	20,646	1,213

Energy consumption data

	Energy consumption: feed or fuel (000s standard cubic feet)	Electricity consumption (kilowatt hours)
2008	37,212,140	17,727,227
2009	38,991,604	34,097,192
2010	42,413,196	44,522,894

Water consumption and waste treatment data

	Water use (m3 per hour)	Effluent water discharge (in m3 per hour)	Wastewater excursions (number of times exceeded)
2008	2,932	718	2
2009	3,432	769	3
2010	3,776	1,269	10

NEQS

Name	Fertilizers	Foods	EPCL	Powergen	EVTL	NEQS
NH3	10				16	40
SO4	990				35	600
COD	36	168	120			150
BOD	12	129	80		40.2	80
PH	8	8.3	68-8.3		8.5	6-9
OIL	0.9		8	8.4	4.8	10
ZN	0.3			1	0.2	5
CL	244					1000
TDS	1,564	1,126	2,200			3,500
SS	46		130			200

* Reporting as per industry standards



Our innovations in energy have helped save money and reduce greenhouse gas emissions at Engro and also for our clients.

standards and certifications

With commitment to highest global standards, we have some of the most stringent international certifications with respect to the environment.

As part of Engro Corporation's commitment to holding itself to the highest global standards, the company has gone beyond just complying with national laws and pursued, attained and maintained some of the most stringent international certifications with respects to the environment.

The company is compliant with Pakistan's National Environmental Quality Standards (NEQS) and seeks to ensure that it follows, in letter and spirit, all regulations laid out by the provincial Environmental Protection Agencies in the areas that it serves.

Engro Polymers are now compliant with ISO 14001: 2004 standards and has implemented a comprehensive environmental management system, which is regularly audited by third parties.

Engro Powegen's Qadirpur plant is compliant with the IFC's environmental, health and safety (EHS) standards as part of the agreement with the World Bank subsidiary for its investment in the plant. The standards also include requirements for reduction in noise pollution, a condition that Engro has been able to meet successfully.

Engro Foods is in the process of getting all of its facilities certified for ISO standards. Six Environmental Impact Assessments and Initial Environmental Examinations (EIA and IEE) studies were also conducted at the Engro Foods plant sites and no objections were raised.



product stewardship

We ensure our products minimise potential adverse impact on the environment even when they have left our facilities and are in the hands of our customers.

Engro Corporation is committed to ensuring not only that the firm reduces its own environmental footprint, but that of its customers as well. To this end, the company has expended considerable energy and research in producing innovative solutions that ensure that our products minimise any potential adverse impact on the environment even when they have left our facilities and are in the hands of our customers.

Engro Fertilizers, for instance, has developed a new packaging for its products that uses less material while holding the same amount of fertiliser

with the requisite tensile strength. The reduction in one inch off our bags has resulted in significant savings in the use of polypropylene, which in turn has reduced the environmental footprint of our company and our customers.

Engro Foods is working with Tetra Pak to ensure that it is using recycled packaging by stripping one of the inner layers of the boxes for our dairy products. This helps ensure that our packaging material is more environment friendly and does less damage to forests and the eco-system of the country's northern areas.



Engro holds media events to reach out to the broader public and informs them of our business and social investment activities.

stakeholder engagement

Engro Corporation is not only committed to making investments that support all of our stakeholders' needs, we have also institutionalised a constant dialogue process with our stakeholders to constantly refine and improve our business, social and environmental investments.

Investors

In addition to holding the legally mandated annual general meeting for shareholders, Engro also conducts four quarterly analyst briefings to keep our investors and the wider capital markets community abreast with developments. This voluntary measure is symbolic of how Engro is willing to hold itself to higher standards.

Media

Engro also holds media events to reach out to the broader public and inform them of our business and social investment activities. By making more information about our company public, we hope to make ourselves more accountable to the broader community we are a part of. In 2010, we initiated a series of formal and informal interactions with the media, with five media events and a series of one-on-one meetings between senior management and members of the media.

Employees

Engro realises that the firm's success depends on the degree to which we can keep our people motivated to continue performing at their potential. In addition to the multiple policies that

the firm has in place to ensure high motivation levels, the firm also conducts frequent surveys of employee morale, preferences and aspirations. In doing so, Engro keeps itself a step ahead of emerging trends in human resource management and is able to anticipate and meet our employees' needs.

In addition, we hold multiple forums throughout the year in which employees are encouraged to share their views with executives about a variety of issues within the company, a practice that allows Engro to address areas of concern relatively early. Engro's commitment to high quality human capital is not restricted to our employees, however, we are also engaged in an effort to solicit feedback from students at various colleges and universities throughout the country, to gauge what the next generation of professionals seeks from their future employer. To this end, we conducted surveys in 2008 and 2009 in collaboration with Oasis, a research company, to measure Engro's reputation as an employer among students and prospective employees.

Host communities

The creation of Engro Foundation has meant that the group now has a full-time staff dedicated to managing our relationships with our host communities as we continue to enhance and improve our social investment strategy. Indeed, the creation of the foundation itself was the result of an extensive exercise conducted by Engro in 2009

in which our host communities and partner institutions were asked for a thorough feedback about how the company can improve its social investment approach.

Our social mobilization methodology focuses on first getting feedback from the host communities to understand their priorities and to develop projects that can address their needs. Once projects are implemented, we ensure mechanisms are in place to monitor and sustain these social investments.

As the foundation moves into its second year of operations, we will institutionalise the mechanism of seeking feedback from our host communities on a regular basis, particular from the direct beneficiaries of our social investment projects in an effort to continue refining our engagement strategy.

Suppliers

Engro is proud of its ability to merge its business interests with its social investment strategy, which we believe makes our engagement efforts more sustainable. To this end, Engro is keen to bring its resources to bear in helping Pakistan's farmer communities, particularly our suppliers, improve their productivity. Yet even as we do so, we are mindful of the need to assess their needs, both through direct feedback as well as through studies of our own, before we can begin to design our business/social investment programmes.

In addition, Engro is actively engaged in a dialogue with farmers across the country to whom we sell our fertiliser products, particularly through our demo farm plots. We are in the process of extending a similar approach to the suppliers for our milk and rice products.

Engro Eximp has ensured seed multiplication and provision of good quality seeds to farmers in order to enhance basmati rice yields and income in the process. The foods business has developed a milk collection and automated payment infrastructure which has improved payment cycles, guaranteed collections and improved margins directly for the dairy farmers.

The fertilizer and foods business are also working on their packaging suppliers to improve the quality of fertilizer bags and milk tetra pack as a means of ensuring product quality for end consumers.

Customers

The fertilizer business has been working on disseminating Good Agricultural Practices amongst all farmers who use their products to ensure safe and healthy produce for end consumers, and also improved yield and increased margins for the farmers. The business trains farmers through on-the-ground activities as well as literature, which has resulted in improvements in yield and profitability as well as preventing the degradation of soil. The business employs a team of agronomists who educate farmers

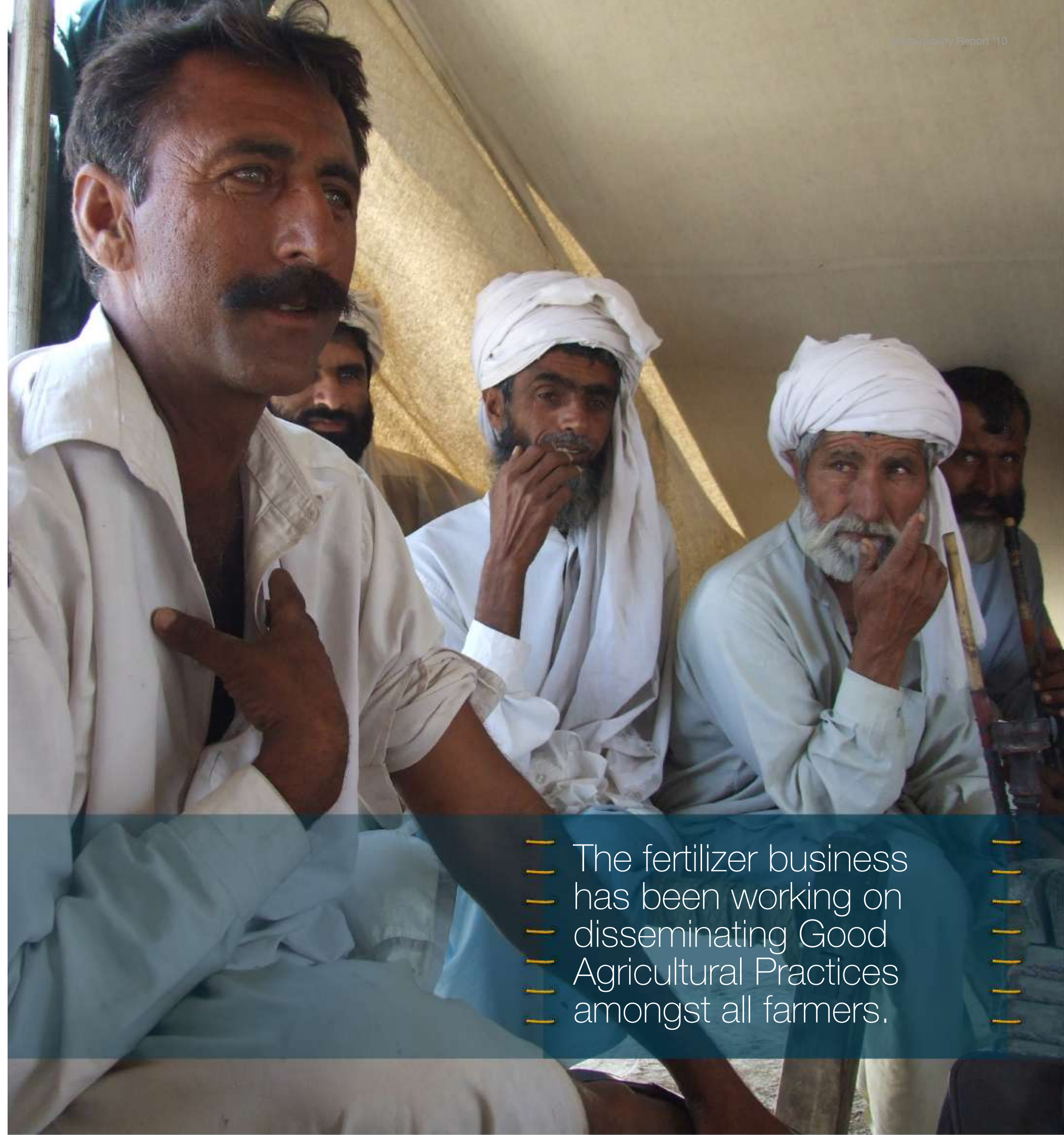
on the judicious use of these products. In 2010, Engro Fertilizers reached out to over 90,000 farmers, providing information on best practices and improving farm yield.

Avanceon launched a 'Customer Delight' initiative in 2010, as part of which it conducted a customer survey to gauge their satisfaction with the business's products and services in the country.

Governments

Engro has always played a proactive role in advising the Government of Pakistan in the framing of economic policy as well as reforms related to both industry and business in Pakistan.

Engro's executives have advised the government from issues as diverse as food and fertilizer security, gas supply optimization and alternate power generation for their knowledge.



— The fertilizer business
 — has been working on
 — disseminating Good
 — Agricultural Practices
 — amongst all farmers.

awards & recognition

Ranked Pakistan's leading company for Corporate Social Responsibility by the first Asian Sustainability Rating

Engro Corp has been awarded the Top 25 Companies Award for Excellence by the Karachi Stock Exchange for a record 30 times

Received ACCA - WWF 'Best Sustainability' Award

Engro Fertilizers Limited wins 'Brands of the Year' Awards

Engro Corp honored with Investor Relations Award by CFA Association of Pakistan

Engro Foods Limited judged the 'Best Local Company to Work For' award from PSHRM

Engro Polymer and Chemicals Limited wins ACCA - WWF award for 'Best Environment Report'

Engro Vopak Terminal Limited wins 'Best Practices - Occupational Safety and Health' award

Engro Fertilizers Limited has won the NFEH Annual Environment Excellence Award on multiple occasions

Avanceon Limited won an award at OSI - SOFT conference in Bangkok

Olper's Milk has been adjudged 'Best Brand Campaign' and 'Best Television Commercial'

Engro Corporation's Communication on Progress (COP) was listed as one of the best COPs in the global chemical sector by the UN Global Compact



the green initiative

At Engro head office, the administration launched an initiative to lower paper consumption, resulting in a reduction of 24% in 2010. This was done by encouraging double-sized printing and photocopying. Paperless communication and recycling trays

were initiated to collect used papers for reuse. Paper consumption was tracked and 25% of the paper quantity was recycled.





wetlands

The discharge of untreated wastewater is a major contributor to deteriorating health conditions and pollution of nearby water bodies. The problem is expected to increase due to rapid pace of urban growth, unless measures are taken to control and treat effluents. Constructed Wetlands (CWs) are a natural, low-cost, eco-technological biological wastewater treatment technology designed to mimic processes found in natural wetland ecosystems, which is now standing as the potential alternative or supplementary systems for the treatment of wastewater.

Engro Polymer, in partnership with WWF Pakistan, agreed to sponsor construction of one CW located near Nawabshah town in the province of Sindh. A low cost version of CWs was

designed by Sindhica, a local NGO, which was vetted by technical team of UNHABITAT from Nepal. Sindhica leveraged its local contacts and convinced the community to replace the existing depression where entire waste water gets collected with a proper waste treatment facility. They also brought in resources to improve the drainage system for the sustainability of the project. First the water from the depression was drained and the field was cleared of weeds and wild vegetation. Based on the approved design, the construction of wetland took place. This facility now provides clean and environmental friendly treatment to household waste water to the Nehal Lashari community. The recycled water from CW is now added to agricultural supplies for the cultivation in nearby fields.



drip irrigation methods

Visiting the fruit and vegetable farms of Chacha Allah Bux at Gadap in Sindh is a good display of what has been done in the field of modern farming and for the poverty alleviation of poor farming neighborhoods. Using one of the most modern drip irrigation systems in Pakistan, Chacha Allah Bux is growing various fruits and vegetables such as papaya, sapodilla (chikoo), stone apple, custard apple and coconuts on 200 acres of land.

The drip irrigation system that he is using involves a central pivot machine in the centre of lots measuring 5 acres connected to each other with underground PVC pipes. The huge arm from the central pivot machine sprays a fine mist of water while rotating about the centre. According to Chacha Allah Bux, water usage with drip irrigation as compared to flood irrigation is only 25% and has had far superior results in terms of quantity and quality.

Chacha Allah Bux's efforts have not been without hitches. Over the years, water level in Chacha Allah Bux's farm has fallen from a depth of 20 feet to 250 feet which prompted him to look at other methods of irrigation. When the Chacha learnt about drip irrigation,

he quickly invested and experimented with it. At first, he lost his crop and had to remove whatever was installed. He lost money and time along with a full growing season but persevered.

He sought the help of some students and researchers from a local university, who studied his system and identified the causes of failure. After educating Chacha Allah Bux about what went wrong with the first trial, a new system was brought in. After installation and being provided guidance on its usage, Chacha Allah Bux got excellent results and became a strong advocate for drip irrigation. Drip irrigation also goes hand in hand with good agricultural practices (GAP). To improve the water flow, strands of barley and holcus spicatus (bajree) have been removed from water ravines. This has helped in preventing a further lowering of the underground aquifer on Chacha Allah Bux's lands.

Now, the sizes of Chacha Allah Bux's fruits & vegetable plants, the spacing between them, the uniform sizes and quality of the produce is comparable to anything that you see abroad. Chacha Allah Bux is a story of success with his vegetables and fruits meeting export quality.



gri framework

Engro's Sustainability Report adheres to the reporting framework laid out by the Global Reporting Initiative (GRI). Sustainability reports built on the GRI Framework demonstrate organizational commitment to sustainable development, comparing organizational performance over time, and to measuring organizational performance with respect to laws, norms, standards and voluntary initiatives.

The GRI Reporting Framework, based on the GRI's Sustainability Reporting

Guidelines, sets out the principles and Performance Indicators that organizations can use to measure and report their economic, environmental, and social performance. The framework provides a standardized approach to reporting to stimulate demand for sustainability information - benefitting both reporting organizations and report users.

For more information on the GRI Framework and Reporting Guidelines, please visit www.globalreporting.org

gri performance

Economic

Performance Indicator	Description	Page Number
EC1	Direct economic value generated and distributed	Flap 1&2
EC2	Financial implications and other risks and opportunities due to climate change	45, 116
EC3	Coverage of the organization's defined benefit plan obligations	54, 57, 58
EC4	Significant financial assistance received from Government	None
EC5	Range of ratios of standard entry level wage compared to local minimum wage	
EC6	Policy, practices, and proportion of spending on locally-based suppliers	
EC7	Procedures for local hiring and proportion of senior management hired from the local community	54, 83
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	92
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	27, 84, 88, 90, 92

Environmental

Performance Indicator	Description	Page Number
EN1	Materials used by weight or volume	
EN2	Percentage of materials used that are recycled input materials	
EN3	Direct energy consumption by primary energy source	
EN4	Indirect energy consumption by primary source	
EN5	Energy saved due to conservation and efficiency improvements	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	120
EN8	Total water withdrawal by source	120
EN9	Water sources significantly affected by withdrawal of water	120
EN10	Percentage and total volume of water recycled and reused	120
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Nil

Performance Indicator	Description	Page Number
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas	Nil
EN13	Habitats protected or restored	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	114
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	
EN16	Total direct and indirect greenhouse gas emissions by weight	116
EN17	Other relevant indirect greenhouse gas emissions by weight	116
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	116
EN19	Emissions of ozone-depleting substances by weight	116
EN20	NOx, SOx, and other significant air emissions by type and weight	
EN21	Total water discharge by quality and destination	120
EN22	Total weight of waste by type and disposal method	120
EN23	Total number and volume of significant spills	Nil
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	
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	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	125
EN27	Percentage of products sold and their packaging materials that are reclaimed	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Nil
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Nil
EN30	Total environmental protection expenditures and investments by type	

Social: Labor Practices and Decent Work

Performance Indicator	Description	Page Number
LA1	Total workforce by employment type, employment contract and region	Flap 3
LA2	Total number and rate of employee turnover by age group, gender and region	60
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	53
LA4	Percentage of employees covered by collective bargaining agreements	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	60
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	63, 64
LA7	Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region	63, 64
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	75
LA9	Health and safety topics covered in formal agreements with trade unions	63
LA10	Average hours of training per year per employee by employee category	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	60, 83
LA12	Percentage of employees receiving regular performance and career development reviews	100%
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	
LA14	Ratio of basic salary of men to women by employee category	

Social: Human Rights

Performance Indicator	Description	Page Number
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	70
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	36,69
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
HR4	Total number of incidents of discrimination and actions taken	
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
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	None
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	None
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	100%
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	None

Social: Society

Performance Indicator	Description	Page Number
SO1	Nature, scope, and effectiveness of any program and practice that assesses and manages the impacts of operations on communities, including entering, operating, and exiting	13, 14
SO2	Percentage and total number of business units analyzed for risks related to corruption	100%, 36
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	100%, 36
SO4	Actions taken in response to incidents of corruption	
SO5	Public policy positions and participation in public policy development and lobbying	
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	None
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	18
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None

Social: Product Responsibility

Performance Indicator	Description	Page Number
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	125
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Nil
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	125
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	125
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	125
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
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

gri disclosures

Strategy and Analysis

Profile Disclosure	Description	Cross-Reference	Page Number
1.1	Statement from the most senior decision-makers of the organization	Chairmans message, CEO Message	5, 6
1.2			
	Description of key impacts, risks, and opportunities	Quality of objectives assessed based on balance between aspects, compatibility, accuracy, timeliness, clarity and reliability	18

Profile Disclosure	Description	Cross-Reference	Page Number
2.1	Name of the organization	Subsidiaries and businesses also mentioned	25
2.2	Primary brands, products, and/or services	Our investment in our businesses	25
2.3	Operational structure of the organization	Our investment in our businesses	25
2.4	Location of organization's headquarters	Our investment in our businesses	25
2.5	Number of countries where the organization operates	Reported	25
2.6	Nature of ownership and legal form	Reported	Flap 1
2.7	Markets served	Businesses and People	Flap 1 & 2
2.8	Scale of the reporting organization	Sustainability Reporting	Flap In/Out
2.9	Significant changes during the reporting period	Investments in environment	
2.10	Awards received in the reporting period	Excellence awards	130

Report Parameters

Profile Disclosure	Description	Cross-Reference	Page Number
3.1	Reporting period for information provided	Provided for Financial as well as sustainability	
3.2	Date of most recent previous report	Financial Report	
3.3	Reporting cycle	Scope of Report	2
3.4	Contact point for questions	Scope of Report	2
3.5	Process for defining report content	Scope of Report	2
3.6	Boundary of the report	Scope of Report	2
3.7	State any specific limitations on the scope or boundary of the report	Scope of Report	2
3.8	Basis for reporting	Structure and Governance	38, 42
3.9	Data measurement techniques and the bases of calculations	Scope of Report	2
3.10	Explanation of the effect of any re-statements of information	N/A	
3.11	Significant changes from previous reporting periods	Scope of Report	2
3.12	Table identifying the location of the Standard Disclosures in the report	Not found	132, 141
3.13	Policy and current practice with regard to seeking external assurance for the report	Scope of Report	2

Governance, Commitments, and Engagement

Profile Disclosure	Description	Cross-Reference	Page Number
4.1	Governance structure of the organization	Structure and Governance	38-42
4.2	Indicate whether the Chair of the highest governance body is also an Executive Officer	Structure and Governance	38-42
4.3	The number of members of the highest governance body that are independent and/or non-Executive members.	Structure and Governance	38-42
4.4	Mechanisms to provide recommendations or direction to the highest governance body.	Governance Strategy, Speak up policy	41-42
4.5	Linkage between compensation and the organization's performance	Engro foundation setup and governance	
4.6	Processes in place to ensure conflicts of interest are avoided	Speak out policy and Governance strategy	36, 41-42
4.7	Process for determining the qualifications and expertise of the members of the highest governance body	No reference found	39
4.8	Internally developed statements of mission or values, codes of conduct, and principles	As per the global standards	9, 10
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of performance	Governance Objectives 2011	45
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	No reference found	39
4.11	Explanation of the organization's precautionary approach or principle	Governance Objectives 2011	45
4.12	Externally developed charters, principles or other initiatives to which the organization subscribes or endorses	International Standards and Certifications	123

Profile Disclosure	Description	Cross-Reference	Page Number
4.13	Memberships in associations	None	
4.14	List of stakeholder groups engaged by the organization	Our investment in people	127, 128
4.15	Basis for identification and selection of stakeholders with whom to engage.	Our investment in people	127, 128
4.16	Approaches to stakeholder engagement	Our investment in people	127, 128
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded	Businesses and People	

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