

Cultivating Growth

Annual Report 2013



TM

ICI PAKISTAN





Cultivating Growth

At ICI Pakistan, we have been imagining the future for our customers and helping them build it.


For over 70 years, we have been introducing ideas that have enabled our customers, communities and this country to grow.

Today, we are re-imagining the future for ourselves. Exploring new possibilities in a new era – under the banner of a new identity and a new vision.

ICI Pakistan-Cultivating Growth

Sustainability Performance

...with flying colors



With our diverse portfolio of products, we practically touch every life in the country some way or the other and this is a responsibility we take very seriously. Sustainability is therefore woven into our culture, practices, processes and the products we offer.

The Sustainability Report covers our sustainability strategy, Key Performance Indicators, our annual and long-term targets and the work we have done so far.



Leadership Statement

Dear Stakeholders,

Welcome to our 2013 Sustainability Report. This report is an effort to show you a clear and transparent picture of what we are doing as a company to achieve our economic, social and environmental objectives.

The 'investor microscope' has now gone beyond financial scrutiny. World over, companies are being analyzed for their sustainable performance. As a business, for sustained long-term growth, it is important that you innovate to make sure you operate responsibly and that you let your stakeholders know that you are doing it. We started reporting on our sustainability performance in 2008 and from a basic account of our activities, we now prepare GRI compliant reports that have made us forerunners in sustainability reporting in Pakistan.

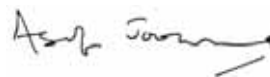
Reporting on sustainability performance is a transparent process and puts a great amount of responsibility and consciousness within the organization. With publicly declared sustainability targets, all operations and strategies are carefully built around them to ensure delivery- a simple way to embed sustainability in all operations.

In 2013, the Company went through a major strategic transition with a change in majority shareholding and subsequent change in leadership. There was also a change in the accounting period and this report has been prepared for the first six months of the year. While we have tried to report against our 2015 KPI targets, there will be some limitations in a comparative analysis due to the reporting period being different.

Amidst these changes, challenges such as the ongoing energy deficit continued to impact our performance and throughout this report we have shared our efforts on managing and mitigating these challenges.

We look forward to your feedback and ideas on how to improve our sustainability performance going forward.

Regards,



Asif Jooma



Highlights for 2013

- An injury free performance was reported for the period under review along with zero reportable occupational illness.
- Due to continued energy crisis, use of furnace oil increased SOx and NOx emissions per ton production.
- Our Polyester business converted 250,000 wrappers of its packaging (bale wrappers) to biodegradable packaging.
- Energy usage numbers per ton of production continue on the higher side as our manufacturing sites operated on less than optimum levels.
- The Company once again won the Management Association of Pakistan (MAP) 'Corporate Excellence Award' in the Chemicals category.
- With fresh water usage per ton production at 8.7 m³/te, we continue to be in line with our 2015 target of 8.9 m³/te.
- Successful completion of 977 man days of training in the first six months of the year.



Sustainability Strategy

In December 2012, the majority shareholding of the Company was acquired by YBG, one of Pakistan's most progressive and dynamic groups with diversified interests in textile, cement and power generation. The Company has therefore undergone a major transition and is in the process of strategic realignment. A new vision has been defined for the Company with ambitious growth targets. In the coming months an elaborate strategy exercise is being conducted to develop objectives and plans to enable the Company to reach its vision. Sustainability strategy for the Company will also be defined with restructuring of the Sustainability Council. We will report details on our new strategy in the next report.

The present reporting framework is built on KPIs that were set in 2010. We are continuing with the same KPIs, however, when we redefine our sustainability strategy, we may update these for more relevance to the current socio economic issues as well our new business strategy.



Sustainability Framework

Economic Performance

Integrity Management
Sourcing

Social Performance

Health, Safety and Security
Employment Practices
Community Investment

Environmental Performance

Emissions Control
Water Usage
Waste Management
Product Stewardship
Energy Efficiencies



About the Report

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

Report Boundary

This report covers our four Businesses and all our Corporate Functions. After the demerger of our Paints Business in June 2012, we now have three manufacturing sites, three corporate offices and five regional/business offices and data in this report covers all of these.

Employee data includes management and non-management staff. Community Investment is handled by the ICI Pakistan Foundation which is a separate legal entity registered as a Trust. All monetary amounts in this Report are Pakistani Rupees, unless otherwise indicated.

Reporting Period

Following the acquisition of majority shareholding of the Company by YBG, the financial year has been changed from January-December to July-June for alignment with associated companies in the Group. The report for 2013 therefore, on a one time basis, has been prepared for a six month period of January to June. Text and statistics in the Report cover sites owned and operated wholly by ICI Pakistan Limited during the period 1 January 2013 to 30 June 2013.

Data has mainly been obtained from our financial management reporting systems, corporate HR information management system and our reporting systems for Health, Safety, Environment & Security (HSE&S) performance indicators.

Report Content

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

Data Collection

Collection:

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

for each area.

Due to the divestment of AkzoNobel shareholding on December 28, 2012, many shared systems such as our HR Systems, IT and HSE&S reporting systems are under transition and we are developing local systems of our own. We have limitations therefore in collecting some data and appropriate explanations have been made throughout the report.

Accuracy:

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

Consistency:

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

Assurance & Verification

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

Contact Us

We encourage feedback on our Sustainability Report. If you would like to comment on the report or find out more about our Sustainability strategy and program, please e-mail us at:

sustainability.council@ici.com.pk

A soft copy of this report and additional information on our business units and products is available on our website at www.ici.com.pk

If you are unable to access these resources or need further information, please contact:

Seemi Saad - Manager Corporate Communications & Public Affairs
5 West Wharf, Karachi, Pakistan
seemi.saad@ici.com.pk

Muhammad Zafar Farid – Manager Corporate HSE
ICI House
63 Mozang, Lahore, Pakistan
zafar.farid@ici.com.pk

Stakeholder Engagement

Proactive engagement with our stakeholders is an essential part of being a responsible company. Sustainability is a shared journey and to move forward we need to involve our stakeholders in every step of the way.

We try to engage our key stakeholders such as our shareholders, regulators, suppliers, customers, employees and the community on a regular basis by listening to their ideas, concerns and advice. Some examples of our stakeholder engagements in 2013 are:

HSE Trainings for Customers

Concern for health, safety and the environment is our license to operate and we aim to integrate the responsibility and consciousness in every aspect of our operations. It is in fact a mindset and we strive to create the same awareness and consciousness with all our stakeholders. To share our learning, our Businesses conducted a number of HSE sessions with key customers:

- Our Chemicals Business conducted Health, Safety, Environment and Security awareness sessions for the HSE team of their customers Dawlance.
- Our Polyester Business arranged a training session for Nimir Industrial Chemicals Limited on our HSE&S System.
- The Polyester team also conducted HSE&S awareness session for the management team of their customer Interloop Limited.

Customer Engagement Conference

Engaging with our customers and understanding their needs enables us to serve them better. Earlier in the year, the fourth Polyester Customer Conference was held in Istanbul, Turkey. The conference provided the perfect opportunity for customers and our team to engage and discuss challenges facing the textile value chain and share insights on exciting future business prospects.

Staff Engagement Sessions

Following the strategic transition and subsequent change of leadership, a series of CE Sessions were arranged for staff across the Company. In March 2013, the new Chief Executive met with all staff (management and non-management) to share the company's new aspirations and discuss issues and apprehensions of staff post the change in ownership.

Sharing of new Corporate Identity

Before roll-out of the new corporate identity, an elaborate road show was organized to share the Company's new look with staff at locations across the country. The new identity along with the company's new vision and updated values were communicated to staff and their ideas and suggestions for the way forward in implementing the new brand were discussed. The new identity was rolled out publicly through a nationwide print campaign so all stakeholders could be informed about the development. This communication was followed by personalized communication to key stakeholders by all businesses and functions.

Community Development Meetings

For long-term community development, it is essential to have a participative approach in deciding the way forward. For the past many years, we have been working with the fishing community of the Kakapir Village in Karachi and this year we discussed with the community what programs would they benefit from the most. The audience was mainly women and an opportunity for them to be educated was highlighted as a key area of focus. Keeping this in mind, we initiated an Adult Literacy Program for the community and 29 women of all ages are enthusiastically participating in the program.



Key Performance Indicators

Integrity Management		2009	2010	2011	2012	2013 H1	2015
							Target
Code of Conduct confirmed incidents	number	10	23	20	5	NR	0
Code of Conduct trained*	% employees	100	100	100	100	100	100**
Management audits including reassurance audits	number	6	11	9	7	6	6
Serious incidents - Level 3	number	1	1	1	1	0	0
Serious incidents - Level 1,2	number	0	2	0	0	0	0
Serious loss of containment - Cat D	number	0	0	0	0	0	0
Regulatory actions - Level 3	number	0	0	0	0	0	0

* Number of Management and Non-Management Employees.

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

Sourcing		2009	2010	2011	2012	2013 H1	2015
							Target
Vendor Policy signed by key suppliers	%	88	83.8	85	92	92	96
Vendor Policy signed by Central NPR Suppliers*	%	x	x	28**	28	28	-
Supportive Supplier Visits since 2007	Number	21	79	31	59	35	146

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

** Monitoring started in 2011 only by Polyester Business.

Employment Practices		2009	2010	2011	2012	2013 H1	2015
							Target
Women executives*	%	0	0	0	0	0	12
On-line P&D Dialog Participation	%	77	80	83	NR	NR	90
Management Development Program	No of managers	34	121	211	NR	NR	338
Employee Engagement Index	% favorable		75	82	87	NR	80

* Functional and Business Head positions

Community Investment		2009	2010	2011	2012	2013 H1	2015
							Target
Community Program Investment	PKR Million	16.5	42.5*	24.3	6	7.45	30

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

Health, Safety & Security		2009	2010	2011	2012	2013 H1	2015
							Target
Fatalities	number	0	0	0	1	0	0
Total reportable injury rate employees/supervised contractors	/million hours	0.28	0.28	0.28	0.27	0	0
Occupational Illness Rate employees	/million hours	0	0	0	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76	1.72	1.83	1.76
Fatalities contractors (supervised and independent)	numbers	1	0	0	0	0	0
Total reportable injury rate independent contractors	/million hours	0.52	0	0	0	0	0
Lost time injury independent contractors	numbers	1	0	0	0	0	0
% sites with BBS program	%	0	100	100	100	100	100
Distribution incidents	numbers	1	1	1	0	0	0
Motor vehicle incident with injury	numbers	0	1	2	0	0	0

Emissions Control		2009	2010	2011	2012	2013 H1	2015
							Target
Total COD emissions	te	105.37	52.59	53.78	39.52	17.82	49.96
Per ton production	kg/te	0.15	0.11	0.13	0.10	0.10	0.10
Total VOC emissions	te	161.25	81.81	72.34	57.12	1.33	77.72
Per ton production	kg/te	0.23	0.18	0.17	0.14	0.01	0.16
Total NOx emissions	te	422.42	430.70	422.93	420.28	206.06	409
Per ton production	kg/te	0.61	0.93	0.99	1.03	1.14	0.83
Total SOx emissions	te	1431.4	2209.1	2672.9	2590.15	1402.4	2430
Per ton production	kg/te	2.05	4.76	6.29	6.35	7.75	4.95
Total Direct CO ₂ emissions (Scope 1)	million te	0.47	0.39	0.35	0.35	0.13	0.37
Per ton production	kg/te	676.1	834.7	829.5	847.95	737.5	753
Total Indirect CO ₂ emissions (Scope 2)	te	39907	2447	5642	3235.61	706.86	2324
Per ton production	kg/te	57.3	5.3	13.3	7.93	3.91	4.7

* VOC emissions are less in 2012. Unusual success through modified formulation achieved at our Paints site.

** Unprecedented natural gas curtailment periods causing increased use of high sulphur Furnace Oil thereby causing high CO₂ emissions.

Water Usage		2009	2010	2011	2012	2013	2015
							Target
Total Fresh water use	million m ³	6.49	4.59	4.12	3.48	1.57	4.36
Per ton production	m ³ /te	9.8	9.9	9.7	8.53	8.7	8.9
% of sites with sustainable fresh water	%	25	25	25	25	25	100

Waste Management		2009	2010	2011	2012	2013 H1	2015
							Target
Total waste	kte	19,015	4,412	2,73	2,28	0,43	4,191
Per ton production	kg/te	27.32	9.53	6.44	5.60	2.35	8.53
Total hazardous waste	kte	0.31	0.54	0.52	0.53	0.001	0.51
Per ton production	kg/te	0.45	1.17	1.22	1.30	0.003	1.04
Total non-reusable waste	kte	0.408	0.295	0.384	0.385	0.001	0.28
Per ton production	kg/te	0.59	0.64	0.90	0.94	0.00	0.57
Total non-reusable Hazardous waste	kte	0.151	0.251	0.327	0.323	0.001	0.238
Per ton production	kg/te	0.22	0.54	0.77	0.79	0.00	0.48
Total Hazardous waste to landfill	kte	0	0	0	0	0	0
Per ton production	kg/te	0	0	0	0	0	0

Product Stewardship		2009	2010	2011	2012	2013 H1	2015
							Target
Product Eco-premium solutions	% sales			15.7	*	NR	30

* Data not available due to demerger of Paints Business

Energy Usage		2009	2010	2011	2012	2013 H1	2015
							Target
Total Energy Consumption	1000Tj	6.5	4.8	4.3	4.3	2.1	4.6
Per ton production	GJ/Te	9.3	10.4	10.1	10.4	11.62	9

NR: Not Reported

Economic Performance

Management Approach

We are very clear that only through a strict focus on ethics and responsible care, can we deliver long-term business value and be the partner of choice for our customers and suppliers. Integrity and responsibility in our actions is one of our core values and defines how we operate as a business.

We aim for the highest standards of performance and behavior in all our operations and aim to do business with partners who also endorse our ethical values and our social and environmental standards. Our suppliers are integral to our operations and we choose to work with those whose actual working practices should meet our requirements.

Evolving Sustainably

Under the rapidly increasing global competition, companies need to seek ways to remain relevant. Behind all corporate success these days are solid brand strategies that help build and sustain meaningful relationships, increase recognition, and encourage participation - all critically important if a company is to prosper and grow.

The ICI Pakistan brand carries a solid equity built over decades of reliable operations and value offering. However, the brand was developed over twenty five years ago and it needed to be revitalized to remain relevant given an increasingly cluttered landscape and growing competition for attention spans.

The acquisition by YBG has put the Company on a faster growth momentum and earlier this year, we decided to revamp our corporate brand to reflect these aspirations and ambitions. An elaborate process of evolving the brand was

initiated and after many months of careful deliberation, a new identity was developed. The new look is reflective of our excitement for the future and our new identity is a blend of our legacy and the aspirations we have for the company.

The world is entering a new era of unprecedented change, upheaval and uncertainty. This change is strategic, and therefore requires a strategic response. Brand building is exactly such a response and if successful, can be the strongest weapon in a company's armory and the best guarantee of corporate survival. We have recently rolled out our new brand and the response from our stakeholders has been very encouraging.

We are confident that this will help create competitive advantage, strengthen our long-term relationships and help us build new businesses as we pursue our vision of expanding our footprint locally and internationally.

Integrity Management

We believe in widely propagating our values and the ethics for strict adherence by all the employees, contractors, suppliers and others while doing business for the Company. Our business principles and ethical standards are enshrined in the ICI Pakistan Code of Conduct. Following the strategic transition, we have updated our values as well as our Code of Conduct and made it available to all stakeholders on our website www.ici.com.pk

Key Performance Indicators:

Integrity Management		2009	2010	2011	2012	2013 H1	2015
							Target
Code of Conduct confirmed incidents	number	10	23	20	5	NR	0
Code of Conduct trained*	% employees	100	100	100	100	100	100**
Management audits including reassurance audits	number	6	11	9	7	6	6
Serious incidents - Level 3	number	1	1	1	1	0	0
Serious incidents - Level 1,2	number	0	2	0	0	0	0
Serious loss of containment - Cat D	number	0	0	0	0	0	0
Regulatory actions - Level 3	number	0	0	0	0	0	0

* Number of Management and Non-Management Employees.

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

2013 Overview:

2013 Management Audits included audit of our four Businesses and two locations (Corporate office in Mozang and the Head Office). The Speak Up program was an AkzoNobel tool and we are designing a local complaint management system. At present, we have initiated an email address to receive all such complaints which are dealt with complete confidence and handled as before by our Audit Committee. Once a more elaborate structure is in place, we will continue reporting.

Sourcing

We aim to do business with partners who endorse our ethical values and our social and environmental standards. Traditional dimensions like price, cost, time, delivery, punctuality and product quality no longer define a sustainable business. Our vendor partnerships are linked to suppliers and vendors accepting a code of behavior similar to ours. Non-alignment with our code of conduct jeopardizes future relationships and agreement.

Key Performance Indicators:

Sourcing		2009	2010	2011	2012	2013 H1	2015
							Target
Vendor Policy signed by key suppliers	%	88	83.8	85	92	92	96
Vendor Policy signed by Central NPR Suppliers*	%	x	x	28**	28	28	-
Supportive Supplier Visits since 2007	Number	21	79	31	59	35	146

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

** Monitoring started in 2011 only by Polyester Business.

2013 Overview:

Supplier visits numbers are for the first six months of the year and our Businesses have more such visits planned in the coming months which will bring the number closer to our target.

No new vendor policies have been signed by key suppliers this year and the percentage remains at 92. However, we are actively working to increase the number to our 2015 target of 96%.

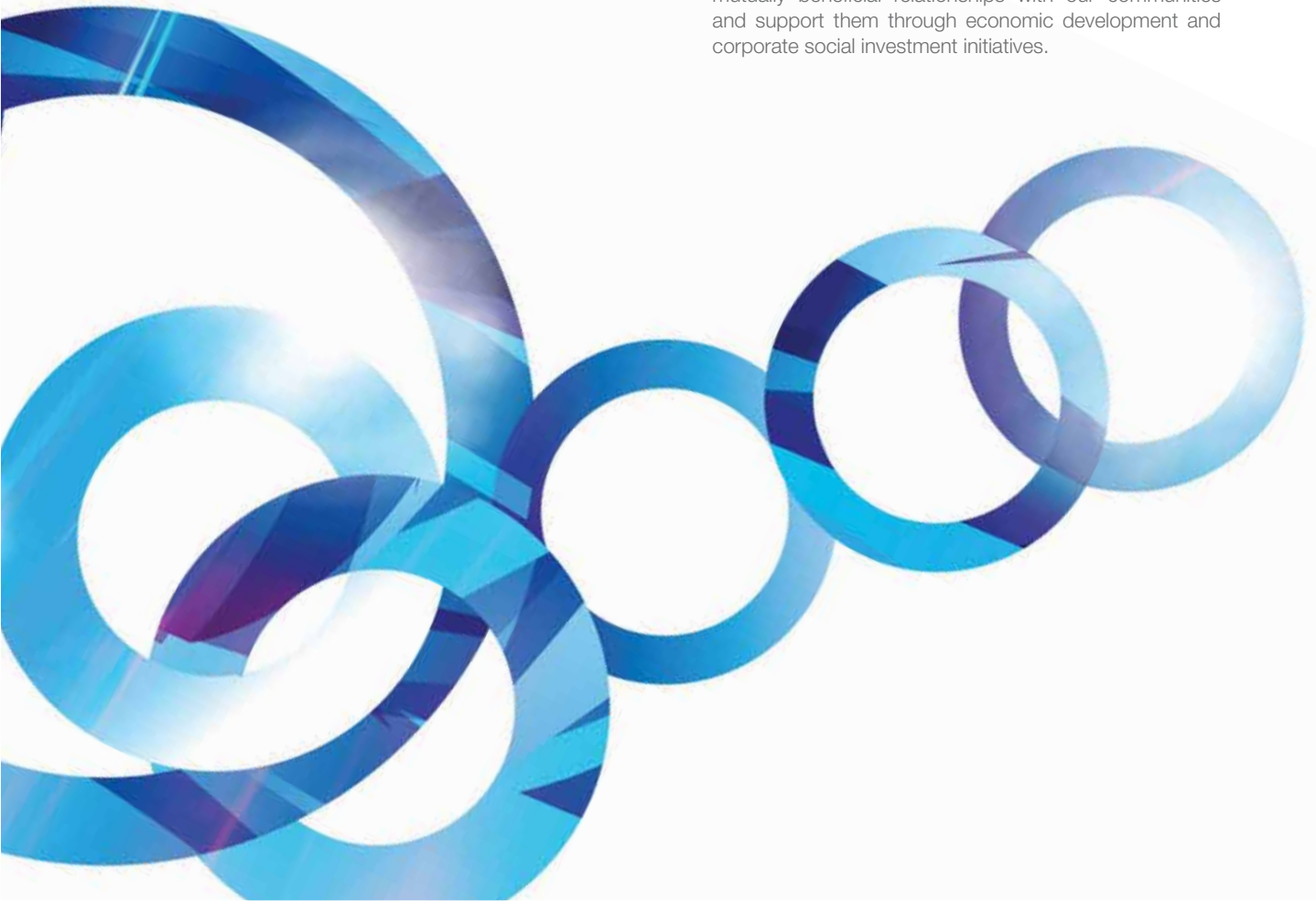
There has not been much progress having our vendor policy signed by non-product related suppliers. As stated before, non-product related suppliers are mainly government institutions of mass scale and it is difficult to have the policy signed by such major public sector suppliers.

Social Performance

Management Approach

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

As a responsible company, we seek to develop and empower our employees and people from the communities that surround us. We embrace diversity and are committed to fair and equitable treatment of all, irrespective of origin, race or gender in an environment that fosters performance and personal growth for employees. We practice and endorse equal opportunity employment and ensure adherence to all labor legislations. We encourage mutually beneficial relationships with our communities and support them through economic development and corporate social investment initiatives.



For the People, by our People

Located near the Pakistan India border, Nagarparkar is a tehsil of district Tharparkar that borders the Indian states of Rajasthan and Gujarat from three sides. Surrounding the area are the dramatic Karoonjhar Hills stretching 16 miles around the town. Of pink granite with deep gorges, the hills are home to rare flora and fauna, and haunting folklore.

To explore the magic of Nagarparkar, a group of enthusiastic colleagues visited the place. While the grandeur of antiquity fascinated them, what touched their hearts most was the havoc recent rains had created. Usually associated with long droughts, Nagarparkar has received an uncharacteristic amount of rain in the past two years. While the deluge brightened up the surroundings, it also created havoc destroying basic infrastructure and in some areas bringing down the rather precariously built 'chooras' (mud houses) of the more impoverished communities.

Back home, they decided to put together their resources and initiate a rehabilitation program for the affected. Personal contributions were pooled and very soon a substantial amount was collected; enough to rebuild a small village. Our team of volunteers then took time off and went on site to start the building process. Along with the community they built six permanent houses in the village.

To protect the houses from future rains, they collected used panaflex skins from old promotional campaigns and placed them on the roofs. With the remaining funds, they put up four water pumps to resolve the perennial water crisis.

Enabling marginalized communities to get back on their feet is an important component of our development agenda and we are proud of the contribution of our employees.



Employment Practices

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

Total Number of Employees: 1066

Management: 650

Non Management: 416

Key Performance Indicators

Employment Practices		2009	2010	2011	2012	2013 H1	2015
							Target
Women executives*	%	0	0	0	0	0	12
On-line P&D Dialog Participation	%	77	80	83	NR	NR	90
Management Development Program	No of managers	34	121	211	NR	NR	338
Employee Engagement Index	% favorable		75	82	87	NR	80

* Functional and Business Head positions

2013 Overview:

Our KPI on female executives is defined as Business or Functional Heads. Till June 30, 2013 we have had no female executives. There have however, been two new recent appointments which will be reported in the next sustainability report and will bring us close to our 2015 target.

As the reporting period is for six months, we cannot report the numbers for our Performance and Development Dialogue which is a full year exercise. In our next report we shall be presenting the numbers for on-line participation.

The Management Development Program was a global standardized best practice with AkzoNobel and following the divestment we no longer run the program. However, we continued to train our managers with other leadership and development programs and in the period under review we successfully completed 977 man days of training.

Community Investment

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

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

Key Performance Indicators

Community Investment		2009	2010	2011	2012	2013 H1	2015
							Target
Community Program Investment	PKR Million	16.5	42.5*	24.3	6	7.45	30

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

2013 Overview:

Our 'Clean Drinking Water' project which was implemented across five districts of Sind is progressing well with over 20,000 people benefitting daily. These plants are being run by the community who we trained to operate and manage the plants. A review report is sent to us regularly by our project implementation partners, Thardeep. We also completed a computer facility for residents of Bhit Island, a small fishing community near the coast of Karachi. There are over 800 students of the school who use the facility everyday and we are working with the community to start an evening program for local youth. Our eye care project in Khewra also continued to benefit the residents of Khewra and surrounding areas. This program has become a major source of relief for the area and patients from far and wide come to our hospital for treatment.

The Company allocated PKR 7.45 million to the Foundation for community projects this year. This is an annual contribution to the ICI Pakistan Foundation and enables the Foundation to execute projects in line with its developmental goals.



Health, Safety & Security

Zero harm in terms of health, safety and security in our workplace remains our underlined philosophy of conducting sustainable business.

People and asset security is ensured by assessing each new security threat and defining appropriate controls, review and monitor previous assessments and recommended actions to ensure their completeness.

Key Performance Indicators

Health, Safety & Security		2009	2010	2011	2012	2013 H1	2015
							Target
Fatalities	number	0	0	0	1	0	0
Total reportable injury rate employees/supervised contractors	/million hours	0.28	0.28	0.28	0.27	0	0
Occupational Illness Rate employees	/million hours	0	0	0	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76	1.72	1.83	1.76
Fatalities contractors (supervised and independent)	numbers	1	0	0	0	0	0
Total reportable injury rate independent contractors	/million hours	0.52	0	0	0	0	0
Lost time injury independent contractors	numbers	1	0	0	0	0	0
% sites with BBS program	%	0	100	100	100	100	100
Distribution incidents	numbers	1	1	1	0	0	0
Motor vehicle incident with injury	numbers	0	1	2	0	0	0

Overview 2013:

We are happy to report an injury free performance for the period under review.

Our Health and Hygiene assessment and monitoring program was robustly practiced across the company resulting in zero reportable occupational illness. The absence rate for the first six months of the year was on the higher side however in our experience, on a full year basis, the overall rate drops in the second half of the year. The BBS (Behavior Based Safety) program continued at our sites and locations with training sessions conducted by Corporate HSE and site HSE Managers. Following the divestment from AkzoNobel, the HSE&S Management Committee has decided to continue with the Responsible Care Management System (RCMS). The system shall be aligned with the internationally recognized responsible care programs established for the Chemicals Industry and certification of compliance to the system shall be done by a third party.



Environmental Performance

Management Approach

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

Our strategic thrust clearly is to align our financial performance with our sustainability goals. Despite having to use high sulphur furnace oil for the production of our energy and steam requirements in view of the prevalent energy crises in the country, we aim to reduce our carbon footprint per ton of production by 10% by 2015 in relation to 2010 baseline.

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



Responsible to the core

We understand that our operations have an impact on the environment and we continuously strive to come up with new and better ways for process improvements that can help reduce this impact.

Ejectors are used in the most difficult of process environments such as manufacturing of polyesters used for PET bottles, textile fibers and technical plastics. Traditionally, ejectors are operated with live steam however, newer technologies have been introduced and ejectors can now be operated with organic vapors such as ethylene-glycol, butandiol, butanol, monochloride benzol and trichloroethylene.

Our Polyester Business recently replaced one of the steam ejectors at the CP (Continuous Polymerization) plant with a more mature and developed technology of ejectors EG (Ethylene glycol) vapor ejector system. With a blow down flow rate of 2.5 m³/hrs and high COD (chemical oxygen

demand), steam ejector systems burden the effluent treatment system. Our new EG system has a much lower blow down flow rate of 0.36 m³/hrs and a low COD. This has led to a reduction in the environmental effluent load and giving us margins on our effluent treatment plant capacity.

Moreover, steam ejectors required steam for ejection and steam production consumed 97 Nm³/hr of natural gas. On the contrary, with EG ejector system, the same degree of vacuum for the polymerization process is achieved consuming only 40 Nm³/hr of natural gas. This results in lower energy consumption and significant reduction in our carbon footprint.

Environmental consciousness is a mindset and our teams across our production sites try and come up with innovative solutions to reduce the impact of our operations on the environment.

Emissions Control

Our ambition on environmental management is to minimize the impact of our operations on the environment and responsibly manage the depleting resources of our planet. We seek innovative methods to reduce energy consumption and minimize waste through source reduction, recycling and disposal in an environmentally sound manner.

Key Performance Indicators

Emissions Control		2009	2010	2011	2012	2013 H1	2015
							Target
Total COD emissions	te	105.37	52.59	53.78	39.52	17.82	49.96
Per ton production	kg/te	0.15	0.11	0.13	0.10	0.10	0.10
Total VOC emissions	te	161.25	81.81	72.34	57.12	1.33	77.72
Per ton production	kg/te	0.23	0.18	0.17	0.14	0.01	0.16
Total NOx emissions	te	422.42	430.70	422.93	420.28	206.06	409
Per ton production	kg/te	0.61	0.93	0.99	1.03	1.14	0.83
Total SOx emissions	te	1431.4	2209.1	2672.9	2590.15	1402.4	2430
Per ton production	kg/te	2.05	4.76	6.29	6.35	7.75	4.95
Total Direct CO ₂ emissions (Scope 1)	million te	0.47	0.39	0.35	0.35	0.13	0.37
Per ton production	kg/te	676.1	834.7	829.5	847.95	737.5	753
Total Indirect CO ₂ emissions (Scope 2)	te	39907	2447	5642	3235.61	706.86	2324
Per ton production	kg/te	57.3	5.3	13.3	7.93	3.91	4.7

* VOC emissions are less in 2012. Unusual success through modified formulation achieved at our Paints site.

** Unprecedented natural gas curtailment periods causing increased use of high sulphur Furnace Oil thereby causing high CO₂ emissions.

2013 Overview:

Due to change in financial year, our 2013 sustainability performance is reported for the first six months of the year only. All calculations are therefore based on production levels for the first half of the year. Besides the omission of the Paints Business production levels, overall production levels in the period under review went down. Direct CO₂ levels therefore also went down however indirect CO₂ levels were up because electricity purchase from the national grid was minimized. As the energy crisis continued with extended periods of gas unavailability, we had to use furnace oil due to which per ton production for SO_x and NO_x emissions went up. VOC emissions were mainly a result of the Paints production and with the divestment, the levels dropped dramatically.

Water Usage

Being a fundamental natural source, we are committed to conserve fresh water. As users of this critical natural resource, we try our best to ensure responsible management of the use of fresh water. This includes improving our water use efficiency and continued efforts on use of recycled waste water.

Key Performance Indicators:

Water Usage		2009	2010	2011	2012	2013 H1	2015
							Target
Total Fresh water use	million m ³	6.49	4.59	4.12	3.48	1.57	4.36
Per ton production	m ³ /te	9.8	9.9	9.7	8.53	8.7	8.9
% of sites with sustainable fresh water	%	25	25	25	25	25	100

2013 Overview:

Due to the drop in production levels, fresh water use per ton production has increased. With production levels increasing in the second half of the year, we expect the numbers to go down. We are however performing in line with our 2015 goal and last year we achieved a drop to our target levels which have been maintained this year.

We are far from our goal of achieving 100% sustainable water sites by 2015 however, more plans are in place to integrate fresh water conservation and efficiency drivers into our operational management and we hope that we can be close to our target next year.

Waste Management

Our sites across the country are actively involved in the promotion of good practices that include waste sorting. Recycling has now become an operational philosophy for us and we have embedded the consciousness in our every day work practices. A recent example is our new internal stationery in which we have introduced envelopes that can be used six times before being discarded. With multiple address boxes, a companywide awareness has been developed to reuse these. Similarly, with centralized printing, all our printers have trays for recycled paper and we try and use them twice. These are small initiatives however they lead to significant reduction in paper wastage.

Key Performance Indicators

Waste Management		2009	2010	2011	2012	2013 H1	2015
							Target
Total waste	kte	19.015	4.412	2.73	2.28	0.43	4.191
Per ton production	kg/te	27.32	9.53	6.44	5.60	2.35	8.53
Total hazardous waste	kte	0.31	0.54	0.52	0.53	0.001	0.51
Per ton production	kg/te	0.45	1.17	1.22	1.30	0.003	1.04
Total non-reusable waste	kte	0.408	0.295	0.384	0.385	0.001	0.28
Per ton production	kg/te	0.59	0.64	0.90	0.94	0.00	0.57
Total non-reusable Hazardous waste	kte	0.151	0.251	0.327	0.323	0.001	0.238
Per ton production	kg/te	0.22	0.54	0.77	0.79	0.00	0.48
Total Hazardous waste to landfill	kte	0	0	0	0	0	0
Per ton production	kg/te	0	0	0	0	0	0

2013 Overview:

Total waster per ton of production for the period under review is showing significant reduction mainly because large quantities of waste is still lying at the sites to which is usually sold off at the end of the year. In a full year analysis, the numbers are expected to improve.

With the commissioning of our Coal Fired Boiler operations in the coming months, we are conscious of the waste expected to be generated and have carefully analyzed and developed mitigation measures for that.

Product Stewardship

Through product stewardship, we ensure that HSE is integrated at every phase of the product life cycle. Our product stewardship programs ensure product security from raw material supplies to eventual product delivery at the customers end and sharing of best HSE&S practices with them is our top priority.

Key Performance Indicators:

Product Stewardship		2009	2010	2011	2012	2013 H1	2015
							Target
Product Eco-premium solutions	% sales			15.7	*	NR	30

* Data not available due to demerger of Paints Business

2013 Overview:

Product eco-premium solutions were mainly linked to our Paints Business which was a direct consumer Business. Due to the demerger of our Paints business, we are unable to report progress on this however we have made progress with our other Businesses in this regard.

In the period under review, our Polyester business converted 250,000 wrappers of its packaging (bale wrappers) to biodegradable packaging.

Similarly, the Animal Health segment of our Life Sciences Business used biodegradable bags for packaging its sunflower brand Hysun 33. These 2kg bags are were specially designed for FAO (Food and Agriculture Organization) of The United Nations and UK Aid.

Energy Efficiencies

The rising cost and scarce availability due to the prevalent energy crisis in the country requires careful short and long term planning to come up with an efficient energy mix. Through our “Energy & Innovation Forum” we continue to explore best practices and commit appropriate resources and tools to implement energy efficiency conservation programs across all our manufacturing sites and office locations.

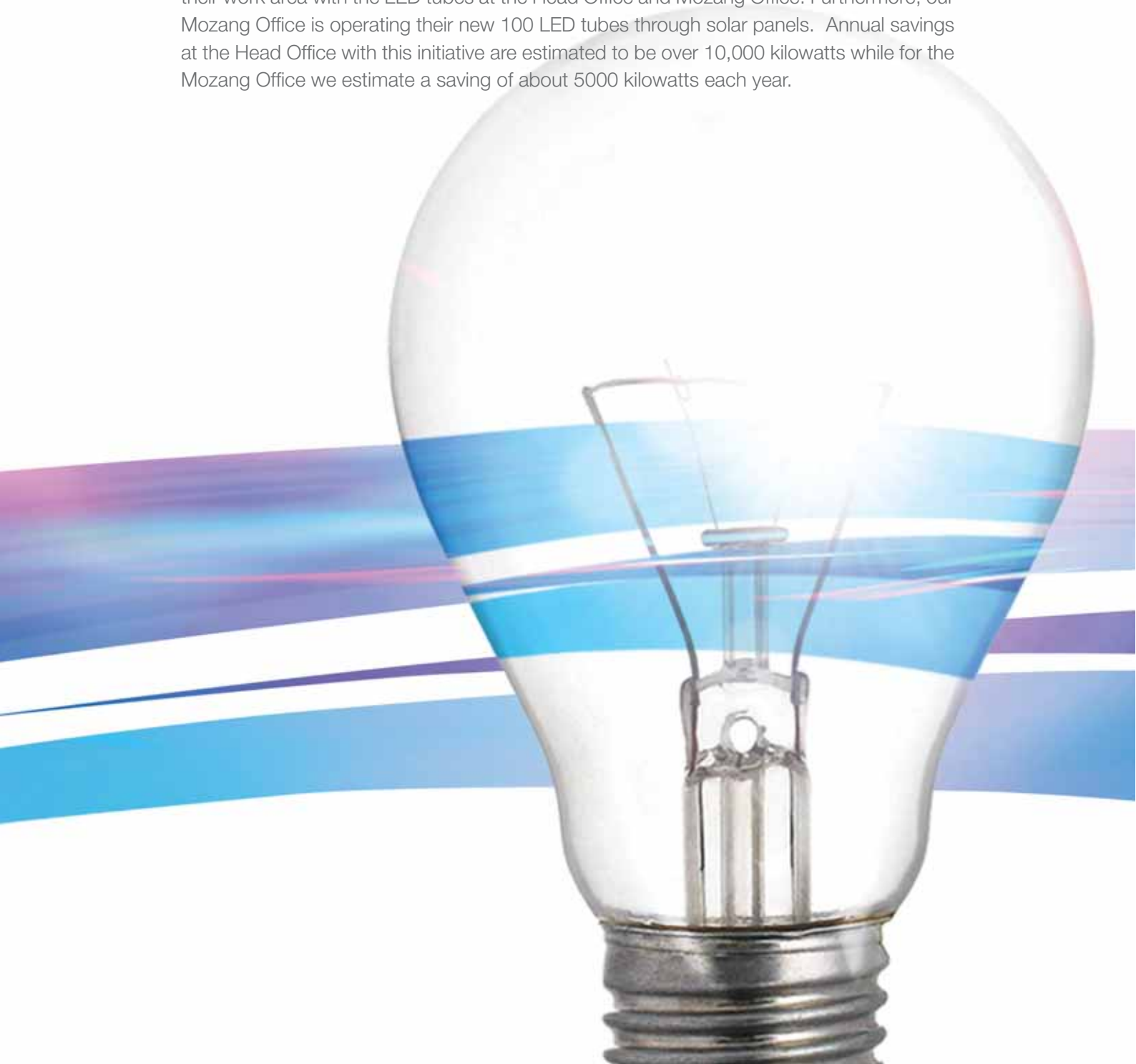
Key Performance Indicators:

Energy Usage		2009	2010	2011	2012	2013 H1	2015
							Target
Total Energy Consumption	1000Tj	6.5	4.8	4.3	4.3	2.1	4.6
Per ton production	GJ/Te	9.3	10.4	10.1	10.4	11.62	9

2013 Overview:

Due to the prevalent natural gas and power shortages in the country, our manufacturing sites of Polyester and Soda Ash have, on an average, operated on less than optimum levels of production rates in the period under review. Energy usage numbers per ton of production therefore continue on the higher side.

Energy saving initiatives across our sites and locations continued. Other than solar panels and skylights, our Life Sciences Business took an initiative of changing regular light tubes of their work area with the LED tubes at the Head Office and Mozang Office. Furthermore, our Mozang Office is operating their new 100 LED tubes through solar panels. Annual savings at the Head Office with this initiative are estimated to be over 10,000 kilowatts while for the Mozang Office we estimate a saving of about 5000 kilowatts each year.



G3 Content Index

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

3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	None
3.12	Table identifying the location of the Standard Disclosures in the report	This table
3.13	Policy and current practice with regard to seeking external assurance for the report	Sustainability Performance; About the Report
Governance, Commitments and Engagement		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Governance and Compliance; Corporate Governance and Compliance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Governance and Compliance; Our Board of Directors
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Governance and Compliance; Our Board of Directors
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Governance & Compliance; Corporate Governance and Compliance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Amongst others, the drivers of compensation are individual performance as well as overall company performance
4.6	Processes in place for the highest governance body to ensure conflicts of interests are avoided.	Governance & Compliance; Corporate Governance and Compliance
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Governance & Compliance; Our Board of Directors, Report of the Directors
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	Overview & Strategy; Our Vision
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles	Governance & Compliance; Risk Management. Sustainability Performance
4.1	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Governance & Compliance; Corporate Governance and Compliance
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Governance & Compliance; Risk Management
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Governance & Compliance; Corporate Governance and Compliance
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	UNGC, MAP, KCC, PBC
4.14	List of stakeholder groups engaged by the organisation	Sustainability Performance; Stakeholder Dialogue

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

STANDARD DISCLOSURES PART III: Performance Indicators

Economic Performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	Governance & Compliance; Report of the Directors
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Governance & Compliance; Risk Management. Sustainability Performance; Environmental Performance
EC4	Significant financial assistance received from the government	None
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Overview & Strategy; Community Investment

Environmental Performance

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

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



Sustainability Assurance Statement

ICI Pakistan commissioned United Registrar of Systems (URS) to provide independent assurance over the sustainability content of their 2013 Sustainability Report (the Report)

Scope of Assurance

Our engagement was designed to provide Limited assurance on whether information in the Sustainability facts and figures section is, in all material respects, fairly stated in accordance with the reporting criteria.

Reporting Criteria and Basis of Assurance

ICI Pakistan applies the Sustainability Reporting Guidelines of the Global Reporting Initiative (G3), supported by internally developed guidelines. It is important to view the performance data in the context of this explanatory information. We believe that these criteria are suitable in view of the purpose of our assurance engagement. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 and the URS Assurance Protocol.

Assurance Methodology

We have performed the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions. Both quantitative and qualitative data were substantiated through examination of relevant files and documents supplied by the report's authors.

Visits to the site, projects and other stakeholders did not form part of the assurance scope.

Our Independence

URS was not responsible for preparing any part of the Report. We confirm that we are not aware of any other engagement or issue that could impair our objectivity in relation to this assurance engagement.