



ICI Pakistan Limited is now part of the AkzoNobel Group

Sustainability Report 2010



AkzoNobel

Contents

| | | | |
|-----------------------------------|----|----------------------------------|----|
| About us | 01 | Environmental Performance | |
| Key Performance Indicators | 02 | Emissions Control | 16 |
| About the report | 04 | Water Usage | 17 |
| Sustainability Strategy | 05 | Waste Management | 18 |
| Sustainability Framework | 06 | Product Stewardship | 19 |
| Stakeholder Dialogue | 07 | Energy Efficiencies | 20 |
| Economic Performance | | G3 Content Index | 21 |
| Integrity Management | 08 | Assurance statement | 23 |
| Sourcing | 09 | | |
| Social Performance | | | |
| Employment Practices | 10 | | |
| Community Investment | 12 | | |
| Health, Safety & Security | 14 | | |



Employee Engagement



Community Investment



Behavior Based Safety



Effluent Treatment Plant



Reverse Osmosis

We have used the G3 Reporting Framework issued by the Global Reporting Initiative (GRI) and are applying the GRI Reporting Framework at Application Level C+

| | | C | C+ | B | B+ | A | A+ |
|-----------|---------------------|---|---|---|---------------------------|---|----|
| Mandatory | Self declared | | Report Externally Assured | | | | |
| | Third party checked | | Report Externally Assured <input checked="" type="checkbox"/> | | Report Externally Assured | | |
| Optional | GRI checked | | | | | | |

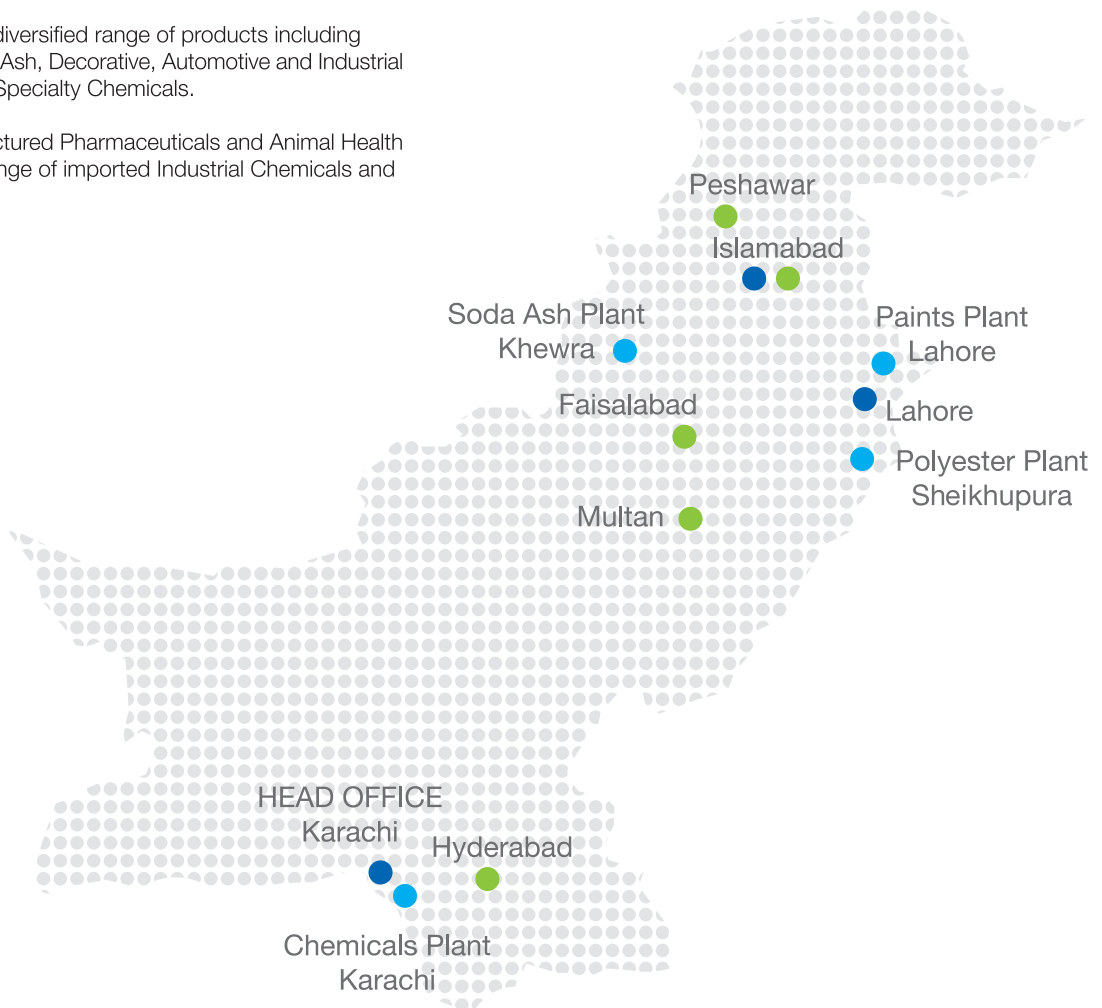
(Third-Party-Checked)

“United Registrar of Systems (URS)” has checked our reporting and has confirmed it to be Application Level C+

About us

We manufacture and sell a diversified range of products including Polyester Staple Fiber, Soda Ash, Decorative, Automotive and Industrial Paints, Agrochemicals and Specialty Chemicals.

We also market toll-manufactured Pharmaceuticals and Animal Health products, in addition to a range of imported Industrial Chemicals and Seeds.



- Head offices and corporate offices
- Plants and manufacturing sites
- Regional and business offices

 1308 employees

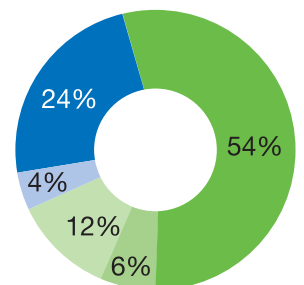
Operating Result: Rs. 3.71 billion

Profit After Tax: Rs. 2.42 billion

Operating result by business

Total operating result Rs. 3.71 billion

| | % |
|---------------|----|
| Polyester | 54 |
| Soda Ash | 24 |
| Paints | 4 |
| Life Sciences | 12 |
| Chemicals | 6 |



Key Performance Indicators

| | | 2009 | 2010 | 2015 Target |
|---|----------------|--------|-----------|-------------|
| Integrity Management | | | | |
| Code of Conduct confirmed incidents | number | 10 | 23 | 0 |
| Code of Conduct trained* | % employees | 100 | 100 | 100** |
| Management audits including reassurance audits | number | 6 | 11 | 6 |
| Serious incidents – Level 3 | number | 1 | 1 | 0 |
| Serious incidents – Level 1, 2 | number | 0 | 2 | 0 |
| Serious loss of containment – Level 4 | number | 0 | 0 | 0 |
| Regulatory actions – Level 3 | number | 0 | 0 | 0 |
| Sourcing | | | | |
| Vendor Policy signed by key suppliers | % | 88 | 83.8 | 96 |
| Vendor Policy signed by central NPR suppliers*** | % | **** | - | - |
| Supportive supplier visits since 2007 | number | 21 | 79 | 146 |
| Employment Practices | | | | |
| Women executives***** | % | 0 | 0 | 12 |
| On-line P&D Dialog participation | % | 77 | 80 | 90 |
| Management development program | No of managers | 34 | 121 | 338 |
| Employee engagement index | % favorable | - | 75 | 80 |
| Community Investment | | | | |
| Community Program Investment | PKR Million | 16.464 | 42.5***** | 30 |
| Health, Safety & Security | | | | |
| Fatalities employees | number | 0 | 0 | 0 |
| Total reportable injury rate employees/supervised contractors | /million hours | 0.28 | 0.28 | 0 |
| Lost time injury rate employees/ supervised contractors | /million hours | 0 | 0.14 | 0. |
| Occupational illness rate employees | /million hours | 0 | 0 | 0 |
| Total illness absence rate employees | % | 1.79 | 1.92 | 1.76 |
| Fatalities contractors (supervised and independent) | number | 1 | 0 | 0 |
| Total reportable injury rate independent contractors | /million hours | 0.52 | 0 | 0 |
| Lost time injury incidence independent contractors | number | 1 | 0 | 0 |
| % sites with BBS program | % | 0 | 100 | 100 |
| Distribution incidents | number | 1 | 1 | 0 |
| Motor vehicle incidents with injury | number | 0 | 1 | 0 |

| | | 2009 | 2010 | 2015 Target |
|---|------------|---------|---------|-------------|
| Emissions Control | | | | |
| COD emissions per ton production | te | 105.37 | 52.59 | 49.96 |
| | kg/te | 0.15 | 0.11 | 0.10 |
| VOC emissions per ton production | te | 161.25 | 81.81 | 77.72 |
| | kg/te | 0.23 | 0.18 | 0.16 |
| NOx emissions per ton production | te | 422.42 | 430.70 | 409 |
| | kg/te | 0.61 | 0.93 | 0.83 |
| SOx emissions per ton production | te | 1431.40 | 2209.11 | 2430 |
| | kg/te | 2.05 | 4.76 | 4.95 |
| Direct CO2 emissions (Scope 1) per ton production | million te | 0.47 | 0.39 | 0.37 |
| | kg/te | 676.13 | 834.70 | 753 |
| Indirect CO2 emissions (Scope 2) per ton production | te | 39,907 | 2447.82 | 2324.65 |
| | kg/te | 57.3 | 5.3 | 4.73 |
| Water Usage | | | | |
| Fresh water use per ton production | million m3 | 6.49 | 4.59 | 4.36 |
| | m3/te | 9.8 | 9.9 | 8.9 |
| % sites with sustainable fresh water | % | 25 | 25 | 100 |
| Waste Management | | | | |
| Total waste per ton production | kiloton | 19.015 | 4.412 | 4.191 |
| | kg/ton | 27.32 | 9.53 | 8.53 |
| Total hazardous waste per ton production | kiloton | 0.31 | 0.54 | 0.51 |
| | kg/ton | 0.45 | 1.17 | 1.04 |
| Non-reusable waste per ton production | kiloton | 0.408 | 0.295 | 0.280 |
| | kg/ton | 0.59 | 0.64 | 0.57 |
| Hazardous non-reusable waste per ton production | kiloton | 0.151 | 0.251 | 0.238 |
| | kg/ton | 0.22 | 0.54 | 0.48 |
| Hazardous waste to landfill per ton production | kiloton | 0 | 0 | 0 |
| | kg/ton | 0 | 0 | 0 |
| Product Stewardship | | | | |
| Product Eco-premium solutions | % sales | - | - | - |

* Number of Management and Non-Management Employees

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

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

**** Monitoring started 2010

***** Functional and Business Head Positions

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

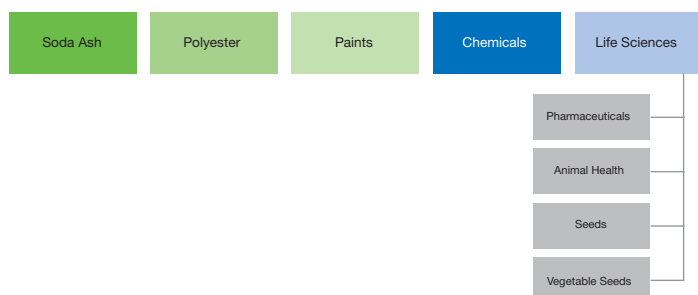
About the Report

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 was followed by a second report in 2009 covering the period January 2009 to 31 December 2009.

This is our third 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 C+.

Report Boundary

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



The text and statistics in this Report cover sites owned and operated wholly by ICI Pakistan Limited during the period 1 January 2010 to 31 December 2010. Employee data includes management and non-management staff. Community Investment is handled by the ICI Pakistan Foundation which is a separate legal entity registered as a Trust. All monetary amounts in this Report are Pakistani Rupees, unless otherwise indicated.

Reporting Period

The reporting period is January 01, 2010 to December 31, 2010 and data has mainly been obtained from our financial management reporting systems, corporate HR information management system and the AkzoNobel and former ICI corporate reporting systems for Health, Safety, Environment & Security (HSE&S) performance indicators.

Report Content

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

Data Collection

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

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

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

Assurance & Verification

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

This Sustainability Summary Report forms part of our sustainability reporting and is designed for general readership only. United Registrar Systems (URS) has conducted an independent verification and assurance of data presented in this report.

The indicators for our sustainability reporting are selected from the G3 Reporting Framework issued by the Global Reporting Initiative (GRI). The GRI is a large multi-stakeholder international network of thousands of sustainability experts. The GRI G3 Reporting Framework is the most widely accepted global standard for corporate responsibility reporting.

Contact Us

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

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

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
9221-32313524

Syed Iqbal Haider - Group Technical Manager
ICI House
63 Mozang, Lahore, Pakistan
9242-36369382

Sustainability Strategy

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

Our Sustainability guiding principle is:

We're committed to reducing our impact on the planet and delivering more sustainable products and solutions to our customers. And we can only do this if sustainability is at the heart of everything we do. That's why we aim to integrate sustainability into every area of our business - for the benefit of our customers, shareholders, employees and the world around us.

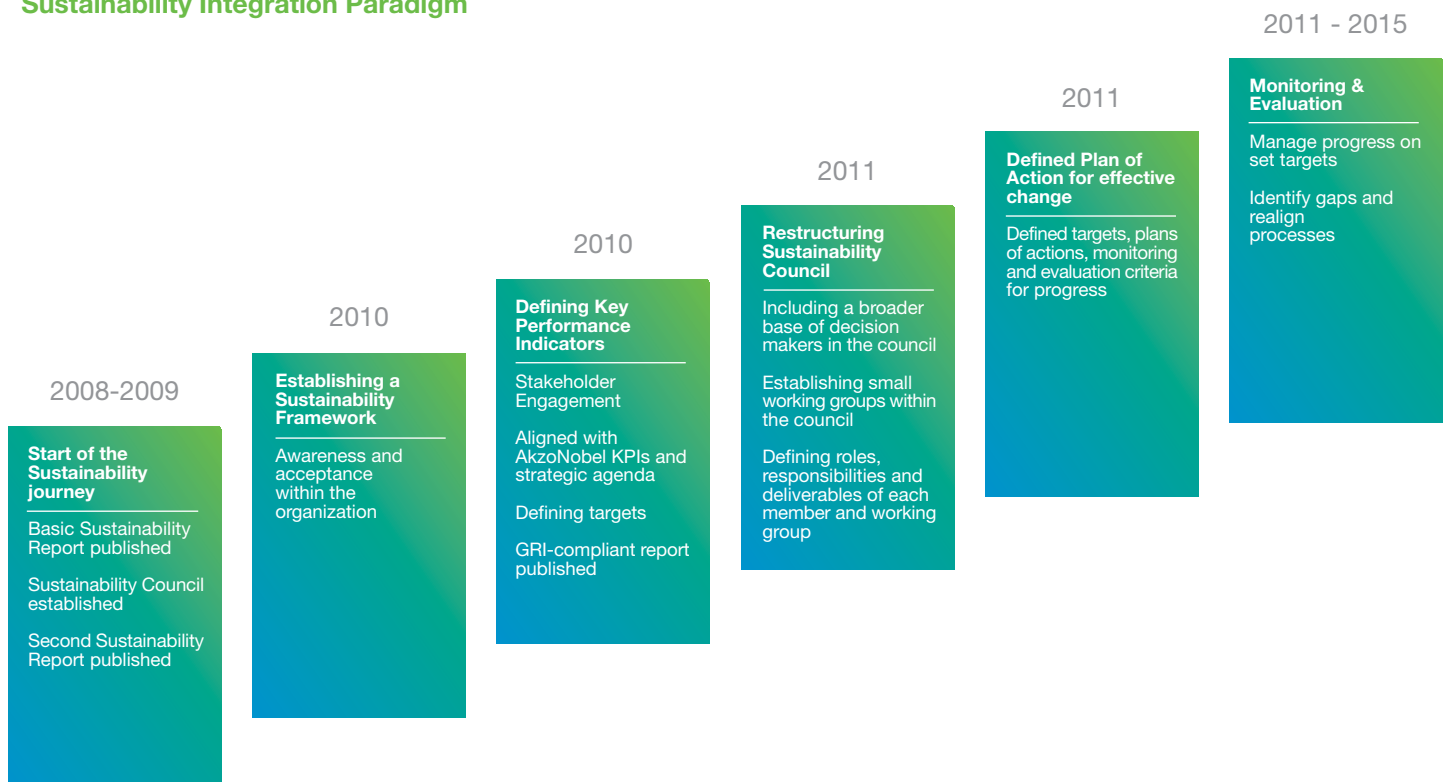
Establishing KPIs and Restructuring the Sustainability Council is the first step towards integrating sustainability within the organization. Once this is achieved, a formal plan of action and deliverables shall be set to achieve

the overall objective of embedding sustainability into every area of our business.

The Sustainability Roadmap we have drafted for ourselves is based on the following steps:

- Establishing a Sustainability Framework
- Obtaining Stakeholder Feedback
- Defining Key Performance Indicators
- Setting Targets
- Restructuring Sustainability Council
 - Including a broader base of decision makers in the council
 - Establishing small working groups within the council
 - Defining roles, responsibilities and deliverables of each member and working group
- Monitoring progress against targets

Sustainability Integration Paradigm



Sustainability Framework

Economic Performance

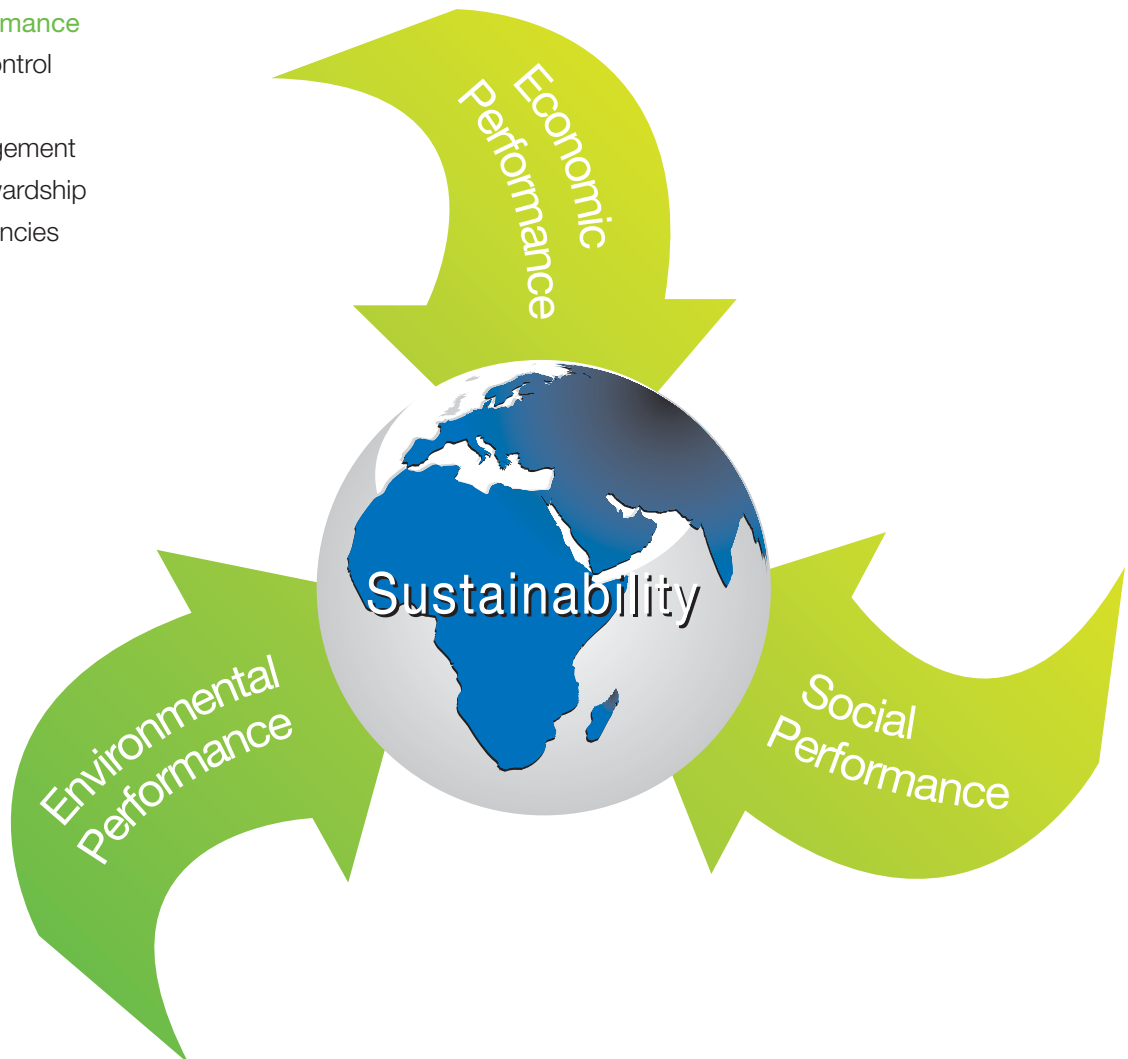
- Integrity Management
- Sourcing

Social Performance

- Health, Safety and Security
- Employment Practices
- Community Investment

Environmental Performance

- Emissions Control
- Water Usage
- Waste Management
- Product Stewardship
- Energy Efficiencies



Stakeholder Dialogue

Dialogue is a unique learning experience and is the first step towards building lasting, healthy relationships with stakeholders. Our most important stakeholders are our customers, employees, suppliers, owners and regulators. Equally important are the people who live close to our sites, local communities and non-governmental organizations (NGOs). Their claims and expectations vary greatly depending on their individual interests.

Sustainable solutions can only be developed if all societal groups work together. That's why this year we initiated a formal stakeholder dialogue with our key stakeholders. We commissioned United Registrar of Systems (URS) to conduct the dialogue for us. A comprehensive engagement process was initiated with one on one interviews, individual and group meetings conducted by the URS team. A detailed feedback report was shared with us which will now serve as a path finder in our journey of sustainability. The following stakeholder groups were addressed in the dialogue:

We also conducted an Employee Engagement Survey for our staff in 2010. A companywide online survey was held and feedback from staff was sought on various areas to gauge engagement levels. The feedback received has been consolidated into an action plan for all managers.

| Stakeholder | Target Group | Focus Area |
|-------------|--|--|
| Community | Community around Soda Ash plant in Khewra | How has ICI's presence affected their lives and what improvements can be further made |
| Customers | Industrial paints customers | Gauge service and customer satisfaction levels and what more can be done to improve |
| Contractors | Contractual Services including Manpower Suppliers and Transporters at the Polyester Business | Measure impact and progress of safety and environmental programs extended to contractors |
| Suppliers | Printers and Packagers of Life Sciences Business | Gain feedback on effectiveness of supplier supportive programs and other sourcing issues |
| Regulators | Environmental Protection Agency Pakistan | Environmental performance and how to improve own and industry standards |

Economic Performance

Integrity Management

Compliance and integrity management are the backbone of our governance process and form the basis for our license to operate.

At its core is our Code of Conduct that details the requirements on employees and on the company to operate with integrity, and lays out rules and principles governing issues such as business integrity, labor relations, health, safety and the environment, and community involvement.

Monitoring Compliance

To ensure effective compliance, integrated procedures and management processes are in place:

Speak Up: A procedure which allows employees to express their concerns on (alleged) breaches of the Code of Conduct. A global supplier operates a confidential telephone and web-based reporting system. All breaches of the Code of Conduct are fully investigated under the supervision of the Compliance Manager.

Non-financial letter of representation: Each Business Unit has processes in place to assure compliance with the Code of Conduct and other corporate requirements. At the end of the year each senior manager and finally the business unit manager signs the non-financial letter of representation to confirm compliance. The outcome is reviewed with the General Counsel and the results are reported to the Executive Committee and the Audit Committee.

Compliance audits: These are conducted within the company; the outcome is shared with the Compliance Manager.

Key Performance Indicators

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

* Number of Management and Non-Management Employees

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

2010 Overview

In 2008 all Management and Non-Management employees were given Code of Conduct training. For all new employees Code of Conduct training is mandatory at the time of induction and HR Managers across the company ensure this. For staff having access to email, an online training program is also available for refresher training.

Our gauge for Code of Conduct incidents is Speak up. The number of Speak Up incidents rose from 10 in 2009 to 23 in 2010. The main reason behind this is that we conducted various ethics and Code of Conduct awareness sessions highlighting our Speak Up process. Consequent to this, the number people availing the Speak Up option has increased.

Also in 2010 audits of all five businesses, corporate functions, Sustainability audit and four Special / investigative audits were conducted by Ernst & Young. The agreed plan of action for future years is to have six audits (five businesses and one corporate) and that is our 2015 target.

The Sustainability audit was conducted for the first time. This audit will further help us identify areas of development.

Future Plans

Put in place a companywide robust Code of Conduct training process with effective monitoring. Also, we aim to extend code of conduct training to all contractual staff as well. Also, refresher sessions for all non-management staff are planned for 2011.

Sourcing

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

Measuring Progress

To measure our progress, we have created the following building blocks:

Vendor Compliance Letter

By signing the Vendor Code of Code, our suppliers endorse and agree to follow the Health, Safety, Environmental and Security standards, as formulated in our Code of Conduct and legislative requirements of the country. On an annual basis, we review and strive to maximize the number of compliant suppliers.

Supplier Supportive Visits

In line with our Global Supplier Engagement program, we have established a program of on-site visits to Critical Suppliers. The objective of these "Supplier Support Visits" is to identify and nurture these critical suppliers as sustainable business partners. As a part of the formal process, we also conduct HSE assessments which outline a two year process as to where they are at present and where they need to be. A comprehensive checklist is used to find strengths and weaknesses after which we help identify actions and offer support and guidance on how to achieve improvements. Through formal feed-back reports and follow-up visits, we work together with our suppliers to improve their overall sustainability.

Key Performance Indicators

| | | 2009 | 2010 | 2015 Target |
|--|--------|------|------|-------------|
| Vendor Policy signed by key suppliers | % | 88 | 83.8 | 96 |
| Vendor Policy signed by central NPR suppliers* | % | ** | | |
| Supportive supplier visits since 2007 | number | 21 | 79 | 146 |

*Major Public Sector Utility suppliers not included in this analysis

** Monitoring started 2010

2010 Overview

In 2010, we expanded the focus of sourcing to include Non Product Related (NPR) suppliers. We made a shift towards centralized compliance by including the assortment of NPR suppliers we engage with on a regular basis. This has introduced formalized processes for greater efficiency, transparency as well as better buying synergies.

Future Plans

Our critical suppliers with whom we work on improving their sustainability, have appreciated the efforts. This encourages us to further extend such visits to more suppliers. While we work towards this end of widening the base, we would like to continue our current focus in 2011 through increased monitoring.

Social Performance

Employment Practices

It is our ambition to be recognized by our employees - and those looking to join us - as a company which offers opportunity to its people for ongoing learning, development and growth in an environment that's defined by our company values. We believe that growing our people is the way to grow our business for the long term and we focus our effort on developing a solid Talent Factory.

Measuring Development

In 2010 we focused our efforts on two main areas:

1. Excellence in people development - ensuring our managers are given the right support to develop themselves through a range of local and global development programs.
2. Stronger employee engagement - creating a working environment where people feel valued and are given the right conditions to perform at their best.

Excellence in People Development

Performance and Development Dialog (P&D Dialog)

The P&D Dialog incorporates both a performance review and development planning. Our company Values and Success Factors (behavioral competencies) are an integral part of all development discussions and have been integrated into the system and annual performance appraisal process.

Management development programs

In 2009, we launched Management Development Programs; Management Essentials Program (MEP) and Advanced Management Program (AMP) to create common understanding of leadership and management competencies. The program is a global standardized best practice with AkzoNobel and is being implemented across 32 countries.

Key Performance Indicators:

| | | 2009 | 2010 | 2015 Target |
|------------------------------------|--------------------|------|------|-------------|
| Women executives* | % | 0 | 0 | 12 |
| On-line P&D Dialog participation** | % | 77 | 80 | 90 |
| Management development program | Number of managers | 34 | 121 | 338 |
| Employee engagement index | % favorable | | 75 | 80 |

* Functional and Business Head positions

** Management staff

Core development Program

We provide our employees the tools to help them meet customer expectations and position the company as customers' clear choice. Employees seeking functional learning opportunities committed to a total of over 8,000 man hours of training on these programs in 2010.

Diversity and Inclusion

Diversity is about embracing the human attributes that make us unique and Inclusion is the foundation that makes Diversity possible. An inclusive environment is one where these differences are valued and where everyone has the opportunity to develop their skills and talents. While not excluding other groups, our initial focus is on improving gender diversity and further strengthening our company's engaging environment.

Leadership pipeline

A strong leadership pipeline is crucial to supporting the company's growth ambitions. Our Leadership Talent Reviews in our businesses and functions play an important role in identifying potential talent early, managing succession planning and structuring individual development. Capability Groups within the company have been formed to ascertain bench strength of each functional area and plan future roadmaps for our key talent ensuring a strong line of succession within the organization as well as building capability.

Employee engagement

Engagement is the measure of our people's commitment to their roles. It involves knowing what's expected of employees, enabling them to do their best and feeling valued. In 2010 we launched the ViewPoint Employee Engagement - a program that will play a vital role in building the Talent Factory we need. Much more than just a survey, ViewPoint is a long-term program that will help empower employees to make a difference and give them a tool to improve the morale, productivity and performance of their teams.

Employment Practices as per our Code of Conduct

We are committed to an attractive working environment for our employees. In this respect, it is our responsibility to recruit, hire and promote employees solely on the basis of their suitability for the job, to stimulate their individual and professional development and to provide safe and healthy working conditions. It is also our responsibility to prohibit harassment of any kind and exploitation of labor. We also adhere to the minimum legal age requirements.

| | |
|---|------|
| Total no. of employees | 1308 |
| Categories of employees | |
| Management | 784 |
| Non-Management | 524 |
| Male / Female Ratio | 28/1 |
| % of employees in collective bargaining agreements, 100% of non - management employees. | |

2010 Overview

At ICI Pakistan, we take pride in being an equal opportunity employer. Currently, our female employees constitute 7% of our workforce in management cadre. Females also constitute 7% of our senior management positions however, at present; we have no female executives (defined as Business or Functional Heads). Going forward, it is our intention to continue to further support diversity within our Businesses and Functions and increase the percentage to at least 12% by 2015.

In 2010, 80 percent (2009: 77 percent) of employees used the web-based process, with a paper system available for the remainder. Ideally online P&DD should be at 100% but however due to a large geographic spread and remote locations, this has been difficult to achieve. The focus for 2011 will be on continuing to increase the number of online users along with maintaining our current achievement of 100% overall completion within given timelines of the process and the quality of the manager-employee dialogue and development discussions.

Key Role - Human Resources

- Create enabling HR systems and processes
- Build managerial capability for effective engagement impact planning
- Facilitate and review engagement impact planning
- Be the sounding board for employees & managers – collate and escalate pervasive issues
- Drive best practice collation and dissemination



Key Role - Leadership

- Formalize enterprise level strategy and drive plans
- Communication results / action taken report
- Be role models - be the first one to conduct impact planning sessions
- Recognize and reward engagement efforts and performance
- Support engagement initiatives

Key Role - Line Managers

- Share engagement results with the team
- Lead team feedback on results and impact planning
- Escalate issues not within the control of the team

There is a need to cover maximum number of managers for Management Development Program so that MEP / AMP are embedded quickly and the whole company can start speaking the same language. By 2015, we aim to cover over 300 managers which represent approximately 30 % of the total management population.

Employee Engagement Survey conducted in 2010 resulted in a concrete assessment of engagement levels thereby allowing us to design a greater employee engagement program Employee Engagement Index for 2010 may be marked at 75% (currently we are at an engagement level of 3.74). We aim to increase it to 80% by 2015 which would mean an average mean score of 4 out of 5.

Case Study

Employee Engagement Survey

Our 2010 employee survey focused on engagement, because engaged teams produce better results. The 2010 Gallup Q12 survey was open to all employees. In total, 79 percent of our global workforce participated. The results indicated an overall engagement score of 3.56. In Pakistan, 94% of our workforce participated in the survey and the results indicated an overall engagement score of 3.74.

The 2010 results provide us with an initial benchmark of our engagement levels and an excellent starting point to make the necessary improvements at all levels of our organization. We will implement another full survey in 2011, with an ambition of increasing

the overall engagement score to 4 by 2015. This will enable our managers to track their progress and continue to drive improvements.

Community Investment

We're as committed to our communities as we are to our customers, shareholders and employees. 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 the 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.

Measuring Progress:

Every year, ICI Pakistan Limited donates a percentage of profit of the organization to the Foundation. Over the years, as the company has grown, contribution to the Foundation has also grown. Other than contributions through the Foundation, various businesses also directly invest in community projects.

Community investment in Rs. million

| | |
|------|--------|
| 2006 | 9.44 |
| 2007 | 14.692 |
| 2008 | 21.65 |
| 2009 | 16.464 |
| 2010 | 42.5 |

Key Performance Indicators

| | | 2009 | 2010 | 2015 Target |
|------------------------------|-------------|--------|-------|-------------|
| Community Program Investment | Rs. Million | 16.464 | 42.5* | 30 |

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

Flood Relief Contribution



2010 Overview

In 2010, Pakistan faced one of the worst disasters in the history of the country in the form of floods. ICI Pakistan Limited, its staff, parent company and other related concerns contributed a total of PKR 36 million to the ICI Pakistan Foundation for flood relief and rehabilitation. Along with this ICI Pakistan Staff also made in-kind contribution and put together over 10,000 care packs with immediate sustenance items. Staff efforts for floods also included 2000 volunteering hours.

Total contribution for Flood Relief: PKR 36 million
 AkzoNobel NV: PKR 18 million
 ICI Pakistan Limited: PKR 15 million
 Staff Cash & In-kind: PKR 2 million
 Others: PKR 1 million

With most resources dedicated towards Flood Relief, many community initiatives planned for 2010 were deferred. The company spent Rs. 6.5 million on health, education and environmental programs. A total of 4500

volunteering hours were contributed by staff during the year, monetary value of which has been accounted for in consolidation total community program investment number.

Details given in the Community Investment Section of the report on page 36.

Future Plans

We have applied for the PCP (Pakistan Center for Philanthropy) Certification to further streamline the operations of the Foundation. PCP Certification is an endorsement of good housekeeping practices for charitable institutions.

The plans for 2011 centre on developing learning centers across Pakistan. We have launched the 'Ilm-o-Hunar' skill development program end of 2010 with a pilot painter training program with Construction Technology & Training Institute (CTTI). In the area of health, we aim to extend our eye care program to other locations in collaboration with leading eye care organizations like LRBT.

Case Study

Community Investment

As mentioned in our last years Sustainability Report, in 2009, we funded, constructed and launched the Kakapir Seafood Kitchen in the fishing community of Kakapir Village near Sandspit beach in Karachi. Our idea was to design a self sustaining project that would provide the fishing community with alternate livelihood. The kitchen is designed and equipped for commercial cooking and the idea is to promote the delicious indigenous seafood cuisine of the area as a food alternative for beach-goers.

In year 2010, the project was run and managed by the villagers earning a steady supplemental income. The profits earned from this project not only cover the running expense of the kitchen but are reinvested back into the community. The project now pays for the salary of a private teacher at the local Community School.



Highlight of the year

Our first rehabilitation project for flood affectees is complete. We have helped build a model village in Khyber Pakhtoon Khuwa in partnership with Karachi Relief Trust (KRT).

Each model house has 2 bedrooms, one bathroom, a kitchen and front yard. This project has been completely funded by contributions from our employees.



Health, Safety & Security

ICI Pakistan has always endeavored to remain best in class in terms of health and safety performance measured through Reportable Injuries for Employees and Contractors per million hours worked and zero Occupational Reportable Illnesses for the same population.

Similarly, for people security, our system requires that risks to employees from security threats are assessed, reduced, controlled and monitored in the workplace, while driving on company business and for visitors. In the same light, we strive to ensure that arrangements are in place for the appropriate security of assets and information. Product security needs to be maintained from raw material supply to product delivery.

Performance Overview

In 2010 there were two injuries to supervised contractor employees during the year. We had a reportable injury rate of 0.28 which is the same as last year actual. This performance is significantly better compared to the peer business units within the AkzoNobel Group.

Health & Hygiene assessment and monitoring program was robustly practiced across the company resulting in a zero Reportable Occupational Illness. Occupational Illness absence rate is marginally higher than 2009 mainly contributed by change of baseline due to PTA demerger. Implementation of the Asset Integrity Guidelines, roll out of Behavior

Based Safety, HSE&S Leadership Training and follow-up on the Corporate Audits 2009 improvement plans were the key strategic objectives for 2010.

Employees' involvement and engagement and role of top leadership in HSE&S continuous improvement process are integral in helping maintain top-of-the-line position in HSE&S performance. Behavior Based Safety and HSE&S Leadership Training have been part of this drive as AkzoNobel Corporate Initiatives. Both these important 2010 Corporate HSE&S Plan Actions were successfully completed.

Another highlight of the year was the completion of Top10 Risk identification exercise for the company. This risk matrix is an integral part of 2011 Improvement Planning across the company.

Future Plans

First cycle review of Behavior Based Safety Program and Asset Integrity Guidelines implementation will be the significant items for 2011. Similarly, the validation of emergency preparedness will also be high on the corporate agenda. Development Plans for critical HSE resources will be stewarded during the year.

Key Performance Indicators

| | | 2009 | 2010 | 2015 Target |
|---|----------------|------|------|-------------|
| Fatalities employees | number | 0 | 0 | 0 |
| Total reportable injury rate employees/supervised contractors | /million hours | 0.28 | 0.28 | 0 |
| Lost time injury rate employees/ supervised contractors | /million hours | 0 | 0.14 | 0 |
| Occupational illness rate employees | /million hours | 0 | 0 | 0 |
| Total illness absence rate employees | % | 1.79 | 1.92 | 1.76 |
| Fatalities contractors (supervised and independent) | number | 1 | 0 | 0 |
| Total reportable injury rate independent contractors | /million hours | 0.52 | 0 | 0 |
| Lost time injury incidents in independent contractors | number | 1 | 0 | 0 |
| % sites with BBS program | % | 0 | 100 | 100 |
| Distribution incidents | number | 1 | 1 | 0 |
| Motor vehicle incidents with injury | number | 0 | 1 | 0 |

Case Study

Behavior Based Safety

Behavior-Based Safety is a process that helps employees identify and choose a safe behavior over an unsafe one. Safety in the workplace is a combination of three measurable components: the person, their environment, and their behavior. Only when these three elements are combined can workplace accidents be eliminated.

Behavior-based safety is based on four key components

- A behavioral observation and feedback process
- A formal review of observation data
- Improvement goals
- Reinforcement for improvement and goal attainment

Behavior Based Safety program was initiated in the company in the second quarter of 2010. The team developed training modules and devised strategy for the implementation. Safety Improvement Teams at all businesses were designated as the BBS Problem Solving Teams. Once the BBS Teams were in place key observers were identified.



It was decided to engage an external consultant to impart training to the observers and help implement BBS effectively in the company. The consultant's scope of work covered the following:

- Hold training sessions with observers
- Impart hands on training to observers
- Carry out follow up session with observers
- Arrange summing up presentations by businesses
- Provide assessment and feed back to Corporate and Business HSE on progress

The training and follow up sessions stated above have been successfully completed and all five businesses are now BBS compliant. Companywide validation review is planned in Q1 2011 to ensure BBS is securely embedded in our systems.

Environmental Performance

Emissions Control

We continue to monitor and manage atmospheric emissions to ensure that there are no unacceptable environmental impacts and that local consent limits and regulatory permits are fully complied with. We aim to reduce our carbon footprint per ton of production by 10% by 2015 in relation to 2009 baseline.

Environmental Policy

We continue to follow the AkzoNobel Environmental Policy comprising of the following features:

- 1) **Measurement:** Measure and report on cradle-to-gate basis and manage carbon along the value chain.
- 2) **Reduction:** Use a structured and consistent carbon reduction approach, aligned with business objectives.
- 3) **Communication and advocacy:** Actively communicate and approach staff, customers, suppliers, investors and the general public and encourage dialogue.
- 4) **Best practices:** Promote activities to share good practice, generate efficiencies and accelerate improvement.

Key Performance Indicators

| | | 2009 | 2010 | 2015 Target |
|---|------------|---------|---------|-------------|
| COD emissions per ton production | Te | 105.37 | 52.59 | 49.96 |
| | kg/te | 0.15 | 0.11 | 0.10 |
| VOC emissions per ton production | Te | 161.25 | 81.81 | 77.72 |
| | kg/te | 0.23 | 0.18 | 0.16 |
| NOx emissions per ton production | te | 422.42 | 430.70 | 409 |
| | kg/te | 0.61 | 0.93 | 0.83 |
| SOx emissions per ton production | te | 1431.40 | 2209.11 | 2430 |
| | kg/te | 2.05 | 4.76 | 4.95 |
| Direct CO ₂ emissions (Scope 1) per ton production | million te | 0.47 | 0.39 | 0.37 |
| | kg/te | 676.13 | 834.70 | 753 |
| Indirect CO ₂ emissions (Scope 2) per ton production | te | 39,907 | 2447.82 | 2324.65 |
| | kg/te | 57.3 | 5.3 | 4.73 |

2010 Overview

Energy usage for 2009 was actually 0.93 taking PTA into account. PTA was divested in 2009 H1 and the figure of 1.1 does not include PTA.

Similarly the 2009 figure for per ton production of energy related CO₂ of 0.64 does not include PTA.

Future Plans

We shall continue to focus on environmental protection measures. This will be a significant challenge considering the natural gas availability projections for 2011.

Energy Usages Tera joule Per ton of Production (Tj / Te x 10⁻²)

| | |
|------|------|
| 2005 | 1.39 |
| 2006 | 1.32 |
| 2007 | 1.3 |
| 2008 | 1.25 |
| 2009 | 1.1 |
| 2010 | 1.04 |

Per ton Production of Energy Related CO₂

| | |
|------|------|
| 2005 | 0.73 |
| 2006 | 0.69 |
| 2007 | 0.67 |
| 2008 | 0.66 |
| 2009 | 0.64 |
| 2010 | 0.62 |

Water Usage

Water management is a key element in our sustainability improvement portfolio. Sustainable fresh water supply is critical for business continuity and sustainability. As per the AkzoNobel Directives and Ambition, 100% of ICI Pakistan manufacturing sites are directed to have sustainable fresh water management system in place.

2009 & 2010 have been spent in completing the fresh water management assessment using the AkzoNobel tool.

Key Performance Indicators

| | | 2009 | 2010 | 2015 Target |
|--------------------------------------|------------------------|------|------|-------------|
| Fresh water use | million m ³ | 6.49 | 4.59 | 4.36 |
|per ton production | m ³ /te | 9.8 | 9.9 | 8.9 |
| % sites with sustainable fresh water | % | 25 | 25 | 100 |

Performance Overview

The absolute water consumption in million m³ shows a reduction. Again this is coming from PTA demerger. The per ton consumption is marginally increased after incorporating a more comprehensive water consumption reporting from Head Office. At present 25% of our sites have sustainable fresh water system.

Note: Our reported water figures for the year 2009 and 2010 are based on AkzoNobel definition, only Fresh Water is reported.

Future Plans

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

Water Sustainability

| | |
|------|-------|
| 2005 | 16.2 |
| 2006 | 14.97 |
| 2007 | 12.53 |
| 2008 | 11.92 |
| 2009 | 9.8 |
| 2010 | 9.9 |



Case Study

Effluent Treatment Plant

After significant reduction in electricity and gas consumption, our Chemicals Business successfully implemented another sustainability initiative by recycling and reusing treated water from our Effluent Treatment Plant (ETP). Part of this recycled water is being used at our Chemicals plant to wash vessels and floors, and the remaining water is being used at our adjacent head office premises for horticultural and cleaning purposes.

About 574 cubic meters (29%) of our total ETP water was recycled from May to December 2010, which has reduced our fresh water consumption, cut down the environmental impact and has also minimized HSE hazards associated with water tanker traffic at head office.

This initiative helped our Chemicals Business to meet our KPI of reducing fresh water consumption in 2010. The project commenced in January 2010 and was completed in March 2010.

Waste Management

Effective waste management helps to increase raw material efficiency in our manufacturing operations, reduces our environmental footprint and reduces costs. It is our aim to manage waste disposal responsibly and we focus on waste management using the principles to eliminate, reduce, reuse and recycle.

2010 Overview:

Apart from the PTA demerger which mainly contributed to the variation, total hazardous and non reusable Waste is higher due to the change in classification of ETP waste at Paints Business turning it into Hazardous Waste. Also, about 12 tons of ETP sludge lying with Chemicals Business, Karachi as inventory was taken into reporting.

Future Plans:

Our manufacturing sites will focus on incremental improvement focusing on process and product design improvement for eliminating wastes at source and to find more cost effective disposal roots.

Waste Management

| | |
|------|--------|
| 2005 | 1.228 |
| 2006 | 1.205 |
| 2007 | 1.178 |
| 2008 | 1.174 |
| 2009 | 0.027 |
| 2010 | 0.0095 |

Note: the waste figures for 2009 and 2010 shown in the graph are on the basis of AkzoNobel definitions.

Key Performance Indicators:

| | | 2009 | 2010 | 2015 Target |
|------------------------------|--------------------|--------|-------|-------------|
| Total waste | kiloton | 19.015 | 4.412 | 4.191 |
| | per ton production | kg/ton | 27.32 | 9.53 |
| Total hazardous waste | kiloton | 0.31 | 0.54 | 0.51 |
| | per ton production | kg/ton | 0.45 | 1.17 |
| Non-reusable waste | kiloton | 0.408 | 0.295 | 0.280 |
| | per ton production | kg/ton | 0.59 | 0.64 |
| Hazardous non-reusable waste | kiloton | 0.151 | 0.251 | 0.238 |
| | per ton production | kg/ton | 0.22 | 0.54 |
| Hazardous waste to landfill | kiloton | 0 | 0 | 0 |
| | per ton production | kg/ton | 0 | 0 |

Product Stewardship

As a company we embrace product stewardship as one of the key mechanisms to support our future Sustainability. Product Stewardship strives to achieve a sustainable and attractive balance between the inherent properties of a chemical and the benefits it provides to all major stakeholders throughout its lifecycle.

Product Stewardship Policy:

We aim to ensure that a product is developed, manufactured, promoted, distributed, marketed and ultimately disposed into the environment in a socially responsible and acceptable manner with respect to HSE & S matters and it will be demonstrated that this is practiced. In order to fulfill this responsibility particular attention shall be paid to:

- Provision of appropriate training and information to all our staff, contractor, suppliers and customers for handling, correct usage and disposal of our products and in a safe and responsible manner so as to minimize chances of injury to people and damage to third parties or environment arising from its use.
- Product design, development of modification to meet customers needs and to minimize HSE&S impacts.
- All data on our products and its use shall be made available to our customers and users in order to promote sustainability.
- Procedures that ensure feedback from customers on our product usage and performance.
- Evaluation of suppliers and their regular assessment to ensure consistency with the HSE&S policy.
- Compliance with the applicable local laws, regulation and standards.

Eco Premium solutions are an ambition in line with our Product Stewardship Policy. Eco-premium solutions help to create value for our business and our customers. They provide top line growth opportunities because of improved performance in areas such as raw material use, manufacturing process and product innovation. A product qualifying for the list of Eco-Premium Solutions must meet the following criteria, when assessed against the competing mainstream products:

1. It provides the same or better functionality for the customer application.
 2. When assessed along the full value chain against the following criteria:
 - Energy efficiency (consumption)
 - Use of natural resources/raw materials
 - Emissions and waste
 - Toxicity
 - Risks (for accidents during production, transportation etc.)
 - Land use, if applicable
- a) It is significantly better in at least one criterion
 b) It is not significantly worse in any other of the criteria

2010 Overview:

We are planning towards establishing an Eco-Premium Products target. At present, we do not have a monitoring mechanism however we are working with parent company to develop procedures and methodologies around this. In 2011, we will be able to report more progress. Targets and measure for 2010 and 2015 are therefore not reported.

Future Plans:

- R&D / Marketing / Sales for Eco Premium Products
- Building Sustainability into Purchasing (Supplier Support Visits) / AkzoNobel Vendor Policy implementation
- Product Stewardship Improvements

Key Performance Indicators:

| | | 2009 | 2010 | 2015 Target |
|-------------------------------|---------|------|------|-------------|
| Product Eco-premium solutions | % sales | - | - | - |

Energy Efficiencies

Objective

We aim to drive energy efficient operations to improve operational eco-efficiency of our manufacturing processes. With ever increasing cost of energy, the focus is going to get sharper and the targets are going to get tougher. We have initiated an 'Energy and Innovation Forum' comprising nominees from all businesses and headed by Corporate Technical & Engineering Department (CTED) to achieve defined objectives and targets for greener operations at all sites.

2010 Overview

Overall performance in unit terms is of the same order as reported last year. On like to like basis (excluding PPTA), the energy consumption and CO2 emission (energy related) were 5.3% and 3% lower as compared to 2009.

Future Plans

We aim to focus on energy conservation at our main office locations in Lahore and Karachi.

Key Performance Indicators

| | | 2009 | 2010 | 2015 Target |
|---|------------|--------|------|-------------|
| Total energy consumption per ton production | 1000TJ | 6.496 | 4.8 | 4.56 |
| | 1000 TJ/te | 0.0093 | 0.01 | 0.009 |

Case Study

Reverse Osmosis

Recently our Soda Ash Business successfully commissioned its Reverse Osmosis (RO) water purification plant. This new RO plant has completely replaced the old water purification plant which was based on an obsolete, maintenance intensive and inefficient technology.

This change will help ICI to cut down on energy consumption and reduce our carbon footprint, in line with AkzoNobel's sustainability vision. It is important to note that the RO plant has accomplished 0% water rejection, meaning each and every drop of the water processed through the plant is being utilized in one process stream or another.



G3 Content Index

STANDARD DISCLOSURES PART I: Profile Disclosures

| Profile Disclosure | Description | Cross-Reference |
|--|---|--------------------------|
| Strategy and Analysis | | |
| 1.1 | Statement from the most senior decision-maker of the organization | AR Page 03 |
| 1.2 | Description of key impacts, risks, and opportunities. | AR Page 32 |
| Organizational Profile | | |
| 2.1 | Name of the organization. | Cover |
| 2.2 | Primary brands, products, and/or services. | AR Page 44-73 |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | SR Page 04 |
| 2.4 | Location of organization's headquarters. | Inside Back Cover SR 01 |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | SR Page 01 AR Page 06 |
| 2.6 | Nature of ownership and legal form. | AR Page 28 |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | AR Page 44-73 |
| 2.8 | Scale of the reporting organization. | SR Page 01 |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | AR Page 16-23 |
| 2.10 | Awards received in the reporting period. | AR Page 34 |
| Report Parameters | | |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | Cover SR Page 04 |
| 3.2 | Date of most recent previous report (if any). | SR Page 04 |
| 3.3 | Reporting cycle (annual, biennial, etc.) | SR Page 04 |
| 3.4 | Contact point for questions regarding the report or its contents. | SR Page 04 |
| 3.5 | Process for defining report content. | SR Page 04 |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance. | SR Page 04 |
| 3.7 | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). I | SR Page 04 |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | SR Page 04 |
| 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). | NA |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | SR Page 16-20 |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | SR Page 21 |
| Governance, Commitments, and Engagement | | |
| 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | AR Page 26-30 |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | AR Page 26 & 28 |

AR: Annual Report SR: Sustainability Report

| Profile Disclosure | Description | Cross-Reference |
|--------------------|--|-----------------|
| 4.3 | For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | AR Page 14 & 15 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | AR Page 29 |
| 4.14 | List of stakeholder groups engaged by the organization. | SR Page 07 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | SR Page 07 |

STANDARD DISCLOSURES PART III: Performance Indicators

Economic

| | | |
|-----|--|------------------------------------|
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | AR Page 36 SR Page 12 |
| EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts. | AR Page 36 & 60 SR Page 12 & 13 |

Environmental

| | | |
|------|--|-----------------------------|
| EN2 | Percentage of materials used that are recycled input materials. | AR Page 56 SR Page 17 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | AR Page 40 SR Page 16-20 |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | AR Page 17 SR Page 16 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | SR Page 16 |

Social: Labor Practices and Decent Work

| | | |
|------|--|--------------------------|
| LA4 | Percentage of employees covered by collective bargaining agreements. | SR Page 10 |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. | AR Page 41 SR Page 14 |
| LA10 | Average hours of training per year per employee by employee category. | AR Page 41 |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | AR Page 42 |

Social: Human Rights

| | | |
|-----|--|------------|
| HR4 | Total number of incidents of discrimination and actions taken. | SR Page 08 |
| 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. | SR Page 08 |
| HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. | SR Page 10 |

Social: Society

| | | |
|-----|---|------------|
| SO2 | Percentage and total number of business units analyzed for risks related to corruption. | AR Page 29 |
| SO5 | Public policy positions and participation in public policy development and lobbying. | AR Page 28 |
| SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. | AR Page 29 |

A publication of the Corporate Communications & Public Affairs Department

ICI Pakistan Limited

5 West Wharf

Karachi, 74000

Pakistan

T +92 21 32313717-22

F +92 21 3231 1739

E: ccpakistan@akzonobel.com

www.akzonobel.com/pk

Design

Adétude Private Limited

Printing

Zamzam Enterprises

ICI Pakistan Limited is now part of the AkzoNobel Group.

AkzoNobel is the largest global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers.

Our portfolio includes well known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are a Global Fortune 500 company and are consistently ranked as one of the leaders on the Dow Jones Sustainability Indexes. With operations in more than 80 countries, our 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™