



REPORT OF THE JUDGES

**ACCA-WWF PAKISTAN ENVIRONMENTAL
REPORTING AWARDS 2009**

Foreword



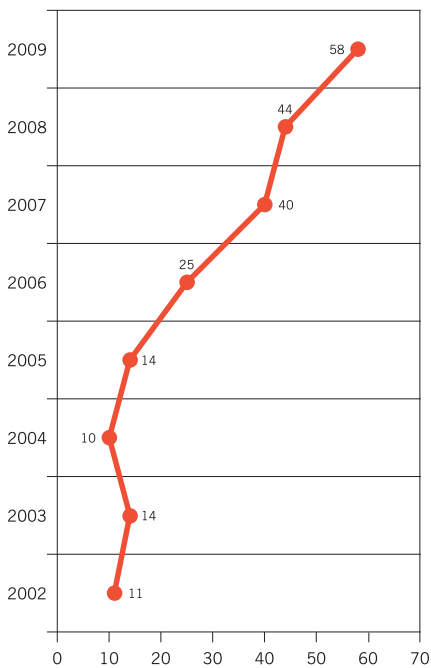
Welcome to ACCA–WWF Pakistan Environmental Reporting Awards 2009 Judges Report

When the ACCA–WWF Pakistan Environmental Reporting Awards scheme was jointly launched by *ACCA Pakistan* and WWF Pakistan in 2002, we undertook to produce a judges' report that would reflect the strengths of all reports that won an award and offer lessons learnt from the judging process.

In the early 1990s, as the business world embraced the idea of '3 Ps' – profits, people and planet, a business case emerged for extending the boundaries of bottom line reporting from single line financial performance reporting to triple bottom line economic, environmental and social performance reporting. In the public interest, and staying true to our values of innovation, integrity and accountability, 19 years ago, ACCA initiated Environmental Reporting Awards in the UK. The aim was to encourage transparency in triple bottom line reporting and encourage commitment to corporate social responsibility (CSR) by the business world. ACCA is now involved in reporting awards schemes in every continent.

The ACCA Environmental Reporting Awards came to Pakistan in 2002. In partnership with the WWF, a name synonymous with environmental protection and conservation, ACCA aspired to nurture a culture of transparent reporting in Pakistan. Over the years, as the influence, recognition and outreach of the Awards have grown (see Figure 1), the Awards today are a manifestation of the business community's commitment to excellence, in adopting the highest standards of transparent multidimensional environmental and sustainability reporting in Pakistan.

Figure 1: Number of entries 2002–9



The awards scheme aims:

- to recognise and reward those organisations that report and disclose environmental, social or sustainability performance
- to encourage best practices in environmental, social and sustainability reporting
- to raise awareness of reporting corporate social responsibility issues and performance
- to provide evidence of 'best in class' disclosure performance, on the basis that 'disclosure changes behaviour', with companies considering how their commitment towards sustainable business can enable them to function better in protecting and enhancing sustainable performance.

We hope that this report, which details the development of the thinking that led up to the Awards, and the insights gathered during the judging process, will help companies continue to improve standards of environmental, social and sustainability reporting.

The strong endorsement of the Awards by the Ministry of Environment, the International Union for the Conservation of Nature (IUCN), the panel of judges and the participating companies is greatly appreciated by *ACCA Pakistan* and WWF Pakistan.

Arif Masud Mirza
Head of ACCA Pakistan

Endorsers

The awards are endorsed by the Ministry of Environment and IUCN Pakistan.



MESSAGE FROM THE MINISTRY OF ENVIRONMENT

Global warming and environmental change are a threat to the whole world. Pakistan is one of those countries that are facing the adverse affects of environmental changes. Therefore, the government is giving priority to environmental issues in Pakistan. Owing to environmental changes, the Earth's temperature is rising and, around the poles, glaciers are melting rapidly. In consultation with key stakeholders, the Ministry of Environment is focusing on the sustainable development of Pakistan. Climate change, water scarcity and carbon emissions are challenges that merit urgent action: failure to take action would threaten the availability of natural resources for Pakistan's present and future generations. As the government plans for Pakistan's sustainability, it needs the support of the relevant stakeholders

The need of the hour is for the government, the public and the private sectors, the media, the think tanks, the policymakers, the donors and the people of Pakistan to reflect and ponder over the creation of an action plan that would enable us to overcome current and future challenges to sustainable development. Among other stakeholders, the business community has to play a pivotal role in enabling Pakistan to overcome the sustainability challenges of the 21st century. Environmental and sustainability reporting provides a useful framework for communicating the readiness, preparedness and commitment of a business to overcoming the challenges to sustainability.

The business community has been made subject to greater accountability now than in the past. In the current economic conditions, as capital becomes scarce, providers of finance, whether they are financial institutions, donors or investors, can be very selective. Transparency and openness are essential for effective communication with a company's key stakeholders. Having a set of awards such as the ACCA-WWF Pakistan Environmental Reporting Awards, which acknowledge those companies that voluntarily disclose their sustainable business practices, provides a strong incentive for being more accountable and transparent in reporting practices.

From Pakistan's perspective, the sustainability reporting practices advocated by the Awards will enable Pakistani companies be globally benchmarked in all aspects of their operations and this, in turn, will assist them in meeting the challenges of the current economic conditions and the ensuing competition for markets and capital. Consequently, this will also improve the reputation and branding of Pakistani companies, which can only contribute to greater trade and economic growth for Pakistan. Over the years, the Ministry of Environment has observed with immense pride the increasing interest of the business community in the Awards, and the commitment of ACCA and WWF to ensuring the transparency of the Awards scheme.

In this context I would like to commend the hard work of all the companies who have participated in the Awards scheme. The winners deserve a special acknowledgement. The idea of environmental and sustainability reporting is still so unusual in Pakistan and yet so important that all those who are part of the Awards scheme merit a special commendation.

The government of Pakistan is very supportive of private sector initiatives such as the ACCA-WWF Pakistan Environmental Reporting Awards and is willing to work with ACCA and WWF to encourage greater involvement among the business community.

MESSAGE FROM IUCN

IUCN's mission is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is both equitable and ecologically sustainable.

IUCN works closely with the government at the national and provincial levels as well as with civil society at large. Following a two-pronged approach, IUCN: advocates and technically assists the development of conservation strategies, and supports strategy implementation by providing assistance in policy and legislative reforms, capacity development, environmental assessment, awareness and education, and selected field projects.

Corporate social responsibility (CSR) goes beyond philanthropic acts of goodwill towards the community at large: critically, it encompasses how businesses are run with regard to business ethics, corporate governance, socially responsible investing, environmental sustainability, and community investment.

Launching the ACCA-WWF Pakistan Environmental Reporting Awards has helped raise the profile of corporate transparency and responsibility issues within the country. The sharing of best practices provides an opportunity to benchmark social and environmental performance. The ACCA-WWF Awards serve to encourage non-reporters to publish information on their social and environmental impacts and, ultimately, help to underline the business case for sustainable practices and development. Preservation of the environment is an obligation for all of us, and the contribution to this cause by people from different strata will have positive results.

Environmental and sustainability reporting can provide a mechanism for reviewing whether we are keeping our commitments, and can allow us to exchange this information in a transparent manner. These measures need not be intrusive, or infringe upon sovereignty. They must, however, ensure that an accord is credible, and that we are living up to our obligations. For without such accountability, any agreement would be empty words on a page. Sustainable business has never been more important than it is today in maximising economic opportunities and ensuring the security of our future.

IUCN is pleased to endorse this endeavour and be associated with it. Commendably, more companies are voluntarily disclosing information about their non-financial performance, as we can see from the increase in the number of entries for the ACCA-WWF Pakistan Environmental Reporting Awards 2009.



The judges



Ms Aliya Mohyidin

Manager, environment and horticulture, Punjab Industrial Estates

Ms Mohyidin holds a masters degree in environmental sciences from Kinnarid College, where she was awarded a gold medal. She ensures conservation of the environment and sustainable development at Sundar Industrial Estate, the first Modular Industrial Estate to be established in Pakistan. Ms Mohyidin initiated the establishment of a Combined Effluent Treatment Plant and obtained an NOC for Sundar Industrial Estate under section 12 of Pakistan Environment Protection Act 1997. She encourages environmental awareness and educates industrialists on the concept of Cleaner Production Technologies, while also working as a coordinator to various government departments, facilitating industrial activities. Her other responsibilities include designing landscape layouts and implementing industrial plantation projects, designing marketing strategies and resolving customer issues, and planning high-profile functions for her organisation.



Syed Ahsenuddin

Vice president, EPCL

Mr Ahsenuddin is a chemical engineer, with over 16 years of work experience with Engro Chemicals, including 12 years with the fertiliser business undertaking process engineering, operations management and start-up management. Since 2003 he has been on secondment to Engro Polymers looking after the manufacturing division and its expansion project, as Vice President of the company.

Mr Ahsenuddin is responsible for the CSR initiatives of the division. Some of the significant CSR projects that are part of the company's support for local schools and communities concern supply of clean drinking water and a very successful mangroves forestation project in collaboration with WWF. Engro Polymers is currently heading the corporate world's flagship CSR project for forestation in NWFP and Punjab, covering 100 hectares. Mr Ahsenuddin's earlier career included working for Kuwait National Petroleum Company and Fuji Fertilizer Company, in various capacities.



Dr Parvez Hassan

Senior partner, Hassan & Hassan (Advocates) Pakistan

Dr Hassan is an advocate in the Supreme Court and High Courts of Pakistan and has worked as an associate in New York and Washington. Dr Hassan holds a Master of Laws from Yale and Doctor of Law from Harvard, and a bachelor's degree from Punjab University. He is chairman of the National Environmental Quality Standards (NEQS) Implementation Committee and Working Group on Trade and Environment. Dr Hassan was awarded the Elizabeth Haub Prize (1998) in recognition of his being 'one of the world leaders in environmental law' in Brussels (2000). He has pioneered a number of environmental protection and sustainable development issues in Pakistan. Dr Hassan drafted the Pakistan Environmental Protection Act 1983. He has been a member of several preparatory committees for international environmental conferences and is affiliated with many environmental organisations in the Asia-Pacific region. Dr Hassan's academic and NGO affiliations include LUMS, LEAD Pakistan, WWF, and the Child Care Foundation as well as several companies in Pakistan. His clients include a number of local and international companies from different sectors. He has been a keynote speaker at many conferences and writes regularly on environmental issues.



Mr Farhan Sami

Country team leader, World Bank WSP-SA

Mr Farhan obtained his Bachelor's degree in civil engineering from NED University of Engineering and Technology, Karachi and later obtained his Master of Engineering degree, also in civil engineering, from University of Texas, Arlington, USA. Mr Sami has more than 14 years' experience in various organisations: Tejas Resources Inc, USA, Associated Consulting Engineers, Euroconsult Pakistan, WWF, ADB, UNDP, and IUCN. Currently he is working as country team leader with the World Bank's 'Water and Sanitation Program for South Asia (WSP-SA)'.



Mr Shafqat Kakakhel

Ambassador Shafqat Kakakhel is a veteran Pakistani diplomat and former high-ranking UN official. Mr Kakakhel served in over half a dozen Pakistani diplomatic missions during 1970–98. While High Commissioner to Kenya, Mr Kakakhel served as Pakistan’s permanent representative to the UN Environment Programme (UNEP), later becoming president of its Governing Council (1995) and Deputy Executive Director in 1998, retiring in 2007.

At UNEP, Mr Kakakhel was responsible for the organisation’s policy and strategic frameworks, programme of work and budget, overall coordination of UNEP’s offices in ten cities all over the world, and a number of international environmental initiatives. He played a leading role in the development of UNEP’s environmental awards and prizes from 1998 to 2007. He has represented Pakistan at international conferences such as the Human Rights Summit in Vienna (1993), the Habitat Summit in Istanbul (1996) and the Rio Review Conference in New York (1997). Since retiring, Mr Kakakhel has contributed to protecting the country’s fragile environment. He is a member of the Advisory Board of the Federal Ministry of Environment and Advisor on Environment at the Sustainable Policy Development Institute (SDPI) in Islamabad. He is an elected member of the prestigious UN Clean Development Mechanisms Executive Board.



Mr Ali Tauqeer Sheikh

Chief Executive Officer, Lead Pakistan

Mr Sheikh has a Master’s degrees in international relations and strategic studies from the University of Miami, Florida, and is the founding national program director (NPD)/CEO of Leadership for Environment and Development (LEAD) Pakistan (launched 1996). He specialises in institutional development, institutional reforms and in change management. He has been a fellow at the Institute of Soviet and East European Studies (ISEES) Miami; the International Institute of Strategic Studies (IISS) in London and the Rockefeller Foundation in New York.

Mr Sheikh has worked as senior research fellow at the Institute of Strategic Studies, Islamabad and served as editor of the quarterly journal, Strategic Studies. He has written extensively on issues of conflict resolution, international negotiations and international treaties in several professional journals and contributed to leading newspapers in the US, UK and Pakistan. Mr Sheikh contributes to various bodies, dealing with environment and sustainable development, including the country’s apex environmental body, the Pakistan Environment Protection Council (PEPC). He is a member of the National Environmental Quality Standards Implementation Committee (NEQS–IC); a member of the Steering Committee for the Preparation and Development of Management Plan for Khirthar National Park & Adjoining Protected Areas; a member of the Advisory Committee on National Environment Policy of the Ministry of Environment; a member of the Project Steering Committee of Pakistan POPs Enabling Activity: Preparation of the POPs National Implementation Plan under the Stockholm Convention. Mr Sheikh also serves on the Board of United Nations’ Global Compact in Pakistan. He has been interviewed on several occasions by the national and foreign media on a range of environment and sustainable development issues.



Mr Moin M Fudda

Country director, Center for International Private Enterprise, Washington
(an affiliate of US Chamber of Commerce)

Prior to joining CIPE, Mr Fudda served as Managing Director of the Karachi Stock Exchange from 2002 to 2005. Before that he was the Country Chief and Managing Director of Commercial Union, and has also held the position of the Executive Director at the Pakistan Insurance Corporation. Mr Fudda is also a Chairman of the task force on corporate governance for the Federation of European and Asian Stock Exchanges.

He has also served as an elected President of the Overseas Investors Chamber of Commerce and Industry and was elected unopposed as President of the Management Association of Pakistan. In his career he has served as Member of the Privatisation Commission, Member of the Board of Investment, Member of the Board of Governors of Pakistan Institute of Management, Member of Pakistan Britain Business Advisory Group, Member of the Central Committee of the Insurance Association of Pakistan, Member of the Managing Committee of the Federation of Pakistan Chambers of Commerce and Industry and Chairman – Alternate Dispute Resolution Committees of the Central Board of Revenue. He is the Honorary Consul General of New Zealand for Pakistan since last 19 years.

Critical letter from the shortlisting panel

Dear reporter friend,

First, thank you for entering the ACCA–WWF Pakistan Environmental Reporting Awards 2009.

By doing so, you have enabled us to assess the content of all reports against the ACCA criteria and to capture the general opinion of the shortlisting panel, based on the reports entered.

The Awards criteria are categorised into three areas, each a key element of reporting: completeness, credibility and communication. By applying the criteria to all the entrants, a good picture of the overall strengths and weaknesses within each of these elements can be envisaged, and is summarised below.

COMPLETENESS

Strengths

- Inclusion of targets and objectives
- Identification of key social, environmental and economic impacts and business issues
- Corporate context – description of products/services and geographical spread
- Evidence of management commitment, including environmental/social vision, strategy and related policies.

Weaknesses

- Supplier procurement policies are not provided
- Limited evidence of explanation of the processes behind decisions on key impacts and issues for the business and report indicators
- Key stakeholders not generally identified
- In a majority of the reports, product/service stewardship disclosure has not been included
- Little evidence of coherent and collective management of environmental/sustainable development (SD) strategy and any issues arising from it
- Lack of a clear and credible articulation of the meaning of SD, consideration of the implications of pursuing SD and any tensions that emerge
- Need for more demonstration that environmental/social/ sustainability strategies are integrated into core business strategy.

CREDIBILITY

Strengths

- Inclusion of a named contact person for the report
- Headline achievements in the current reporting period outlined
- Identification of compliance/non-compliance record with National Environmental Quality Standards (NEQs).

Weaknesses

- Absence of discussion on stakeholders' feedback
- Absence of explanation of the governance structure in place to manage sustainability performance – existence of named board director, for example
- Few reports provide a description of how incentives for staff and managers are linked to sustainability performance and achievements of targets
- Lack of description of risk identification and management processes, including disclosure of actual risks identified and opportunities resulting from them
- Identification of and accounting for social/environmental/SD externalities is almost non-existent
- Absence of disclosures on internal audit and assurance of sustainability performance

COMMUNICATION

Strengths

- Comprehensibility, appropriateness of report length
- Use of Internet

Weaknesses

- Few reports provide feedback mechanisms for report users
- Lack of provision of a summary report to accompany the full-length document
- Inappropriateness of graphs, illustrations and photos

BROAD WEAKNESSES

In addition to specific aspects of the criteria, the shortlisting panel identified five common, broad weaknesses among the entrants.

1 Lack of balanced disclosure

Disclosing both negative and positive impacts of environmental, social and economic performance enhances the credibility and objectivity of a report. Although the judges commended some companies for their reporting on stakeholder engagements, the credibility of many is weakened by inclusion of only positive stakeholder feedback.

2 Lack of inclusion of social and economic performance indicators

Sustainability reports need to encompass social, economic and environmental performance indicators. Even though companies are including environmental performance disclosure, limited information about social and economic performance indicators is included in the reports. The Global Reporting Initiative Guidelines outline examples of a number of economic and social performance indicators that can be used as reference/guidance examples for reporting relevant social/economic performance indicators.

3 Absence of third-party assurance/verification statements

Only a couple of companies include third-party assurance/verification statements. Assurance statements aimed at providing a reasonable level of confidence regarding the completeness and credibility of the information included in the report should be an integral part of the reports submitted, as they enhance the credibility of these reports.

4 Chairman's statement

There are very few instances of a chairman's statement in the reports, and when the statement is included it often acts as a 'sign off' to the report, without particularly commenting on or discussing the environmental/social/sustainability challenges or performance covered in the report.

5 Inclusion of SMART Targets

Even though environmental and social targets are included in the reports, they are generally not quantified or lack a timescale. Targets should be set using the SMART principles: Specific, Measurable, Achievable, Realistic and Time-based.

The number of entries this year was 58, of which 19 were selected for the shortlist. ACCA and WWF are very encouraged by interest of the business community in the Awards scheme, which illustrates the business community's continuing interest in the idea of transparency in reporting. This letter aims to provide constructive feedback to reporters to enhance the standard and quality of reporting in Pakistan.

Best wishes
PERA shortlisting panel

Mr Ali Tauqeer Sheikh
Ms Aliya Mohiydin
Mr Moin M Fudda
Mr Hammad Naqi Khan
Dr Afra Sajjad

The shortlisted reports

ICI Pakistan Limited
Annual Report 2008
www.icipakistan.com

Siemens (Pakistan) Engineering Co. Ltd
Corporate Social Responsibility Report 2009
www.siemens.com

Pakistan Tobacco Company Limited
Stakeholder Report 2008-2009
www.ptc.com.pk

Tetra Pak Limited
Corporate Social Responsibility Report 2009
www.tetrapak.com

Atlas Honda Limited
Annual Report 2009
www.honda.com.pk

Attock Refinery Limited
Sustainability Report 2009
www.arl.com.pk

Dawood Hercules Chemical Ltd
Annual Report 2008
www.dawoodhercules.com

Engro Chemical Pakistan Limited
Corporate Responsibility Report 2008
www.engro.com

Engro Polymer & Chemicals Ltd
Sustainability Report 2009
www.engropolymer.com

Lucky Cement
Annual Report 2009
www.lucky-cement.com

Shakarganj Mills Ltd
Annual Report 2009
www.shakarganj.com.pk

Sunny Trust International
Social Report 2009
www.sunnytrust.org

AES Lal Pir Thermal Power Station
Environmental Report 2009
www.lalpir.com

BASF Pakistan (Pvt.) Limited
Environmental Report 2009
www.basf.com

Hinopak Motors Limited
Environmental and Social Report 2008-2009
www.hinopak.com

National Refinery Limited
Environmental Report 2009
www.nrlpak.com

Security Papers Limited
Environmental Report 2009
www.security-papers.com

Afroze Textile Industries (Pvt.) Ltd
Social, Environmental and Health & Safety Responsibility report 2008-2009
www.afrozetextiles.com

Qarshi Industries Pvt Ltd
Environmental Report 2009
www.qarshi.com



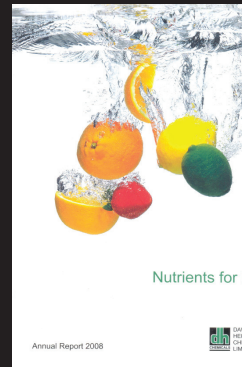
ICI Pakistan Limited



Siemens (Pakistan) Engineering Co. Ltd



Attock Refinery Limited



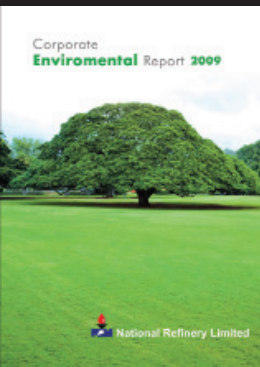
Dawood Hercules Pakistan Limited



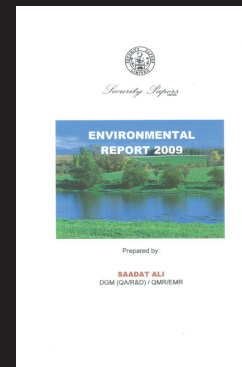
Shakarganj Mills Ltd



Sunny Trust International



National Refinery Limited

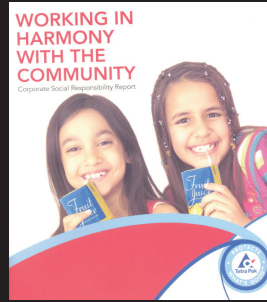


Security Papers Limited

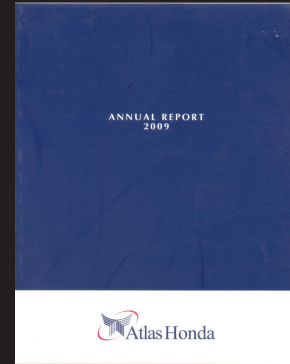
Pakistan Tobacco Company Limited



Tetra Pak Limited



Atlas Honda Limited



Engro Chemical Pakistan Limited



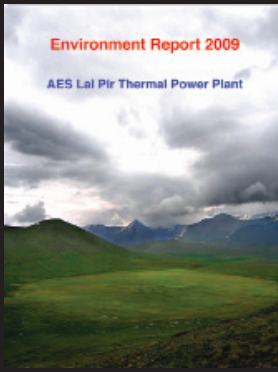
Engo Polymer & Chemicals Ltd



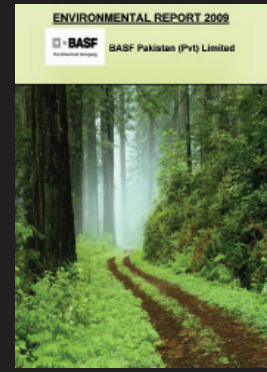
Lucky Cement



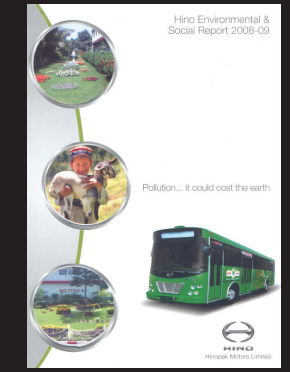
AES Lal Pir Thermal Power Station



BASF Pakistan (Pvt) Limited



Hinopak Motors Limited



Afroze Textile Industries (Pvt) Ltd



Qarshi Industries Pvt Ltd



The Award winners

The following awards were announced for 2009.

BEST SUSTAINABILITY REPORT 2009

Local listed category

Attock Refinery Ltd
Engro Chemicals Pakistan Ltd

Commendation for commitment to excellence in sustainability reporting:
Engro Polymer & Chemicals Ltd

BEST ENVIRONMENTAL REPORT 2009

Multinational category

AES Lal Pir Thermal Power Station

Local listed category

National Refinery Limited

Commendation for commitment to transparency in reporting:
Qarshi Industries Pvt Ltd

BEST SUSTAINABILITY REPORT 2009 – LOCAL LISTED CATEGORY

Attock Refinery Limited (ARL)



The improvement in ARL's sustainability reporting standards is evidenced by the company's third consecutive Award in the Sustainability Reporting (local-listed) category: a commendable achievement. The credibility and completeness of ARL's report will enhance from inclusion of identification of actions taken as a result of the previous year's stakeholder engagement and by the inclusion of trend analysis of environmental, social and economic indicators.

Attock's sustainability report:

- complies with the Global Reporting Initiative (GRI) Guidelines
- has a message from the Chief Executive Officer that indicates management commitment to sustainability reporting
- has an executive summary that succinctly delineates the aim of the report, the report's intended audience and the material covered in the report
- gives balanced disclosure of environmental, social and economic challenges and performance; it also explains both the rationale for the inclusion of the information and the challenges faced
- has honest, transparent discussion of the areas for improvement in environmental, economic and social performance
- clearly identifies its target audience, who comprise all its stakeholders, and addresses their diverse interests
- has a straightforward layout that allows easy navigation for the reader
- is one of the very few reports that disclose product and service stewardship approach and processes
- provides independent assurance of its report by an external third party
- reports very clearly on the stakeholder dialogue process and company response
- has website reporting that complements the printed report and facilitates stakeholder interaction
- is one of the very few sustainability reports that includes pertinent financial information
- outlines SMART future plans and targets and provides an honest and lucid account of performance against targets
- has improved the balance of coverage of social and environmental challenges, compared with previous years.

BEST SUSTAINABILITY REPORT 2009 – LOCAL LISTED CATEGORY

Engro Chemicals Pakistan Limited



Engro Chemical's extremely impressive sustainability report's credibility would be supplemented by inclusion of an assurance statement based on the AA 1000 Assurance Standard. Completeness would be achieved by considering full cost accounting and the integration of financial statements with the information included in the sustainability reports.

Engro's sustainability report:

- is the only shortlisted entrant to report on the company's environmental footprint
- is a first-class, interesting, edifying document which illustrates the commitment of Engro to continuous improvement in sustainability reporting
- encompasses the criteria of completeness, credibility and communication while at the same time illustrating the essential characteristics of a triple bottom line report
- was a pleasure to read and review, as it includes comprehensive transparent balanced disclosure of environmental, social and economic challenges and performance; it also explains the rationale for inclusion of the information and the challenges faced
- is an excellent example of how Global Reporting Initiative (GRI) guidelines provide an effective framework for qualitative and quantitative reporting of environmental, social and economic performance indicators
- the Chairman and CEO's messages honestly and clearly outline the strategy for ethically managing social, environmental and economic challenges in the current economic conditions
- has high-quality information on the stakeholders' engagement process and improved feedback compared with last year
- is presented well and includes relevant and useful graphs and photographs
- provides external assurance of the statements made
- very strikingly defines and explains in detail the rationale behind the choice of key impacts and issues reported on.

BEST ENVIRONMENTAL REPORT 2009

Multinational category

AES Lal Pir Thermal Power Station

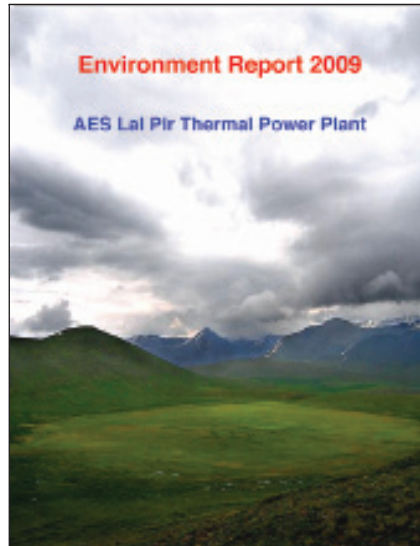
Local listed category

National Refinery Limited

Commendation for commitment to transparency in reporting:
Qarshi Industries Pvt Ltd

BEST ENVIRONMENTAL REPORT 2009 – MULTINATIONAL CATEGORY

AES Lal Pir Thermal Power Station



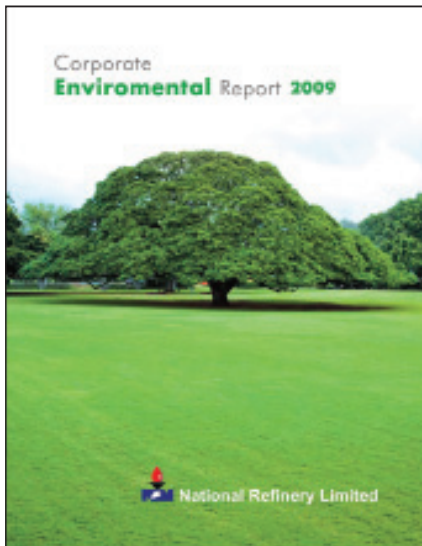
To improve further the quality of the environmental report, the panel of judges recommend full disclosure of GRI Environmental Reporting Indicators and inclusion of in-depth information about implementation of outcomes of the stakeholder engagement process.

AES's environmental report:

- is an admirable attempt to achieve completeness, as it demonstrates management commitment to ensuring the highest standards of environmental performance, includes specific environmental-performance-related targets, identifies the intended audience, identifies key environmental-performance indicators and the rationale for them, and explains the environmental impact of AES Lal Pir's processes and products
- attempts to satisfy credibility requirements by including brief information about the company's risk-management process and how it complies with National Environmental Quality Standards (NEQs)
- outlines the internal audit process
- augments reporting with performance indicators for business areas over which it has material control and where the impact of its activities is considered significant
- demonstrates credible commitment to responsible business practices by disclosing recognition and accreditation received from third parties
- has a concise format that aids readability and understanding.

BEST ENVIRONMENTAL REPORT 2009 – LOCAL LISTED CATEGORY

National Refinery Limited (NRL)



NRL's environmental report's completeness would be enhanced by balanced and relevant disclosure of the company's stakeholder engagement process and the inclusion of objective and comparable GRI environmental indicators.

NRL's environmental report:

- provides clear articulation of the meaning of environmental performance excellence to NRL and its business
- successfully demonstrates the integration of environmental development into core business strategy
- provides historical context of the data and its reporting, enabling year-on-year assessment of progress
- considers and explains in-depth the environmental impacts of the business
- gives a commendable explanation of the distillation process and discusses both the company's commitment to protecting the environment, and its hazardous-waste management procedures
- clearly explains NRL's health, safety, environment and quality (HSEQ) management system requirements and implementation methodology
- considers in detail and clearly explains the company's evaluation of its risk assessments, and its methodology
- provides a snapshot of legal compliance and financial performance through easy-to-read tables and graphs
- briefly depicts the process for engaging with stakeholders and contains an independent assurance statement
- shows commendable disclosure of adverse incidents and the company's commitment towards monitoring these
- demonstrates the commitment of senior management to driving a culture change that supports environmental performance through training and awareness programmes
- outlines future plans and targets in detail
- clearly identifies the scope of the report and gives lucid justification for reporting
- is an admirable attempt to create linkage between environmental reporting and sustainability issues through a sustainable environmental approach
- has excellent layout and uses relevant graphs and photos to enhance readability, accompanied by concise text.

The judges' report

At their meeting to decide the 2009 winners, the judges evaluated the reports in the light of the criteria of completeness, credibility and clarity of communication. The work of the judges was facilitated by the preliminary evaluation and shortlisting of the reports by a committee headed by Mr Ali Tauqeer Sheikh.

- For the ACCA–WWF Pakistan Environmental Reporting Awards 2009, a total of 58 entries were received of which 19 entries were selected by the shortlisting committee, which met on 2 February 2010 in Lahore. The panel of judges unanimously decided that the report of one company should not be included in the awards scheme as it was received after the extended deadline date of 31 January 2010.
- The first category to be assessed by the panel of Judges was Best Sustainability Reporting Award (multinational). Four reports were short-listed in this category namely ICI Pakistan Limited, Pakistan Tobacco Company, Siemens Pakistan and Tetra Pak Limited. The panel of Judges was of the opinion that none of the reports merited an award. Thus there was no winner in this category.
- The second category to be reviewed was Best Sustainability Report (local listed). There were seven shortlisted reports in this category namely Engro Chemicals Pakistan Ltd, Attock Refinery Ltd, Atlas Honda Limited, Engro Polymer & Chemicals Ltd, Dawood Hercules Chemicals Ltd, Lucky Cement and Shakarganj Mills. As Engro Chemicals Pakistan Ltd and Attock Refinery Ltd obtained similar assessments, they were declared as joint winner of Best Sustainability Report (local listed).
- The third category to be discussed was Best Sustainability Report (local unlisted). The report of Sunny Trust International was shortlisted in this category. As this report did not get more than 70% of the available marks, no winner was announced in this category. The panel of judges recommended that as Sunny Trust has been regularly submitting sustainability reports and has made some improvements over time, a letter from the panel of judges expressing appreciation of the Trust's efforts should be sent to Sunny Trust.
- The fourth category to be reviewed was Best Environmental Report (local unlisted). Two reports were shortlisted, namely Qarshi Industries Pvt Ltd and Afroze Textile Industries (Pvt) Ltd. The panel of judges decided that Qarshi Industries' report did not fulfil all the characteristics of a winning report but, in appreciation of Qarshi's commitment to environmental reporting over the years, the company should be awarded a commendation for commitment to transparency in reporting.
- The fifth category to be assessed was Best Environmental Report (multinational). The three shortlisted reports were AES Lal Pir Thermal Power Station, BASF Pakistan (Pvt)

Limited and Hinopak Motors Limited. The panel of judges declared AES Lal Pir as the winner in this category.

- The last category to be assessed was Best Environmental Report (local listed). Two reports were shortlisted in this category. They included National Refinery Limited and Security Papers Limited. National Refinery Limited was selected as the winner in this category.

FUTURE OF ACCA–WWF PAKISTAN ENVIRONMENTAL REPORTING AWARDS

The increasing standards and quality of reporting of local listed companies has compelled the judges to recommend merging this category with the multinational category. The panel critically evaluated the strengths and weaknesses of the six categories and recommended that the existing six categories be replaced by the following four categories:

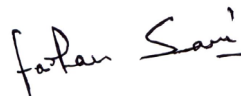
- 1 Sustainability reporting – Multinational and local listed
- 2 Environmental reporting – Multinational and local listed
- 3 Unlisted reports
- 4 Reports of NGOs.

DISCLOSURE OF PROFESSIONAL INVOLVEMENT

As in previous years, jury members disclosed their professional involvement, if any, with the competing companies, and following such disclosure, ensured that any relationships did not affect the final decision.

SUPPORT OF ACCA AND WWF PAKISTAN

The jury places on record its appreciation and gratitude for the excellent secretarial support provided by ACCA and WWF Pakistan, including a preliminary, and confidential, evaluation of the applicants. This should continue in the future.



Mr Farhan Sami

On behalf of the panel of judges
ACCA–WWF Pakistan Environmental Reporting Awards 2009

Members of the panel of judges

| | |
|----------------------|-----------------------|
| Mr Shafqat Kakakheel | Ms Aliya Mohiydin |
| Mr Syed Ahsenuddin | Dr Parvez Hassan |
| Mr Moin M Fudda | Mr Ali Tauqeer Sheikh |

Disclaimer

'The ACCA–WWF Pakistan Environmental Reporting Awards scheme and the related trophy are implicitly and explicitly for reporting only; and reward transparency. ACCA, WWF and the jury clarify that the Reporting Award is only for environmental/sustainability reporting and not for environmental compliance and this award in no manner certifies that the practices and policies of the awardees are sustainable or environmentally friendly.'

Technical recommendations

‘Companies who scored well were those whose reporting enabled readers to picture their environmental, social and sustainability practices through transparent, balanced, supportable and descriptive information’

COMMENT BY THE JUDGING PANEL

At their meeting, the panel of judges discussed possible future directions for reporting, and this resulted in a number of technical recommendations for improving reporting in the future. These technical recommendations are described below.

GENERAL COMMENTS

Despite the unfavourable economic environment, global companies remain committed to environmental, social and sustainability reporting, which enhances corporate reputation and credibility. As the green shoots of economic recovery become visible, it can be stated that the uncertain economic conditions were an acid test of the seriousness of companies’ commitment to the sustainable development agenda. Here in Pakistan, since the launch of ACCA–WWF Pakistan Environmental Reporting Awards (PERA), there has been an increase in the awareness among companies of the importance and relevance of environmental, social and sustainability reporting and there has also been an increase in the number of companies disclosing information. The quality of the reports submitted for awards has also certainly improved, especially among last year’s entrants. More companies are getting serious about sustainability reporting, with some following global guidelines such as the GRI Guidelines and using AA 1000 Assurance Standards (issued by AccountAbility), to enhance **credibility**, and ensure **completeness** and effective **communication** (the 3 ‘Cs’ of the Awards’ judging criteria).

Areas that still need improvement are disclosure on economic and social impacts and performance (which are still of a lower standard than for environmental areas); explanation of the challenges and conflicts faced by the business with regard to sustainable development; product and service stewardship approach disclosures; inclusion of information about supplier procurement policies; and outlining of the stakeholder engagement process and follow-up to the feedback received.

The panel of judges noted that although the quality of the environmental reports submitted has improved since last year, there has been a slight decline in the quality of sustainability reports submitted, especially from the multinational companies. A sustainability report must report economic, environmental and social performance. GRI guidelines and the winning reports can provide ideas on how to develop a sustainability report.

Annual reports usually do not have significant relevant environmental or social information. Most of them are thus not shortlisted. Companies are encouraged either to include relevant environmental and social information in the annual

reports or to consider developing stand-alone environmental, social and sustainability reports.

EXTERNAL ASSURANCE

Very few companies engaged third-party verification services and many neglected internal auditing assurance, although the judges have stressed this point repeatedly in previous reporting cycles.

In the 2009 reporting cycle, very few shortlisted entries incorporated an external verification statement. It is hoped that this judges’ report will drive home the message that external verification is essential for enhancing the credibility of sustainability reports.

On that note, companies should be aware that disclosing awards won for environmental, social and sustainability initiatives do not count as external assurance.

COMPLIANCE WITH BEST PRACTICES

The world’s leading reporters on sustainability comply with global standards and best practices. These include the GRI guidelines, the current international benchmark for presenting environmental, social and economic information.

Companies, especially listed and multinational ones, are advised to refer to the GRI guidelines as a basis for structuring their reports, to ensure that they are easy for stakeholders to read. Other best practices include using UN Global Compact principles and AccountAbility’s AA 1000 series of standards for assurance purposes.

INTEGRATING SUSTAINABILITY WITH STRATEGY

The context of sustainability within reporting is vital. The best reports provide information on how sustainability relates to business strategy and values. ‘Stressing the importance of sustainability to the company but neglecting to show how it relates to core values and business activities detracts from credibility’, noted the judges, unanimously.

Despite annual reminders, the judges also noted the failure of companies to integrate sustainability measures with their core business values and activities, with the result that ‘sustainability initiatives operate in a vacuum’.

IDENTIFYING AND DISCLOSING RELEVANT RISKS

In the current hostile business environment, risk identification and management are priorities for companies that value long-term sustainability. These are the invaluable lessons taught

by the recent financial and economic crises. Nonetheless, the judges noted that the majority of companies fail to identify and disclose their risks and, subsequently, offered scant information on their enterprise governance and risk-management initiatives. Proper identification and disclosure of risks are crucial to the criteria of completeness and credibility.

HOLISTIC STAKEHOLDER INCLUSION

For the sake of inclusion and credibility, companies need to identify all relevant stakeholders. These include, but may not be limited to, government leaders, regulators, employees, business partners, academics, non-governmental organisations, environmental groups, community leaders, individuals with interests in corporate responsibility, and the communities in which a company operates.

While stakeholder engagement and feedback are important, it is equally vital to disclose how companies have responded to such feedback. Showing how input from different stakeholders has improved performance demonstrates a sincere commitment to community interests.

FORWARD-LOOKING REPORTING

It was observed that reports are generally a record of historical information. Forward-looking information is hardly found in them. Forward-looking information disclosure is a demonstration of the integration of the commitment to sustainability into the core strategy of the business and its future business considerations. Disclosure of specific and relevant future plans, targets, risks, opportunities and strategies would enable the readers to assess the readiness and preparedness of the reporting organisation to meet future challenges.

tone from the top

Ideally, reports should include a message from the Managing Director or Chief Executive Officer linking sustainability policy to business strategy and core values, to strengthen credibility.

A report may be suspected of being a pure public relations vehicle if there is little buy-in from the senior management.

FINANCIAL CONTEXT IN SUSTAINABILITY REPORTING

Even though companies do include conventional financial information in their reports, disclosure of information about the financial implications of their investments in environmental, social and sustainability initiatives and/or performance is not included in the reports. Disclosure of key performance indicators relating to waste production, energy use, recycling rates, noise monitoring, pollution control, staff diversity and training has now become common practice. Nonetheless, reporting organisations have not attempted to quantify and account for their investment in environmental/social/ sustainability performance and the resulting benefits in terms of cost savings. Companies that have quantified their investment/ cost and subsequent benefits have been able to establish a linkage between financial performance and environmental/ sustainability commitment. This has resulted in informed decision making by the companies for their future environmental, social and sustainability related investments, as well as the formulation of a sustainable business strategy.

AN INVITATION TO PARTICIPATE FOR 2010

If you disclose environmental, social or full sustainability information about your organisation, we invite you to participate in ACCA–WWF Pakistan Environmental Reporting Awards 2010.

The ACCA–WWF Pakistan Environmental Reporting Awards 2010 timetable will be:

August 2010

Announcement of the 2010 Awards

December 2010

Entry deadline

February 2011

Judges' meetings

22 April 2011

Awards ceremony

If you have any questions about the Awards scheme, please contact:

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About ACCA

ACCA (the Association of Chartered Certified Accountants) is the largest and fastest-growing global professional accountancy body with 325,606 students and 122,426 members in 170 countries.

We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

ACCA Pakistan is a not for profit organisation registered in Pakistan under section 42 of the Companies Ordinance 1984.



ACCA NATIONAL AWARDS

The combination of ACCA's work in improving the accountability and transparency of business and the success of the UK awards in communicating these values to organisations has led a number of national ACCA offices to set up award schemes of their own. ACCA is now involved in reporting awards in more than 20 countries throughout Europe, Africa, North America and the Asia-Pacific region. ACCA award schemes are now established in Sri Lanka, Pakistan (in partnership with WWF), Malaysia, Singapore, Hong Kong, Australia and New Zealand, South Africa, and North America (in partnership with Ceres).

Launching award schemes in a number of countries around the world has helped raise the profile of corporate disclosure issues within those countries and among their national organisations. The ACCA awards serve to encourage non-reporters to publish information on their impacts and, ultimately, help underline the business case for sustainable practices and development.

ACCA PAKISTAN RESEARCH

ACCA *Pakistan* aims to become actively involved in accounting research in Pakistan. With demand for greater accountability in business, more than ever before there is a need for a strong evidence base to inform, drive and underpin progress in the

accounting and finance function in Pakistan. ACCA Pakistan is uniquely placed to provide this. ACCA Pakistan enjoys the support of large research resources from ACCA's global infrastructure as well as intellectual capital owned by ACCA. The substantial global presence of ACCA provides ACCA Pakistan the opportunity to explore issues current and emerging around the world, such as the convergence of reporting and governance standards, developments in government accounting systems, corporate governance, small to medium sized enterprise development, moves towards outsourcing and shared service centres.

ACCA Pakistan has been involved in a number of technical research projects and initiatives. These are follows:

- a SME Survival Kit
- b Looking Beyond Audit Committee – An exploratory discussion paper by ACCA Pakistan
- c IFC / SECP / PICG Survey of Corporate Governance of Pakistan
- d Access to finance for female entrepreneurs in Pakistan
- e Sarbanes-Oxley and Pakistan: way forward?
- f 'Putting Small Business First' A guide to keeping records for small businesses
- g Sustainability: A Modern Myth or a Genuine Business Case.

www.accaglobal.com

About WWF

For more than four decades in over 90 countries around the world, WWF has worked for conservation of nature and ecological processes, through the concept of sustainable development. WWF defines this as a series of processes which are economically viable, socially acceptable and environmentally sound: development that does not integrate all three is simply not sustainable.

This involves change in business practices and lifestyles, as well as the adoption of environmental and social standards to stay within the limits of available resources. Political will and appropriate incentives to the private sector are required to convert the ideas into action.

www.wwf.org



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