enriching Pakistan

engro fertilizers

sustainability report 2023

نیا زمانہ نئے صبح و شام پیدا کر!

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engrofertilizers.com

WWF GREEN OFFICE
A WWF INITIATIVE TO REDUCE ECOLOGICAL FOOTPRINT

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about the report

This Sustainability Report provides an overview of Engro Fertilizers Limited's sustainability efforts and performance. The Company was incorporated in June 2009, post demerger from parent company Engro Corporation Limited (formerly Engro Chemicals Pakistan Limited) effective from January 1, 2010. Today Engro Corporation holds 56.27% of shares of the Company. EFERT is a renowned name in the Pakistani fertilizer industry, trading on the Pakistan Stock Exchange (PSX) under the symbol "EFERT". The Company holds a nationwide production and marketing infrastructure, producing leading fertilizer brands optimized for local cultivation needs and demand. EFERT has earned itself a distinguished name by continually striving to uphold its tradition and the trust of its customers.

This report details how EFERT's core values and governance model incorporate sustainable practices into our day-to-day operations, ensuring a sustainable future. This report was prepared keeping in view the core business and corporate functions of EFERT including our manufacturing operations, operational activities and our community outreach programs.

organization details

Legal Name	Engro Fertilizers Limited
Nature of Ownership & Legal Form	Public Listed Company
Location of Headquarters	Karachi, Pakistan

reporting period

Reporting period for our sustainability report is from Jan 1, 2023 till Dec 31, 2023 which is the annual reporting cycle of the Company.

reporting content

This report is aligned with the following sustainability frameworks;

- World Economic Forum (WEF) Stakeholder Capitalism Metrics (WEF Core metrics)
- UN Sustainable Development Goals (SDGs)

report methodology and data collection

Data has been prepared on the basis of calculations guided by international standards and recommended practices as per the above-mentioned reporting frameworks. However, where data is unavailable, different approaches have been adopted for developing a reasonable estimate.

This report supplements our corporate annual report which details Engro's financial position and performance during the reporting period. The Company's Board of Directors have reviewed the content and layout of this report. EFERT strives to ensure accurate reporting throughout this Sustainability Report. An online PDF version of this report is available on EFERT's website.

reporting audience

This report is prepared for all Engro stakeholders, whether entities, communities, or individuals directly or indirectly affected by the activities, products or services of the Company. Engro engages with these stakeholders regularly to continuously strengthen its understanding of their concerns. This report provides stakeholders with a holistic view of how Engro creates sustainable value within the economic, environmental and social spheres.

feedback

For any suggestions or questions, please contact:
EFERT Communications
Email: eferticommunications@engro.com
Phone: +92 21 111 211 211

about engro fertilizers

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EFERT has earned itself a distinguished name by continually striving to uphold its tradition and the trust of its customers.

At EFERT, we believe in delivering the highest standards of quality hence our focus goes beyond the performance of brands to how our brands are impacting the lives of our consumers and enriching nutrient deficient lands. Our efforts are directed at increasing crop yields, addressing malnutrition and driving The Nation’s Food Security Agenda to meet Sustainable Development Goal (Zero Hunger). Therefore, at EFERT we strive to combine innovation and quality with customer needs and expectations.

The primary business segments of the company are:

Straight Fertilizers (urea, phosphatic fertilizers).

Specialty Fertilizers (Zabardast Urea, Zarkhez Grades).

Agri services including site specific fertilizer recommendations based on 4Rs principles (Right source, Right dose, Right time and Right method of application)

vision

we are passionate about transforming the agricultural landscape, bringing change and helping the farmer grow.

our core values

At Engro, we support our leadership culture through unique systems and policies which ensure open communication, foster an environment of employee and partner privacy, and guarantee the well-being and safety of our employees. Our core values form the basis of everything we do at Engro, from formal decision making to how we conduct our business to spot awards and recognition.

At engro we never forget what we stand for. Our core values are:

health, safety & environment

Cares deeply about environmental impact and safety of people



ethics & integrity

Has impeccable character and lives by highest standards of integrity and accountability

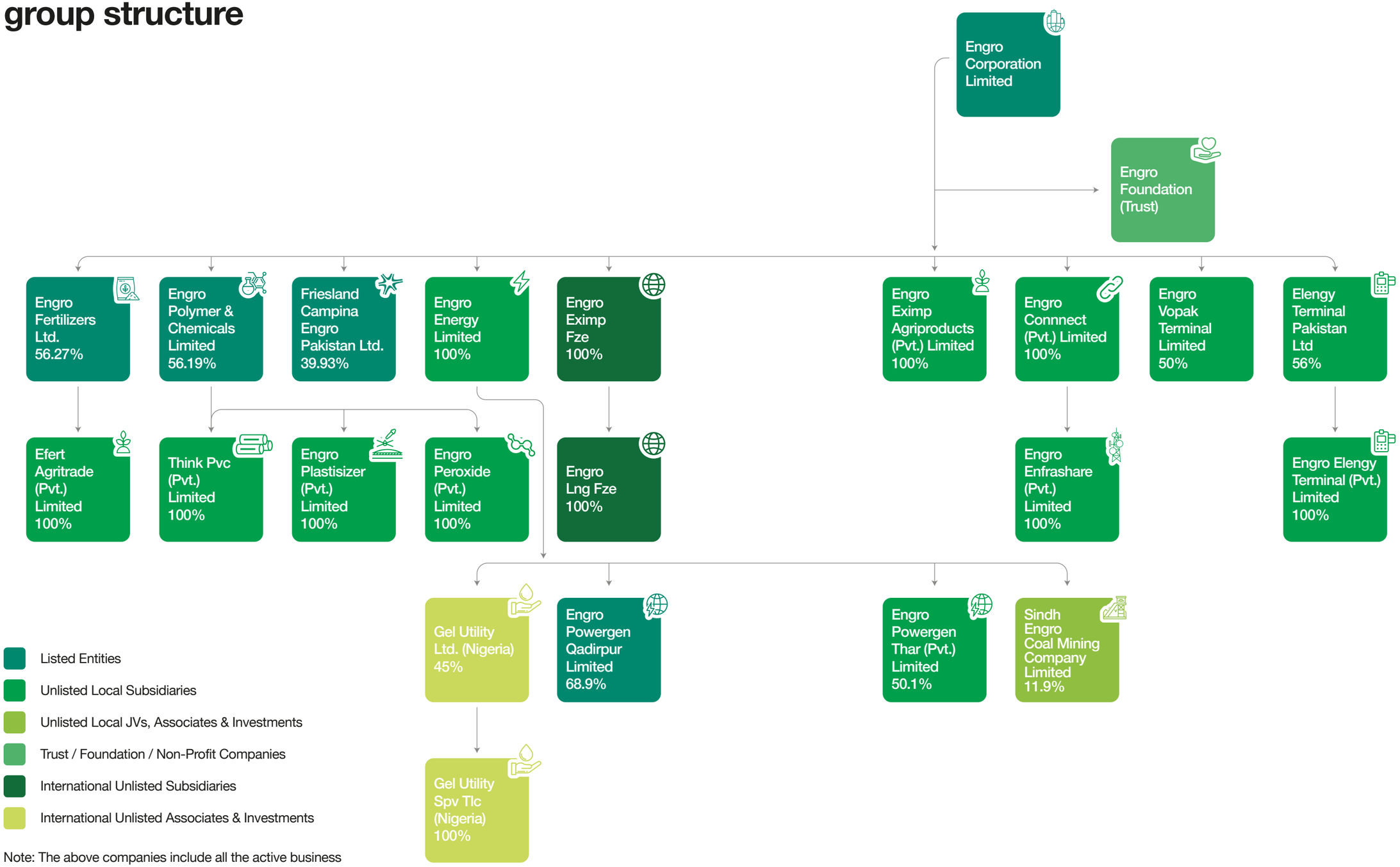


community & society

Nurtures passion to serve country, community and company, with strong belief in the dignity and value of people



group structure



Note: The above companies include all the active business entities under Engro Corporation.

our business model

Through consistent efforts of the management and support from our shareholders, EFERT continues to deliver sustainable growth by focusing on improving operational excellence, delivering product innovation, generating strong market research, and fostering relationships with the communities it operates in.

Our key stakeholders include suppliers of our primary raw materials, natural gas suppliers, banking partners, shareholders, our workforce, customers, logistic partners and the communities surrounding our operational locations.

EFERT takes pride in the sizeable investments we have made in our manufacturing facilities over the past few years, which have allowed us to improve our operational efficiency, thereby, increasing the value we derive from our inputs. This has also helped the Company play an important role in improving food security of Pakistan.

The company views product innovation as a key enabler for sustainable growth and has hence continued to focus on creating a diverse range of fertilizer solutions for the farmers of Pakistan. Our Zabardast Urea portfolio has also continued to exhibit strong growth and is playing a critical role in increasing farmer yields.

Over the years, we have also developed an extensive dealer and warehousing network. This network plays a very important role in ensuring that our products is available all over Pakistan and act as key partners in ensuring that we achieve our sales targets and sustainable operations.
EFERT strong believes in “doing well, while doing good” and as a result continues to invest heavily in the development of the communities we operate in. During the year, EFERT delivered several CSR initiatives that have been described in detail in the “Directors’ Report”.

EFERT is committed to making meaningful contributions to the country's agricultural landscape. Simultaneously, we aim to deliver sustainable returns for our stakeholders, reflecting a core element of our business model.







Capitals & Key inputs

financial

- Equity: PKR 48 Billion
- Long-term debt: PKR 6 Billion

manufactured/ infrastructural capital

- Manufacturing facilities: 2
- Production Capacity: 2,275,000 MT Urea: 100,000 MT NPK
- No of selling locations: 80+
- Fleet of 190+ trucks in our Elogistics business
- Market Channels: Primary and Secondary via dealers/ distributors

human resource

- No. of employees: 1,214
- Hiring the top resources to generate maximum value
- Positive culture to keep employees motivated
- Extensive training to ensure employee growth and optimize their performance
- Strong HSE practices to ensure employee safety

natural

Availability of required materials for the business operations

- Natural Gas
- Minerals for Catalyst and Chemicals
- Water
- Materials

intellectual

- Strong brand and corporate image
- Investment in intangibles & externally purchased proprietary rights - PKR 5,184 Million
- Investment in ERP and data analysis systems
- Investment in Humsafar (Sales), field force management, fleet management and Velocity (HSE) softwares
- Talented leadership
- Highly capable workforce
- Agronomy department for market research and industry intelligence
- R&D department for new product development

Capitals & Key inputs

social and relationship

Relations with our stakeholders (customers, suppliers, investors etc) and local community:

- Representations and associations with external bodies
- Dealers / Distributors: 3,000+
- Dealer shops branding to increase engagement
- No. of Shareholders: 31,820
- Constant efforts to improve the socio-economic status of the communities we operate in
- Various local and international R&D partners

Refer to subsection corporate memberships and affiliations section of this report for list of memberships

Outcomes

financial:

Wealth generation and economic growth

- Total revenue: PKR 224 Billion
- Operating cashflows: PKR 61 Billion
- Salaries: PKR 7 Billion
- Dividends: PKR 23 Billion
- Economic value added: PKR 17 Billion
- Wealth generated: PKR 78 Billion
- Contribution to National Exchequer: PKR 35 Billion
- Strong focus on cost optimization helping deliver sustainable returns

customers

- Trust based relationships with all stakeholders
- High level of customer satisfaction
- Smallholder farmer development through our Shandaar Kissan program and other engagement

events

- Refer social performance section detailing efforts for our farmers'
- Innovative product lines heloping farmers achieve higher yields

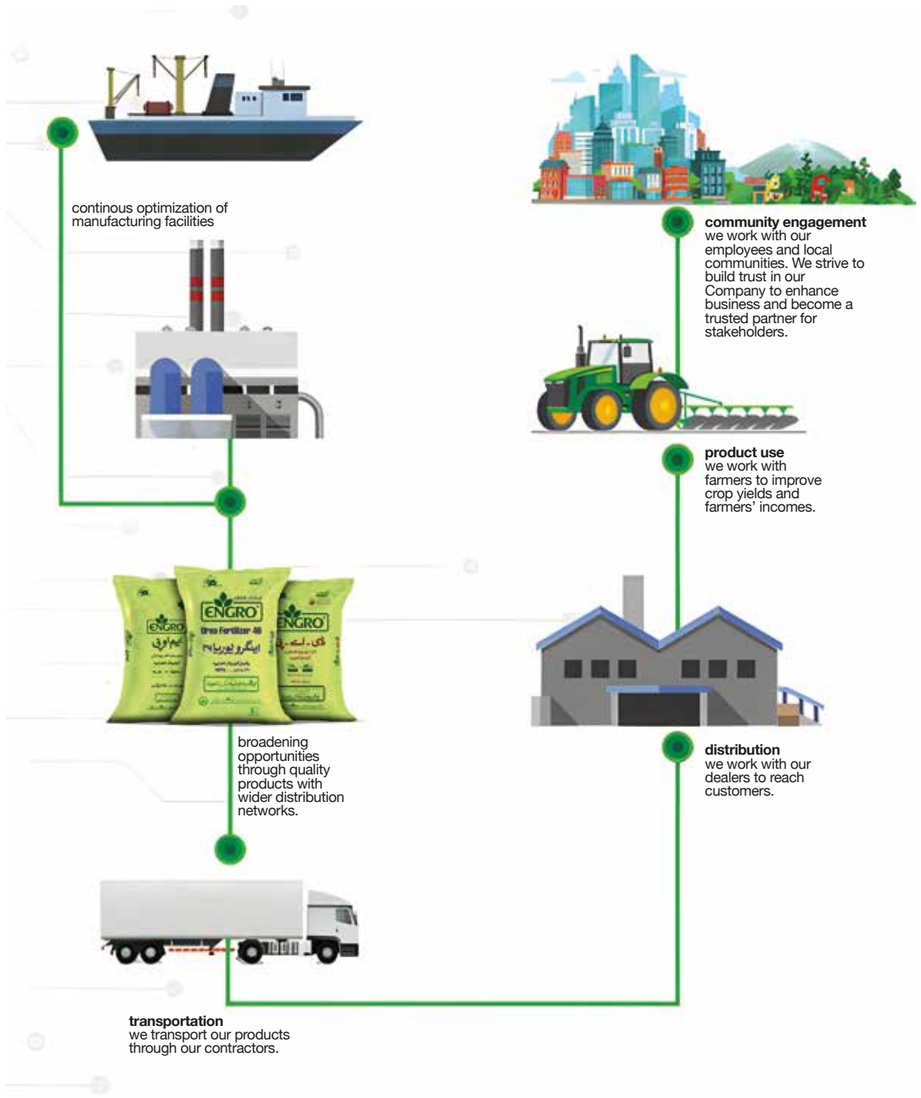
environment

- Continuous investment in manufacturing facilities to improve operational efficiency, leading to sustainable usage of scarce raw materials
- Implementing environmentally friendly practices.
- Responsible energy consumption with increased focus on renewable energy
- Innovative cooling water system enabling reusability 615 million tons per annum

Outcomes

community

- CSR contribution: PKR 578 Million
- Contribution to national food security through supply of fertilizers: 35%
- Operational excellence with highest safety standards leading to low injury/fatality rates
- Trust based relationships with all stakeholders
- Employee engagement: 86%



Our value chain delivers its promise for sustainable development on all fronts including social, economic, and environmental.

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chairman's review

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present Engro Fertilizers Limited's (EFERT / the Company) Annual Report, encapsulating its outstanding performance for the year ended 2023.

2023 was a challenging year for the global economy. The world grappled with heightened inflationary pressures, geostrategic tensions, uncertainty in energy prices, and disruptions in critical shipping routes.

In Pakistan, the already challenging business environment was exacerbated by diminishing foreign exchange reserves, a rapid devaluation of the Pakistani Rupee, historically high interest rates, an unprecedented surge in energy prices, and political uncertainty. Nevertheless, it is encouraging to note that policymakers have proactively taken steps to initiate economic reforms aimed at addressing longstanding issues. We appreciate the economic reforms and are cognizant about the short-term pain associated with these reforms. However, I urge policymakers to ensure that these reforms create a fair and level playing field for all stakeholders.

The global fertilizer market remained volatile in 2023 and farmers in several geographies remained concerned about uninterrupted supply of fertilizer. In contrast, the Pakistani fertilizer industry not only ensured steady supply to farmers but also provided fertilizers at a noteworthy discount compared to international prices. Illustratively, as of December 31, 2023, the price of imported urea per bag stood at Rs. 6,036, while the local fertilizer price was Rs. 3,596 per bag, translating into a substantial discount of 40%. I would also like to highlight that fertilizer industry collectively saved approximately $2 billion in foreign exchange by producing fertilizer locally. It is essential to emphasize that within the fertilizer sector, Engro Fertilizers faces a significant disadvantage, it is given gas at significantly higher prices than its peers, despite being one of the most efficient urea producers in the country. Until uniform gas prices are established for all fertilizer players, we will continue to witness varying urea prices, depriving farmers of consistent supply and optimal prices.

I commend our management team for their exceptional leadership during challenging times, resulting in safe operations, record urea production, increased sales of specialty fertilizer, and an improved cash conversion cycle. Despite facing challenges like the super tax and disadvantageous gas prices, the company posted a Profit After Tax (PAT) of $93 million in 2023 compared to $78 million in 2022.

The company's operational excellence has earned recognition from esteemed organizations, including the Management Association of Pakistan (MAP), Business Awards UK, ESG Awards 2023 by UNICEPTA, and the Royal Society for the Prevention of Accidents.

Looking forward, we remain optimistic about the agriculture landscape of Pakistan and are hopeful that with climate smart agriculture and adoption of best-in-class seeds and global technology, our yields will converge to regional and global average. This is all underpinned-on availability for nutrients and fertilizer, which will only thrive if we have a level playing field for all fertilizer manufacturers in the country. We are actively advocating for a uniform gas pricing mechanism, ensuring a level playing field for all manufacturers.

I extend my appreciation to the Board of Directors and its committees for their insightful guidance and encouragement. Gratitude is also extended to our investors, employees, and discerning customers for their steady support. This trust remains pivotal to our continued growth, securing Pakistan's food value chain for a sustainable and resilient future.



Ghias Khan
Chairman

ceo's statement

I am pleased to present to you the Annual Report of Engro Fertilizers Limited (EFERT / the Company) for the year ended 2023.

2023 was characterized by global economic and political instability, presenting numerous challenging variables to navigate. It gives me immense pride to share that, in the midst of adversity, through unwavering commitment and collaboration of the management and its stakeholders, we navigated these hurdles and proudly upheld our 50+ year legacy, consistently generating value for both shareholders and the nation.

During the year, Pakistan faced a series of unprecedented challenges, as uncertain geopolitical circumstances and domestic political turbulence collectively hampered economic recovery overall. Significant PKR devaluation, a historically high policy rate, in conjunction with a persistent trade imbalance and dwindling foreign exchange reserves resulted in inflationary pressures. These factors collectively exacerbated the impact of pre-existing economic vulnerabilities, and as a result, Pakistan recorded its third lowest growth since inception.
Understanding its strategic importance to Pakistan's agrarian economy, EFERT facilitated the Agri value chain and stood with the nation and the Government of Pakistan (GoP) by continuing to provide urea at a significant discount from global urea prices. While doing so, EFERT enabled food security on a national level as the country navigated its recovery from social and economic losses incurred due to the floods of 2022.

In 2023, the domestic fertilizer market saw domestic urea demand unchanged at 6,639 KT vs 6,616 KT in 2022. Improved farm economics and availability of urea at discount to imported urea prices led to consistent offtake during the year. The industry also saw an increase in total production where total urea manufactured stood at 6,438 KT vs 6,328 KT last year, while the remainder of market demand was serviced by manufacturer's inventories. For Phosphates, the domestic DAP industry rallied to 1,557 KT vs 1,158 KT in 2022, registering 34% growth year-on-year. This is mainly attributable to improved agronomics and liquidity for farmers in the Rabi season.
At EFERT, safety is our utmost priority and deeply ingrained in our DNA. For the year, we recorded a very low total recordable incident rate (TRIR) of 0.03, while lower than planned outages resulted in overall efficiencies. This was indeed a heroic feat achieved by our teams, who were relentless in their commitment to safety in the face of challenging circumstances.

On the Production front, we achieved our highest ever Urea production, surpassing our site's nameplate capacity for the first time. EFERT's total urea production increased by 18.3% during the year and stood at 2,313 KT vs 1,955 KT in 2022. This remarkable feat was achieved primarily because of reduced outages at both plants and improved plant efficiencies.

Our Phosphates business delivered robust performance, achieving a notable 9.6% year-on-year increase in volumetric sales, reaching 365KT compared to the previous year's 333KT. This commendable volume growth was coupled with effective procurement and sales management strategies, enabling the Company to secure favorable margins on these sales.

Our Specialty Fertilizer Business registered an 83% revenue growth on the back of a staggering 47% increase in volumes year-on-year. Notably, Zabardast urea, a bioactive nutrient-fortified fertilizer, maintained its consistent growth trajectory throughout the year, demonstrating its proven effectiveness in enhancing crop yields.

By the grace of Allah, EFERT posted our best-ever financial performance where, sales revenue of PKR 223.7Bn demonstrated a 42.5% year-on-year growth in topline. Resultantly, EFERT posted its highest ever profit after tax of PKR 26.2Bn, translating to consolidated earnings per share of PKR 19.61. I would also like to report that a final dividend of PKR 8.0/share for the year ended December 31, 2023, has also been proposed for approval at the Annual General Meeting bringing the total dividend for 2023 to PKR 20.5/share.

EFERT is dedicated to supporting the communities in which it operates, where our Corporate Social Responsibility (CSR) programs are structured to maximize the effects of our investments. Notable community uplift initiatives include the inauguration of a new block at Sahara school and classroom expansions at Noor Hassan Shah Girls School. On the healthcare front, the Company continued to operate its Sahara clinics and dedicated snake bite, dog bite and limb facilities. The Company through Engro Foundation also initiated multiple nationwide tree planting campaigns. In biodiversity projects, we are engaged in our partnership with WWF Pakistan to conserve Indus River dolphins. Achievements from our Seed Purification & Chili Value Chain Improvement Project in partnership with USDA include provision of soil testing as well as training for 5000+ smallholder farmers and 500+ women on best crop management practices.

Throughout the year, EFERT maintained a collaborative relationship with the Government of Pakistan (GoP), actively engaging in discussions regarding essential gas reforms within the fertilizer sector. These reforms are crucial for guaranteeing national food security by fostering sustainable growth within the industry. It is also equally essential to recognize the collective efforts of the GoP in addressing the structural weaknesses of our economy – particularly the role of SIFC, who is working to tap Pakistan's full agricultural potential through adoption of global best practices.

During 2023, EFERT maintained its unwavering commitment to excellence, and I am delighted to report that our dedication has been acknowledged on numerous international and local platforms. This recognition manifests in the prestigious awards the Company received across a diverse spectrum of critical areas, including safety, manufacturing excellence, corporate governance, financial performance, environmental stewardship, gender diversity, and social inclusion.

As we embark on the next chapter of our journey, it is crucial to acknowledge the complex macroeconomic landscape before us. Pakistan faces a delicate balancing act: fostering economic growth while maintaining fiscal prudence. Soaring inflation and a mounting public debt pose significant hurdles to investment, further exacerbated by the uncertainties inherent in our political climate. However, we should not be daunted by these challenges. Instead, we must strengthen our resolve and chart a course toward sustainable and inclusive growth. Investing in human capital, addressing food security, and cultivating a competitive business environment will be pivotal in our success.

I would like to share my recognition of our employees and valued business partners who have been instrumental in navigating the various challenges we have faced. The accolades above serve as a testament to the collective effort, collaboration, and unwavering commitment of their ownership. Their commitment to excellence is the cornerstone for the Company's historic performance and has set precedents for future success, inspiring continued innovation, and dedication across the organization.

I am incredibly grateful to our Chairman and the Board of Directors for their legacy of achievements, resolute support, and sage guidance. The unparalleled strategic vision and insightful counsel of the Board have demonstrably contributed to the establishment of an unsurpassed standard of excellence. I am deeply appreciative of their continued trust and confidence in our leadership and operations. This, in turn, has solidified our long-term competitive advantage, propelling us forward to building an even stronger organization. As we look ahead, our dedication remains steadfast, ready to confront future challenges and capitalize on opportunities in line with our mission and vision and deliver on our promise of growth.



Ahsan Zafar Syed
Chief Executive Officer

truth, trust, and transparency

principles of governance



governance in relation to sustainable value creation



For Internal Control Framework please refer to our Corporate Annual Report 2023.

board composition

board composition and attendance

The Board of Directors held 5 meetings to cover its completed cycle of activities. The attendance record of the Directors is as follows:

Mr. Ghias Khan	Non-Executive Director-Chairman	5/5
Mr. Ahsan Zafar Syed	Chief Executive Director	5/5
Mr. Javed Akbar	Non-Executive Director	5/5
Mr. Asim Murtaza Khan	Independent Director	5/5
Mr. Asad Said Jafar	Independent Director	5/5
Dr. Shamshad Akhtar*	Independent Director	3/3
Mr. Khawaja Bilal Hussain**	Non-Executive Director	3/3
Mr. Ismail Mahmud	Non-Executive Director	4/5
Ms. Danish Zuberi***	Independent Director	1/1

* Dr. Shamshad Akhtar resigned as Independent Director on August 23, 2023.
** Mr. Khawaja Bilal Hussain resigned as a Non-Executive Director on September 24, 2023.
*** Ms. Danish Zuberi was appointed Independent Director on November 1, 2023.

Detailed Board profiles are presented in the Annual Report 2023 which provide information on each board member, such as significant positions and commitments they hold, their competencies with respect to economic, environmental and social topics, and more.

Engro complies with the requirements of the Listed Companies (Code of Corporate Governance) Regulation, 2019. Our statement of compliance is published in the annual report.

board committees

Our governance framework is designed to ensure that the company lives up to its core values and principles, institutionalizing EFERT's commitment to enabling excellence in everything we do.

The Board has established the following two committees:

board people committee (BPC)

The Committee met during the year to approve, review and recommend all elements of the Compensation, Organization and Employee Development policies relating to the senior executive's remuneration and to approve all matters related to the remuneration of the executives of the company and members of the management committee.

The Chief Executive Officer attends Board People Committee meetings by invitation. The committee met four times during the financial year 2023.

Current members:

Mr. Asim Murtaza Khan	Mr. Javed Akbar	Mr. Ghias Khan

salient features of terms of reference

- To ensure corporate standards / human resource policies and fundamental beliefs are aligned with the corporate guidelines.
- To recommend the selection, performance evaluation, compensation, development and succession plan of the CEO and his direct reports.
- Recommend the salary and bonus programme to the Board.
- Review engagement survey results.

board audit committee (BAC)

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate.

The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the financial statements. After each meeting, the Chairman of the Committee reports to the Board. The Committee met five times during the financial year 2023.

current members:

Mr. Asad Said Jafar	Mr. Javed Akbar	Mr. Asim Murtaza Khan

salient features of terms of reference

- To recommend to the Board the appointment and removal of external auditors.
- To review quarterly, half-yearly and annual financial statements.
- To review the internal control systems and internal audit function.
- To review the enterprise risk management system and assess the adequacy and monitoring of the same by the management.
- To monitor management's compliance with all Company policies including complaints received through the Speak Out – Whistle Blower policy.
- To monitor compliance with statutory requirements.

board of directors

The Board of Directors carries out its duties with a sense of objective judgment and in good faith in the best interests of the Company and its stakeholders. There are eight (8) numbers of Directors on the Board, comprising three (3) Independent Directors, four (4) Non-Executive Directors and one (1) Chief Executive Officer.

code of conduct

ethics & integrity

are one of the cardinal values of all Engro companies. Our history includes a long-standing commitment to comply with all laws and to conduct our business activities with the highest standards of ethics and integrity. It is not only about complying with all laws but also describing the moral choices that must be made in areas where the law is not clear. A host of policies have been adopted by the Board of Directors of the company in this regard.

empowerment with accountability

Each Engro employee is responsible for his/ her behavior and will be held accountable for it. All employees are bound to submit an ethics and compliance certificate. We are responsible for complying with all applicable laws and company policies & procedures.

our commitment to engro's stakeholders

We adhere to the highest ethical standards, foster trust, and always act in the best interest of our shareholders, our customers, our families, our vendors/ suppliers, the communities where we operate, and each other. We want our stakeholders to know they can depend on us.

promoting a positive work environment

To ensure a workplace where employees feel safe, respected, and appreciated. We aim to attract, induct, develop, retain, and motivate high caliber talent who is qualified, capable, and willing to contribute towards the achievement of company objectives. Engro is committed to being a harassment-free workplace and has strict laws against any form of inappropriate conduct in order to ensure a safe workplace and the protection of the environment.

managing business relationships

Employees' dealings with customers, suppliers, contractors, competitors, or any person or organization doing or seeking to do business with the Company (our business interfaces) must be in the best interest of the Company, must exclude any consideration of personal preference or advantage, and must avoid conflicts of interest, apparent or otherwise.

soliciting customers, suppliers, vendors, and contractors

Employees will not solicit vendors and suppliers, or avail offers for anything of value that could be perceived to create obligations in order to keep, increase, or obtain Engro business. Actions that might involve a conflict of interest, or the appearance of one, will be disclosed to senior management.

legal compliance
When making decisions to conduct business, employees must ensure they are aware of their actions and choose not to violate the law. All Engro companies hold information and training sessions to promote legal compliance and have systems in place to monitor and report violations.

protecting the company's assets
We must use the Company's physical assets/ equipment carefully and diligently and take steps to protect our Company's proprietary and confidential information.

managing business relationships
Employees' dealings with customers, suppliers, contractors, competitors, or any person or organization doing or seeking to do business with the Company (our business interfaces) must be in the best interest of the Company, must exclude any consideration of personal preference or advantage, and must avoid conflicts of interest, apparent or otherwise.

code of ethics

The policy of Engro, as stated by the Board of Directors, is one of strict observance of all laws applicable to its business. Strong ethical practices have been fundamental to Engro's philosophy and operations. Engro embodies corporate integrity; all its employees are expected to abide by our ethical principles embedded in the 'Statement of Ethics and Responsible Business Conduct'.

For these purposes, EFERT has an exclusive department of "Ethics & Compliance" to make sure all dealings and day to day activities are done most ethically. Additionally, the department has launched "The Ethics & Compliance" newsletter to keep the employees abreast of the latest developments at the Compliance front. The company has a robust whistleblower system in place where employees report any misconduct or violations of the code of conduct. The platform is also available externally. All violations reported are independently handled and investigated by the Ethics & Compliance department.

Our Code of Conduct lists ethics as one of our core values, therefore Engro has a zero-tolerance policy towards any form of discrimination and harassment. Similarly, honesty and open communication is also expected on the reporting front.

We believe it is essential for everyone associated with Engro to embrace this culture and live by the highest standards of integrity and accountability.

ethics & compliance

Engro prides itself with a robust culture of ethics and integrity managed through a strong code of conduct and governance structure. We believe in constant reinforcement, periodic reviews, and accountability to sustain our culture of integrity. We have a dedicated Ethics and Compliance (E&C) team to look at all E&C related issues. Engro ensures compliance with all regulatory and governance requirements while conducting its operations and has formulated various policies and standards which are being continuously monitored through our Ethics and Compliance function which report into the Board Audit Committee (BAC). Our values and commitment to ethical practices is reflected in our statement of Ethics and Business practices:

"Ethics and integrity are among the three core values of Engro, and we expect compliance with our standard of integrity throughout the organization. We do not stop with legal compliance but rather hold all Engro employees and our business partners to the standard we perceive that centers morality, justice, equity, and a commitment to do good while creating value for all our stakeholders. Our commitment to ethics and sustainable business practices is reflected in our Code of Conduct which has clear policies outlining what constitutes unethical business practices and our zero-tolerance towards such practices."

We have adopted several policies related to good corporate governance which reflect the high standard of ethical and responsible conduct to which we pledge ourselves as an organization. This has always been our core strength and is reinforced through reporting of irregularities, and periodic reviews and audits of business practices, and our external reporting.

code of conduct

Engro's Code of Conduct outlines the Group's position on an array of topics and highlights the key commitments and principles of our compliance program and applies to all Engro employees, whether full-time, part-time, permanent, or temporary, and to the members of the Board of Directors. The Code of Conduct is reviewed periodically and is available on our website. The policies covered in the Code of Conduct include, but are not limited to, the following:

Statement of Ethics and Business Practices	Policy governing Conflicts of Interest (CoI)	Insider Trading Policy
Whistleblower Policy – "Speak Out"	Statement of Internal Control System	Gifts and Business Entertainment Guidelines
Transactions/contracts with related parties	Statement of Competition policy	

The company also has centralized portals for all employees where they are mandatorily required to:
1- Disclose on actual/perceived CoI
2- Disclose any gift received
These portals are managed and handled by the E&C team.

speak up at engro

At Engro, we have a robust whistleblower mechanism which helps us identify risk and carry out the due process for the risks assessed. Based on the assessment, appropriate actions are taken which are available for both external and internal stakeholders.

Facilitating dialogue, providing channels for reporting complaints and communicating critical concerns are important elements of our stakeholder management process. We have several company-wide channels and processes to identify areas for improvement or complaints. We regularly engage with employees, customers, suppliers and other stakeholders through our regular operational engagement, business meetings and networking sessions, engagement surveys (for employees), questionnaires, townhall meetings, performance and development discussions, and more. We actively promote discourse and sharing of feedback to ensure critical concerns and complaints can be raised and addressed.

The Company expects employees, suppliers, and contractors at Engro and its subsidiaries to abide by our standards, and should they have or wish to report any concerns regarding business ethics, safety and environment, human rights violations, employment-related matters or other possible breaches of compliance, they may do so using our Speak out platform, which ensures confidential and independent investigation into the case. Complainants can report anonymously on this platform. The Speak Out platform is managed by our Ethics and Compliance team which is an independent function reporting into the Board Audit Committee. The Speak out email details are publicly available on our website.

To seek advice on internal ethical and lawful practices, or address compliance queries, employees can contact the E&C team via email: compliance@engro.com

Besides emails and hotlines, employees may also reach out to any of the E&C team members directly for any queries and concerns pertaining to ethics and compliance.

Open and candid communication is an important part of our culture.

- Employees are encouraged to raise their concerns with line managers. We believe that dialogue and discussion are essential to building and preserving good relations amongst employees. Employees who have work-related concerns, or feel that they have been treated unfairly, are free to speak with their immediate supervisors, without fear of retribution. However, if they are not comfortable in doing so, they can use the Speak Out hotline or email to raise their concerns.
- For investors, the Company's contact details are disclosed in "Company Information" section of the annual report and on its website under "Investor relations" section to facilitate shareholders / other investors' and timely resolve their complaints, if any. As mentioned earlier, the Speak Out platform is available for any other complaints.
- Our external stakeholders such as business partners, including our suppliers, contractors and vendors, customers, and local communities are also encouraged to utilize the Speak Out platform.

All negative impacts, grievances and complaints, whether reported through the Speak Out platform, audits and reviews, or identified otherwise, are investigated through the Internal Investigation Procedure which is a structured and systematic approach by the Ethics & Compliance department, where independent people / teams are appointed to investigate the case confidentially.

The investigations of proven cases result in corrective, remedial and/or disciplinary action being taken. within all cases whether proven or not feedback is provided to the complainant at the time of case closure. A summary of all cases, that are investigated, whether they are substantiated or not, is presented to the Board through the Board Audit Committee, on a quarterly basis along with actions taken.

Total cases reported (substantiated) for Engro Fertilizers pertaining to corruption & bribery were 01 in 2023 and none in 2022.

Relevant and appropriate action is taken to deal with confirmed and substantiated cases to remediate negative impact and prevent future occurrence where possible.
Our commitment letter to UNGC is a further testament to our commitment to promoting ethical and anti-corruption practices.

trainings & awareness:

Given the importance of the subject, E&C conducts in person Awareness Roadshows covering code of conduct, anti-corruption speak out platform, workplace harassment, anticorruption practices and conflict of Interest policy for all Engro companies. These sessions also impart key learnings from sanitized cases to promote forward-looking approach for continuous improvement etc.

During 2023, 20 training sessions (2022: 20) were conducted wherein approximately 782 EFERT employees (2022: 784) participated such that the cumulative learning hours were 2,346 (2022: 1,959).

Additionally, EFERT employees also participated in two group wide employee engagement activities and several awareness communications in 2023.
In addition to employee training, E&C is also engaged in conducting awareness sessions for our business partners. These sessions primarily focus on Anti-corruption and our dealings with 3rd parties.

To facilitate better understanding and promote a culture of ethics and integrity, all applicable policies and training materials are available on the internal portal. Additionally, in case of any ambiguity or clarity, employees can reach out to the E&C team for clarity.



stakeholder engagement

The Company regards its stakeholder engagement as an important element of corporate responsibility. It believes that adherence to the highest ethical standards fosters trust. We recognize that stakeholder engagement can contribute to value co-creation both for the Company and along the value chain.

Our stakeholder engagement approach focuses on the identification of relevant and important stakeholders by taking into account those groups or individuals who can be significantly affected by our business activities, outputs, or outcomes, or whose actions can be expected to significantly affect our ability to create value over time. These are profiled, mapped and prioritized for consultation based on influence, responsibility, proximity, dependency, willingness to engage and representation. We consult with our stakeholders continuously through relevant departments.

Consulting stakeholders on economic, social and environmental topics EFERT engages with key stakeholders and consults with them on all material topics in relation to its long-term strategy of ensuring sustainable operations. The purpose of these engagements is to:

- Build knowledge and develop relations.
- Align understanding on their needs and expectations.
- Identify and track perceptions and feedback on outcomes; and
- Provide feedback on specified planned developments.

The Company mainly engages with its stakeholders through periodic discussions/meetings. All aspects of engagement are covered in these discussions. Minutes of these discussions are maintained with the respective division heads, the summaries for which are shared by the division heads in the Management Committee meetings, which are chaired by the Company's CEO. Apart from the Management Committee, there are separate sub-committees, including the Plants HSE Committee, Corporate HSE Committee and Engro Foundation for CSR Oversight that are responsible for monitoring performance around social and environmental topics and stewarding results of engagements with various stakeholders. The Company's performance is periodically reviewed centrally by the Management Committee through its meetings and key developments arising from these meetings, which are periodically reported to the Board by the CEO through quarterly updates. Moreover, as part of its corporate plan review process, significant developments and performance against the sustainability goals are monitored by the Board of Directors. The Company also has a group reporting framework that requires reporting of significant developments on financial and non-financial matters to its parent company, Engro Corporation, including significant developments arising from its discussions and engagements with stakeholders.



The Company's performance is periodically reviewed centrally by the Management Committee through its meetings and key developments arising from these meetings, which are periodically reported to the Board by the CEO through quarterly updates. Moreover, as part of its corporate plan review process, significant developments and performance against the sustainability goals are monitored by the Board of Directors.

The Company also has a group reporting framework that requires reporting of significant developments on financial and non-financial matters to its parent company, Engro Corporation, including significant developments arising from its discussions and engagements with stakeholders.

The consultation and engagement strategy with each stakeholder is covered in more detail on the pages that follow.

EFERT is represented at various global and local forums and partnerships, and maintains active membership in industry associations and other relevant organizations. Please refer to four Corporate Annual Report 2023 for corporate affiliations and memberships.

platforms to invite open feedback and recommendations from our stakeholders.

The corporate website (www.engrofertilizers.com) provides the contact details of our head office, plant sites and marketing offices to encourage stakeholders to share their feedback.

The Company openly allows stakeholders to provide their feedback/ recommendations and has various forums to facilitate them. Our investor relations department manages all concerns received from shareholders via letters or emails. Similarly, the customer and supplier helplines encourage feedback from suppliers or customers to be appropriately captured. There is an independent whistleblower hotline that ensures complete transparency over any concerns reported through this platform, including its review and reporting to the Company's Board of Directors. The concerned officials regularly evaluate the feedback and appropriate actions are taken as required.

stakeholder engagement strategy

The Company has defined a stakeholder engagement strategy for various stakeholder groups, which is stewarded along with the results of engagement on a quarterly basis by the Company's Management Committee. A summary of key developments are shared with the Board of Directors. The Company's engagement strategy and the processes and measures taken against the strategy are reported below.

Stakeholders	Frequency of engagement
Customers and suppliers	Regularly
Shareholders	Regularly
Employees	Regularly
Bank/ Lenders	Regularly
Investment community / analysts	Quarterly
Regulators	Regularly
Local communities	Regularly
Media	Occasionally

Customers and Suppliers

engagement process
Periodic formal and informal meetings, conferences, and business support services, including visits, regular meetings, emails, telephone calls, and assistance/advice on technical areas, such as taxation and treasury.

effect and value
Our continuous engagement enables us to understand our customer and supplier needs and develop the right products for them.

actions taken
We continue to focus on various customer and supplier engagement initiatives, including regular meetings, visits, and providing technical assistance, etc.

In the case of suppliers, the Company recognizes its relationship with gas suppliers to be critical in maintaining sustainable operations. Therefore, EFERT ensures continuous and proactive engagement with suppliers on all gas regulatory matters, including taxes and levies in relation to gas. Also, it collaborates with the gas supplier on issues of gas availability in the country.

Refer to the Customer engagement section below for further details with respect to customers.

Shareholders

engagement process
Regular engagements as part of:
- Annual general meeting
- Stock exchange announcement
- Press releases
- Corporate briefings
- Annual and quarterly reports
- Notices to shareholders.

Further, the company also maintains a dedicated section on the corporate website for investor relations, to facilitate shareholder queries.

effect and value
Engagement allows the Company to increase the confidence of providers of capital by:
- Reporting performance and results to the shareholders
- Discussing the reasons for significant variations and future corporate plans with them; and
- Investor hotline to maintain healthy investor relations and timely responding to shareholder queries.

actions taken
Annual general meetings were held to inform and obtain the consent of shareholders.
These meetings provide an opportunity to engage with shareholders, address their concerns in a broader forum, and provide updates on the Company's performance and activities. During these meetings, board members and senior management were also available to answer investors' and analysts' questions.

Employees

engagement process
The Company maintains regular and open communication with its employees. Formal and informal meetings and sessions, including:
- Quarterly CEO Townhalls
- Quarterly surveys by Let's Tune In
- Employee engagement sessions
- Performance appraisals
- Feedback sessions including corporate retreats
- Employee satisfaction surveys
- Internal website; and
- Internal magazine and newsletters.

effect and value
Helps in focusing on increased employee satisfaction, implementing diversity and inclusion initiatives, resulting in improved performances.

actions taken
Pulse surveys conducted to engage employees and to look out for their emotional and physical wellbeing. EFERT launched "Employee Central," a digital platform for HR policies and employee-related processes to allow employees online access and the opportunity to learn about their benefits and apply for them through the system. Refer to the People section page xx for further details.

Bank/Lenders

engagement process
Regular meetings with Financial Institutions to engage them regarding financing requirements and apprise them regarding company's financial performance. Regular meetings are held to negotiate and arrange credit limits to meet EFERT's requirements.

effect and value
Access to the financial markets to pursue the growth of the Company. Helps in obtaining effective solutions to the banking needs of the company.

actions taken
The Company utilizes various innovative financing solutions in engagements with its banking partners. These include Electronic Bank Guarantee and Alternate Bank Guarantee.

EFERT continues to engage with banks aiming to further digitize operations to cater to the needs of the agri-supply chain players.

Investment Community/Analysts

engagement process
Analysts briefing sessions. CFO presents the quarterly performance of the Company.

effect and value
1. Consults on significant quarterly developments in relation to quarterly performance and results.
2. Attends to analysts' concerns by responding to various queries and clarifying Company's position.
3. Provides feedback on planned developments and makes suggestions to improve the process going forward.

actions taken
The Company arranged quarterly corporate briefing sessions virtually on the date of BOD which were attended, amongst others, by analysts.

Regulators

engagement process
Meetings with officials for submissions of data for review and compliance. The Company has a separate Public Affairs and Government division to manage engagements with government and regulatory bodies.

effect and value
Ensure all legal and regulatory requirements are complied with. Ensure continuation of the common objective of the government and the Company to transform the agriculture landscape of Pakistan.

actions taken
EFERT has a Public Relations and Government Affairs department at the Group level to focus on engagement with regulators. Engagements with the government to address and report/comply on various matters impacting business operations such as Gas Infrastructure Development Cess (GIDC), recovery of fertilizer subsidy, and processing of sales tax refunds. The Company also engages with government ministries on various policy matters.

Local Communities

engagement process
The Company conducts meetings, CSR drives, and one-on-one engagements with the community.

effect and value
An enabling part of our social investment. The ability to incorporate the needs and values of people living in communities in policy development and planning, decision-making, service delivery, and assessment is at the heart of our sustainable goals.

actions taken
Various initiatives were undertaken during the year for our local communities by the Company and its employees. Refer to our Annual Report 2023's Social and Relationship Capital section.

Media

engagement process
Various communication mediums such as press releases on an as-required basis to apprise the public about new developments and activities.

effect and value
Effective awareness is created regarding the company and the products and services offered, indirectly having a positive impact.

actions taken
EFERT has a Corporate Communications department at the Group level which ensures that all media affairs are appropriately handled.

Refer to our Annual Report 2023's Social and Relationship Capital section.

engagement processes

customer engagement

EFERT interacts with its customers and dealers through a variety of channels, such as regular on ground visits, periodic baithak sessions, and engagement surveys, to gather performance feedback and enhance engagement.

Furthermore, EFERT has implemented various initiatives since the onset of the pandemic to enhance customer engagement and prioritize their emotional and physical well-being.

An ongoing initiative is the Rahbar call center which has been set up to provide a platform to our end consumers (farmers) and customers (dealers) for voicing their feedback. All dealers or customers have access to the system to reach out for any query, consultation on-farm advisory matters, provide valuable feedback to the Company or register a complaint related to order management and delivery, etc. The details of the hotline are given below.

Toll-free number: 0800-001-10

An independent party operates the system for better and timely response to our customers or farmers. After a decade of manual operations, new modules have been added to this system to improve our services, drive efficiencies and reduce the time to resolve complaints from the time it is shared to the time it is closed.

Categories	Total
Complaint	322
Feedback/Suggestion	12
Inquiry	884
Request	482
Total CMS Entries	1,700
Number of Inbound Calls	2,217

shandar kisaan program

The Shandar Kissan initiative comprises a carefully chosen group of progressive farmers who possess medium to large land holdings and have significant influence within their communities. These farmers are selected to participate in trials and provide feedback on our products due to their strong following. Engro Fertilizers actively engages with these farmers through on-farm visits.

In 2023, the program included 3,385 farmers. Through various channels of communication, Engro provided real-time support and guidance, addressing queries, and facilitating discussions on these platforms. Additionally, our team circulated updates on new farming practices and shared testimonials from farmers who have experienced the benefits of our products firsthand, contributing to increased yields.



safeguarding national food security

Engro Fertilizers Limited is cognizant of the pivotal role the fertilizer sector plays for the national economy and for ensuring food security by facilitating import substitution, at a substantial discount to international prices, and yield improvement. Presently, MRP of urea stands at PKR 3,596/bag at year end, at a discount of ~40% to international. Through ongoing efforts to enhance the efficiency and reliability of our plant, we aim to create opportunities for exporting excess urea supply, contributing to valuable foreign currency earnings and alleviating the country's current account deficit. We also ensure that the products we provide are specialized and premium aimed at helping boost crop yield and address malnutrition and related health issues.

One of our specialty products, Zabardast Urea (Bioactive Zinc coated Urea) is helping the farmers grow more by improving yield by 10% yield and producing healthy and crops enriched with Zinc. In 2023, Zabardast Urea was approx. applied on 5.6 million acres of cereal crops in 2023, leading to healthy and zinc-enriched grains.



enhancing customer engagement through digitized agricultural solutions

The digital revolution of a data-driven, app-powered and hyper-connected world is transforming every aspect of our lives, at home and in business – including the agricultural landscape. With the sustenance of Pakistan's food security at the heart of our operations, EFERT embarked on a digital transformation journey, leveraging an arsenal of technologies to help Pakistani farmers grow, improve farm economics and ultimately change Pakistani lives for the better.

(Details on our initiatives like: FIORI App, Qlik Dashboards, Humsafar App, Mobile Soil Testing Labs are mentioned on xx page of this report)



employee engagement

EFERT recognizes that employee engagement is critical for retaining valuable talent and is an important piece of the overall satisfaction puzzle. EFERT's Board and HR management take the results of the employee engagement survey very seriously. These results are also stewarded at the Group level by the Group's People division. Please refer to page xx to read more about Employee Engagement.

helping our farmers grow

In 2023 we achieved 62% volumetric growth in Engro Zabardast Urea by selling 402KT in 2023 vs 245 KT in 2022. To achieve this sales volume, we enhanced the production capacity and significantly increased our channel partners. This was done through close synergy with an organization wide collaboration between Commercial, Supply Chain & Finance in 2023.

(For more details on initiatives supporting farmers, please refer to our Corporate Annual Report 2023.)

engro muhafiz

Engro Muhafiz is a stakeholder engagement HSE program initiated by EFERT Marketing Division's HSE department. In line with our commitment to Health, Safety and Environment, this program helps protect the health and safety of not just our employees and contractors but also our stakeholders. Under the ambit of Engro Muhafiz, we spearhead initiatives that target major stakeholders, dealers and farmers along with the communities we operate in.

Activities	506
Stakeholders Engaged	21,299

health

Engro Muhafiz held multiple Medical Camps for first aid and heat stroke, multiple awareness sessions on malaria, dengue, and blood donation drives.



Attendees of heatwave awareness and precautionary sessions	527
Patients aided at medical camps	3,660
Donors for blood donation drive	345

safety

Engro Muhafiz held several safety awareness sessions and trainings on safe farm operations, electrical safety, firefighting and driving safety; among others to help provide awareness and instill much needed vigilance in the community.



Safe farm operations' awareness sessions attendees	2,809
Electrical and firefighting safety training sessions attendees	597
Firefighting training session attendees	435

environment

Engro Muhafiz also has multiple initiatives that help safeguard the environment through extensive tree plantation drives and precautionary awareness sessions for monsoon and smog awareness.

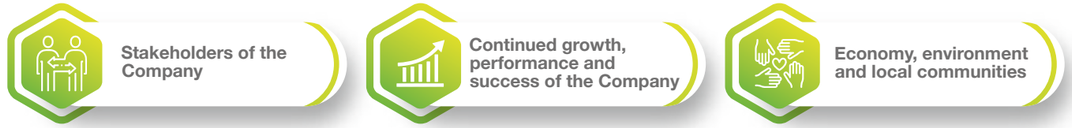


Smog awareness session attendees	779
Total saplings planted	3,900

Through their dedication and exemplary efforts through initiatives across the categories of HSE, Engro Muhafiz helps provide support, create awareness and foster well-being while safeguarding the community.

materiality assessment

Engro Fertilizers focuses its sustainability efforts on areas deemed to be of utmost value for its business or considered important for or by:



Material topics for sustainability performance for Engro Corporation have been identified based on the criteria below:

stakeholder engagement

To understand the topics that are material for Engro, we engaged with our key stakeholders considering our dependency and their influence on our business decisions and processes to incorporate their views and concerns based on our context.

internal impact assessment

An internal impact assessment is conducted on quantitative and qualitative factors related to the company's business operations that either have an impact on the company or that are impacted by the company's business operations within a broader social, economic, and environmental context. These factors are evaluated based on their significance which is determined by the severity and likelihood of their impacts.

prioritization

Based on stakeholder views and impact assessment, the material topics are prioritized through a materiality threshold that has been influenced by Engro's Enterprise Risk Management Framework for a uniform and structured scoring. The combination of severity and likelihood yields the final assessment score which is ranked against a threshold - *impacts that exceed the threshold are considered as Material for the organization.*







material topics

Material topics for Engro Fertilizers, based on the above criteria have been identified as:

01

Economic

- Economic Performance
- Ethics and Compliance
- Tax

02

Social

- Employee Benefits and wellbeing
- Occupational Health and Safety
- Diversity Equity & Inclusion
- Community investments

03

Environmental

- Energy & Emissions
- Water
- Materials (Availability, Procurement & Utilization)
- Waste

performance with purpose

prosperity

economic performance

(Please refer to our Corporate Annual Report 2023 to read about all our milestones pertaining to economic performance.)

economic contribution

contributing to food security in pakistan via import substitution of usd 0.8 billion.

Pakistan's agriculture sector revived in 2023 after being adversely affected by floods in the latter half of 2022. Promising support prices and favorable weather increased the area under cultivation and improved yields of major crops. This translated into a historic milestone of our highest-ever urea sales of 2,327 KT for the Company, in comparison to 1,935 KT in 2022, resulting in a market share of 35% vs 29% in 2022. Phosphates sales stood at 365 KT versus 333 KT last year.

International urea prices declined by ~25% to land at USD 301 / ton (landed equivalent PKR 5,715 / bag) by the end of 2023 due to a decline in coal and energy prices. At the start of the year, DAP prices stood at USD 730 / ton and then started declining to reach USD 480 / ton. However, they began to rally in the second half and reached USD 625 / ton by year-end due to limited stock availability and increasing crop prices globally. Amid global commodity price volatility, the local fertilizer industry ensured availability of locally produced urea to farmers at a discount of ~40% over international prices. This enabled import substitution to the tune of USD 2.3 billion in 2023, wherein the Company's contribution stood at USD 0.8 billion, equating to 35%.

The Company has showed strong performance and recorded revenue of PKR 224 billion versus 157 billion in 2022. The business reported the highest-ever Profit After Tax of PKR 26 billion versus PKR 16 billion last year. This increase reflects efficiency through cost optimization, increased production, and long-term reliability projects executed during 2022.

The Company recognizes that its operations and activities have an economic impact, at both the local and national level and is committed to sustainable growth and value creation for all stakeholders. The overall responsibility of governing the organization and driving its economic performance lies with the Board of Directors.

- The Company is committed to serving all shareholders and potential investors with consistent, open and prompt disclosure of relevant information.
- The Company protects its shareholders' interests by timely communicating all new material information to the regulators and publishing it on the website, regardless of whether the news is positive or negative.
- We welcome the initiatives to strengthen the governance by emphasizing the importance of an open dialogue about the generation and allocation of wealth from the country's natural resource.
- We are committed to transparency and accountability and adhere to international agreements and local legislation where we operate.
- Our risk management processes ensure governance within performance management, including business planning, internal performance reviews or stewardships and extensive reviews of strategic and investment projects.
- There exists an independent Internal Audit and Compliance department that reviews the operational and financial performance, including the risk management processes of the Company, and reports its findings independently to the Board Audit Committee.

creating value for stakeholders

total wealth generated

2023	Rs. 77,514 Mn	2022	Rs. 43,312 Mn

statement of value addition and distribution

Amounts in millions

	2023	2022
Wealth generated		
Total revenue inclusive of sales-tax and other income	237,219	161,053
Bought-in-materials and services	(159,705)	(117,741)
	77,514	43,312
Wealth distributed		
Taxes, duties and development surcharge to Govt. of Pakistan	37,490	14,936
Salaries wages and benefits	7,320	6,216
Dividend to Shareholders	23,368	18,027
Mark-up / interest expense on borrowed money	1,848	2,434
Donation	578	283
Retained for reinvestment & future growth, depreciation, amortisation and retained profit	6,910	1,415
	77,514	43,312

net profit after tax

2023	Rs. 26,191 Mn	2022	Rs. 16,003 Mn

economic value added

2023	Rs. 16,746 Mn	2022	Rs. 9,237 Mn

economic value added

Amounts in million

Economic value added (EVA) is a measure of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on cash basis (NOPAT).

	2023	2022
NOPAT	26,229	16,972
Less: cost of capital	(9,483)	(7,735)
Economic value added	16,746	9,237

FREE CASH FLOWS	2023	2022
Net cash generated from operation	60,555	31,634
Capital expenditure- net	(5,906)	(7,959)
Free cashflows	54,649	23,675
Net repayment of borrowings	(8,077)	(8,977)
Free Cashflow available to equity shareholders	46,572	14,698

Free cash flows to equity shareholders represent the cash a company can generate after required investment to maintain or expand its asset base and net repayment of debt. It is a measurement of a Company's financial performance and health.

ROE

2023	56.35%	2022	34.74 %

dividend declared/ announced per share

2023	Rs. 20.5	2022	Rs. 13.5

Particulars	Rs in million
Economic Value Generated	Rs 77,514
Economic Value Distributed	Rs 70,604
Economic Value Retained	Rs 6,910

outstanding financial performance

The hallmarks of this year included great financial performance despite concerning macro-economic conditions, rupee devaluation together with inflationary pressures. Annual urea production stood at 2.3 million MT, despite several unplanned shutdown's during the year. The Company continued to drive successes one after another this year from efficient operations management to optimization of business processes using the ESSA (Eliminate, Simplify, Standardize and Automate) model.

2024 – focus buckets

- Recognizing the challenges posed by volatile currency fluctuations and supply chain disruptions, our strategy will entail preemptive measures to secure essential resources efficiently and cost-effectively. Emphasizing foresight and agility, we are committed to staying ahead of market dynamics and safeguarding our supply chain against external uncertainties.

- As part of the larger Engro group, we will remain steadfast in our commitment to fostering a culture of excellence where Character and Good Manners (CGM) are prioritized, nurturing an environment of ethical conduct and transparency. We are committed to attracting and retaining top talent by providing ample opportunities for career advancement and diverse learning experiences. This strong foundation not only fosters sustainable and profitable growth but also reinforces our belief that our people are the driving force behind our success.

By focusing on these strategic areas, we aim to fortify our financial resilience, navigate uncertainties, and position the Group for sustained success in an ever-evolving business landscape.

financial investment contribution

capital expenditure

The Company invests in businesses with the goal of creating long-term value whilst generating economic growth and prosperity by expanding its operations. In 2023, The Company incurred capital expenditure of Rs. 6,174 million (FY 2022: 8.378 billion) whereas total depreciation charge for the year was amounting to Rs. 3.883 billion (FY 2022: Rs. 3.256 billion).

The Company has taken various steps with a focus on creating shareholder value. Below is the highlight of the year:

I. The Company, in collaboration with other fertilizer manufacturers, is making progress on the Gas Pressure Enhancement Facilities (PEF) project. This initiative involves the construction of multiple compression units at the Mari Field, aimed at ensuring appropriate level of delivery pressure allowing the manufacturing facility to function at optimal levels on indigenous gas for a foreseeable future. The company's share of the total capital outlay for this project is ~USD 100 million.

dividend paid:

- Total dividend paid during 2023 is Rs. 23,369 million (2022: Rs. 18,027 million).
- The total dividend attributable/announced for the year is PKR 20.5 per share.

total taxes contribution

The Company's tax approach is guided by its Tax Policy approved by the Board which focuses on a high level of tax compliance in all jurisdictions in which it operates. Details of consolidated tax paid are tabulated below:

	Rs in million 2023		Rs in million 2022
Corporate Income Taxes Paid	24,772	Corporate Income Taxes Paid	11,196
Sales Tax /FED	9,801	Sales Tax /FED	1,710
Other Taxes	2,917	Other Taxes	2,030
Total	37,490	Total	14,936

financial assistance received from government

In order to boost economic activity, government from time to time may introduce assistance and incentives to encourage private sector investment. Engro with its growth aspirations, in its different verticals, has had major contribution to the economy in terms of taxes paid, imports substitution, direct exports, employment generation, food and energy security, and boosting connectivity. For details, refer to note 19 (government grants) of Consolidated Financial Statements for the year 2023.

integrating risk and opportunity into business process

The Company uses the Lean Enterprise Risk Management framework in assessing and managing risk. It is our policy to view risk management as integral to the creation, protection, and enhancement of shareholder value by managing the significant uncertainties and risks that could possibly influence the achievement of corporate goals and objectives. The Company operates in a complex business environment and it requires assessment of strategy and quantum of risk that the business is willing to accept by adequately assigning responsibilities throughout the organization. The Company assesses the probability and impact of risk that it is exposed to and assigns responsibilities to manage those risks on an on-going basis. Risks are identified across the organization and ranked based on their impact and probability. Upon identification, a strategy is devised to mitigate its impact, which is monitored by the Management Committee and the Board

credit ratings

During 2023, credit rating agencies reaffirmed the credit strength of the Company.

Company	Rating Agency	Long-term Rating	Short-term Rating
Engro Fertilizers Limited	PACRA	AA	A1+

This credit ratings reflect the entity's financial and management strengths, as well as favorable credit standing, and are a testament to our strong balance sheet and robust performance with consistent dividend payouts.

financial implications and other risks and opportunities due to climate change

Engro is cognizant of the fact that climate change presents physical and financial risks and opportunities to its operations, profitability and future growth and overall enterprise value. To better capture these, we have conducted a baseline assessment of climate related risks and opportunities and classified them as physical or transition risk, guided by the TCFD framework. This exercise is cross-cutting across businesses and is aimed at providing insights to broaden our understanding of the climate related risk and opportunities we are facing and prepare strategies and action for mitigation and adaptation. Extensive data with respect to financial implications based on scenario planning and cost of actions needed to mitigate the risk or benefit from the opportunity will be prepared as a corollary to the preliminary exercise which will help us align our methodology and reporting with the TCFD framework requirements, which we intend to implement in the future.

As a responsible corporate, we monitor our emission levels and their carbon footprint and regularly makes investments in environmental protection through programs such as tree and mangrove plantations, water conservation, awareness sessions, enriching biodiversity etc. More Information on these initiatives is available in the Planet section of our report.







digitization & innovation

leading industry through innovation

EFERT has always been quick to adapt to changing dynamics and led the industry toward holistic digitization from customer and vendor support, to digital payment solutions, including online payments and collections, and to virtual operations.

Key Performance Measures	Full Year 2023
First-ever dealer management system in the industry “Engro Humsafar”, bridging the gap between Engro Fertilizer and customers.	Generated orders which are worth of PKR 329.71 Bn
Engro Humsafar capitalizing on digitization by focus on Internet Banking to increase operational efficiency for company and subsequently our Business Partners	82.9% of Total Payments worth PKR 168.2 Bn have been processed through Internet Banking
Connected Farmers through the “Shandar Kisaan” digital platform	2,803
Pioneered Electronic BG (“E-BG”) in Pakistan (sales orders booked against E-BGs amounting to)	Rs. 11.29 Bn

digitizing agri solutions to improve engagement with customers

With the sustenance of Pakistan’s food security at the heart of our operations, EFERT embarked on a digital transformation journey, leveraging an arsenal of technologies to help Pakistani farmers grow, improve farm economics and ultimately change Pakistani lives for the better.

EFERT’s Humsafar mobile-application launched in 2020, an industry first, is the first step towards digitizing the agricultural value-chain of Pakistan allowing our customers to transact round-the-clock from the comfort of their homes or workplace. In 2023, the application generated order worth PKR 329.71 Bn.

In 2023, InApp payments were added so that customers could transfer cash while staying within the Engro Humsafar app (did not have to separately log into online banking app).

mobile soil testing labs

Engro Fertilizers provided free of cost soil testing and site specific fertilizer recommendations to its customer which is an important step towards precision agriculture and promoting 4R Nutrient stewardship. Out of the four soil labs, two mobile labs are equipped with state of the art equipment and provide soil testing facility to farmers at their door step. Last year Engro Labs tested 52,265 soil samples and 2,074 irrigation water samples and provided crop specific fertilizer recommendations and agri advisory on crop management. Through this service 5,194 farmers were served.

Soil Samples	52,265
Water Samples	2,074
Tissue Samples	1,891
Fertilizer Samples	364
Farmer Served	5,194



Activities	2022	2023
Farmer Sessions	1,623	1,794
Farm Visits	41,673	40,126
Group Discussions	1,871	2,101
Soil Samplings	52,729	54,338
Farmers Contacted	26,064	19,703

FIORI app

To further facilitate our employees, the FIORI app was introduced to decentralize information and empower our field force employees; they have access to information even without a VPN connection. These applications work on multiple devices making it convenient to readily access pertinent data. To promote its usage, multiple demo sessions were conducted and a gamified campaign was especially rolled out.

qlik dashboards

The Commercial Excellence team is dedicated to providing the field team with quick access to data to enhance operational efficiency, improve customer service quality, and facilitate better decision-making. In 2023, the Commercial Excellence team conducted various training sessions and implemented a highly engaging gamification program to engage with the business teams. This intervention resulted in over 70% usage of Qlik licenses in December, with a focus on utilizing the following dashboards.

- Sales and Distribution Dashboard
- Dealer Management System Dashboard
- Business Performance Dashboard
- Market Share Dashboard
- Ignite Dashboard
- Daily reporting Dashboard for all Businesses

efert pioneered electronic bg (“eBG”) in pakistan

This initiative was developed to promote digitization and enhance corporate service delivery. eBG represents Pakistan's first-ever solution for electronically managing bank guarantees. This digital innovation significantly reduces ordering time and contributes to paper-saving initiatives. The program has catalyzed a major transformation in the landscape of bank guarantee services across Pakistan, with almost all major banking partners now offering this facility nationwide.

enterprise content management

Engro generates and manages a substantial volume of critical data and documents, particularly within its manufacturing facilities, crucial for ensuring safe, reliable, and uninterrupted operations. Collaborating with ICT, the manufacturing teams of EFERT and EPCL embarked on a project to implement a cutting-edge content management system. In 2023, the team successfully introduced the EasyDMS solution at both subsidiaries. This serves as a central repository for all documents, providing several advantages, like simplified data access, storage, efficient approval processes, speedy information retrieval through Optical Character Recognition (OCR), and strong data security with proper authentication and authorization. As a testament to its effectiveness, the system has seen the upload of over 80,000 documents to date.

it-ot convergence

To empower businesses for the future, the Central ICT team collaborated closely with EFERT team to conceive and implement an IT-OT convergence infrastructure. This initiative facilitates seamless integrations between their Operational Technology and Information Technology systems, playing a pivotal role in boosting operational efficiency and productivity through real-time data exchange and precise data-driven decision-making.

truck management system

As part of continuous improvement, the Engro Fertilizers team collaborated with the ICT team to launch Smart Bilty in the truck management system implemented at the Daharki plant. Previously, these bilty forms were filled out by hand, causing inefficiencies. With this enhancement, truckers can now submit bilty online, significantly enhancing overall efficiency and controls.

freightage monitoring

To overcome control-related challenges linked to manual processes and human interventions, Engro Fertilizers joined forces with the ICT team to launch a transformative digital solution. This innovative solution is crafted to automate the entire workflow, mitigating human errors, streamlining processes, and ensuring consistency in reconciling raw material inventory in SAP. Upon completion, it will offer meticulous monitoring and tracking of the entire cycle, instilling transparency and optimizing operations through cutting-edge technology. Moreover, the solution will furnish a range of analysis and exception reports, elevating management control. The project is scheduled for completion in 2024.

hse mis system

In pursuit of continuous improvement, the ECTD’s Group HSE team in collaboration with ICT team implemented two new modules of VelocityEHS - the new and enhanced HSE MIS System. The Operational Risk module facilitates standardized work processes for risk assessment, identifies safety-critical elements, and provides dashboards for organizational risk profiling with real-time monitoring of action closeout status. Whereas, the Environment, Social & Governance (ESG) module enables the ongoing monitoring of environmental parameters.

talent management

With a primary focus on enhancing the talent management process, the collaborative efforts of the ICT and HR teams enabled the implementation of two new SuccessFactors modules in 2023. The SAP SuccessFactors Succession and Career Development module will drive the digitization of succession and career development business processes, seamlessly integrating with SuccessFactors PMGM, LMS, and EC modules. This comprehensive integration will empower Engro to identify and nurture top talent in alignment with business goals and future growth aspirations, significantly enhancing the efficiency and effectiveness of talent management practices.

Similarly, the SAP SuccessFactors Compensation and Variable Pay module will play a crucial role in planning and administering compensation and incentive programs. It will empower engro to improve individual & business performance by building strategic compensation programs.

health check

To align with industry best practices, the HR team collaborated with the ICT team to implement several recommendations identified during last year's health check exercise. The implementation of these recommendations enhanced controls, optimized processes, and ensures that the system is utilized at its optimum functionality, thereby elevating the overall user experience.

EFERT strives to pave the way to digitization and set a precedent for others to follow. We are ensuring efficiency across all our business operations and using these resources to mitigate obstacles and provide comfort to all our stakeholders.

united nations sustainable development goals (UNSDGs)

journey to UNSDGs: EFERT's contributions

With the introduction of the 2030 Sustainable Development Goals, the UN sought to help create a more sustainable, just, and equitable future. With the 17 SDG's built to focus on a diverse array of goals that would help ensure development for People, the Planet, Prosperity, and Peace. Adopted by Pakistan with initiative and enthusiasm since 2016, the SDG goals have become a guiding principle and benchmark for the philanthropic and developmental work of organizations across the nation. As firm believers in the importance of integrating sustainability in all our operations, EFERT greatly prioritizes its compliance and engagement with world-class practices and pertinent advancements in the development sector along with remaining cognizant of the challenges of the prevailing environmental challenges and economic landscape.

We have remained committed to engaging regularly and remaining abreast of all we can do to help further the development of Pakistan by generating value for our stakeholders while focusing on creating sustainable ways to do so. As a member of the UN Global Compact, EFERT is dedicated to making the Global Compact and its ten principles part of the strategy, culture and day-to-day operations of the Group.

no poverty, quality education, decent work and economic growth, reduced inequalities

To help truly uplift a community and ensure a more prosperous future, it is important to provide avenues for financial empowerment and independence. EFERT maintains its stance on UNSDG 1: "No Poverty" and UNSDG 4 'Quality Education' and understands the only way to achieve this is to empower people financially, that can only be achieved by improving the accessibility and quality of education. As such, Sahara Welfare School continues to deliver quality education in the vicinity of our manufacturing facility in Daharki throughout the year and currently have 550 students enrolled.



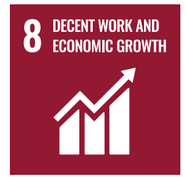
The Company also has also established a blended learning model for providing quality education to underprivileged communities while consistently improving quality and learning outcomes at these institutions. We currently have 25 schools in our network, out of which 15 are in Katcha area, and 10 are in Daharki. The enrolment at our adopted government schools stands at 1983 students currently. Furthermore, our Katcha School Network, with an enrolment of over 2074 students, continues to operate including the operations at the first girls' middle school in Ghazi Chachar with support from CDP (Government of Sindh), private donors and EFERT. As part of Engro's Diversity, Equity & Inclusion agenda, we have also invested in girls' education in our Katcha areas. These areas do not prefer co-education schools so in order to encourage the villagers to allow their girls to study, we have established our first Katcha Girls' middle school which now has 52 female students.



Engro has also established skills training programs like the Technical Training College (TTC) at Daharki have been established which offers a 3-year Diploma in Associated Engineering (DAE) in Chemical, Electrical and Mechanical technologies, as well as short-term vocational training programs for the youth living in the district. The college over 3,500+ alumni and the current enrolment stands at 438. These graduates also regularly attain top positions in the Sindh Technical board exams. In the year 2023, about 14 Diploma in Associate Engineering (DAE) graduates have been placed in Engro Fertilizers in a variety of roles. For the socioeconomic independence of the households we serve, 10M in financial grants have also been granted to help individuals set up sustainable small businesses.

To help empower differently abled individuals and those in need of a means of gaining income, 12 livelihood projects were awarded. Through Goat Farming ventures, Grocery Stores and homemade Ice cream businesses, these projects create sustainable and independent earning opportunities. Similarly, to help integrate differently abled individuals into our own workforce, we collaborated with the Karachi Down Syndrome to launch our internship program and inducted our first batch of interns in 2023. As of 2023, our employee percentage of People with Disabilities stands at 1% and we aim to increase this number by 2.5x by 2025. We aim to hire 05 more differently-abled employees in the year 2024 under Engro's Khudi program. The Khudi Training Program is a one-of-a-kind traineeship for persons with disabilities at various open roles in Engro. People with all forms of disabilities are eligible to apply. As an inclusive employer, Engro prioritizes diversity, equity, and belonging, fostering an environment where the unique strengths and perspectives of every individual are not just welcomed but celebrated.

Our Company has also established a one of its first kind initiative, Engro Muhafiz, related to stakeholder engagement and HSE in 2021. The program is in line with the Company's HSE policy to protect and train all communities involved and linked with our operations. The program is designed to train farmers and dealers in safe and environmentally friendly practices related to their routine operations, based on comprehensive risk profiling. It also includes carrying out HSE audits of their workplaces and encouraging constant improvement. In 2023, several initiatives were held with the support of the Marketing Division's dealers and the Shaandar Kissan program to educate the help improve the community's HSE standards for safety in their homes and workplaces. A total of 506 activities were held across Punjab and Sindh and successfully engaged a population of over 21,000 people in total across the communities we operate in. Major activities included free medical camps, blood donation drives, HSE awareness sessions at schools, tree plantation drives, awareness and precautionary sessions and measures during heat waves, and farmer safety sessions.





gender equality



With a great portion of the nation's population being held back by a lack of access to resources, EFERT prioritizes providing an equal opportunity at employment and growth and has taken steps the alleviate the gender inequality and pay scale gap between men and women. To ensure equity and diversity across the levels of the Company, the Board has defined measurable KPIs which it uses to monitor the Company performance and updates under this UNSDG. To help make the workplace more diverse and encouraging for female employees, a 3-point framework for gender diversity and various gender sensitization sessions have been conducted.

In 2023, Engro Fertilizers sponsored the SDG Leadership Programme (SDGLP) for Goal 5: Equality. SDGLP is the flagship program of the Centre of Excellence in Responsible Business (CERB) at the Pakistan Business Council (PBC) to recognize SDG Leaders from the PBC membership which champion their local communities and the environment through inclusive workplaces and climate action. CERB will use EFERT as a benchmark for the industry, showcasing EFERT's efforts in assessing a company's performance on gender to devise a company-wide strategy, with defined short- and long-term targets on enhancing diversity. And on creating an optimal work environment to retain women and promote equal opportunity workplaces.

EFERT has always been a leader in the industry in its gender diversity drive by opening avenues to women from various socio-economic backgrounds to work with the Company in different unconventional roles such as Trade Apprentices, GTEs, Workshop Supervisors, Warehouse In-Charges and in other field-oriented roles. In 2023, EFERT provided more opportunities to women than ever before with 40% of entrant level positions being occupied by women, marking a 1.5x increase. 34 out of the 79 Trade Apprentices hired in 2023 were women, and 14 of the 35 Graduate Trainee Engineers hired in 2023. 9 out of 27 of the M1s and M2s hired in 2023 were also women. With 10 women in leadership across the divisions of EFERT, this marks a remarkable 5x increase from last year. Our diversity ratio now stands at 9.2%, which is a 3x increase across the last 3 years.

More data regarding the constitution of our employee base can be found in the Human Capital section of this report.

zero hunger



EFERT takes its responsibility to bolster the food security of Pakistan and takes great pride in serving farmers through its indigenous fertilizer product portfolio which represents 35% of the Pakistani fertilizer market. With an ever-increasing population of the nation entirely dependent on local crops for sustenance, the Company continues to play a crucial role in ensuring a supply of fertilizers at the right price to the farmer. With a diverse fertilizer portfolio, The Company continues to work on replenishing nutrient-deficient soil resulting in a larger harvest and promoting sustainable farming practices.

Along with establishing a product portfolio that will address the scarcity of resources, EFERT also trains and educates farmers in agricultural sciences and runs several farmer advisory platforms. With the Agri Services Program arranging seminars, farmer meetings, group discussions and agri-workshops, and educational farm visits for advisory assistance in crop management, soil/water testing services through established labs, and 4R nutrient stewardship, EFERT provides extensive support to the farming community.

Our products are designed to help boost crop yield and address malnutrition and related health issues. Our Innovative product Zabardast Urea (Bioactive Zinc coated Urea) is helping the farmers to grow more by improving yield by 10% yield, and enriching food with Zinc. During 2023, Zabardast Urea was applied on 5.6 million acres of cereal crops which helped produce healthy and Zinc enriched grain, sufficient to feed 56 million people for a year. Moreover, various initiatives have been launched over the years like Shandaar-Kissan program, aimed at the development and growth of farmers through training, advisory support based on farmer soil and water testing aimed at balanced use of fertilizers and to improve nutrient use efficiency.

good health and well-being



Ensuring the safety, well-being and health of our employees is a top priority for EFERT. A safety-first attitude is an integral part of all our operations, accomplished through extensive training and diligent monitoring of compliance with protocols. In 2023, we have held several sessions and spearheaded initiatives ranging from the Road Safety Week, global hand washing day, detailed first aid & CPR trainings, precautionary measures for heat strokes and informative sessions on snake bites.

In the realm of Healthcare, Engro provides free-of-cost essential services to the communities through clinics, hearing aid camps, and crucial time-sensitive treatments for snake bite and dog bite patients. Our initiatives on the healthcare front include the Sahara Clinic which treated a total of 8895 patients this year, while a singular snake-bite treatment facility treated a total of 5819 snake bite patients. In 2022, the region's first free-of-cost Limbs Facility was established and has since then treated 1331 patients. We also developed a Dog Bite Facility that treated 1708 – patients this year. Under the ambit of the Engro Volunteer program, Sahara clinic organized a free-of-cost Skin diseases treatment camp in Daharki. In this three-day camp, free consultation, treatment, and medication were provided. A total of 625 individuals were treated. To stop the spread of dengue and malaria, preventative measures were also taken in the form of fogging spray, which covered a population of Engro Fertilizers Community awareness and emergency response (CAER) villages in its 15-day drive.

In collaboration with our Engro Fertilizers Clinic team, we conducted an awareness session on women's health in the CAER villages. Similarly, to promote women's health and wellness in the workplace, the Specialty Fertilizers Business' North zone team introduced an initiative to ensure the provision of feminine hygiene products for field-based female team members of SFB and warehousing teams, aimed at creating an inclusive work environment. Similarly, our Head Office also introduced permanent installations in the restrooms that provide free-of-cost sanitary products for all women employees in the office.

The Base Business North Zone team collaborated with the Fatimid Foundation for a Blood Donation Drive. The team managed to collect and donate 435 pints of blood to the Fatimid Foundation across the North Zone, translating into treatment arrangements for 1,305 patients suffering from Thalassemia and Hemophilia.

To further bolster the environmental awareness of our employees, various awareness sessions were held in the celebration of World Environment Day, ranging from environmental measures such as water and energy preservation to segregating hazardous waste materials, drawing competition for kids on the theme of green environment, and an online quiz on environmental issues. EFERT launched an Environment Week in 2023, with the agenda for the week incorporating everything from environmental footprints, a cycle to work campaign and the paper reduction drive to the correct method of waste segregation.

Our occupational health program encompasses industrial hygiene and occupational health. In 2023, we initiated various health awareness and control programs to foster good health and inculcate hygienic practices among our employees. All food vicinities, clubs and canteens, obtained HACCP certification in 2023, demonstration the robust monitoring and control practices for our food safety requirements. Throughout the year, various awareness campaigns for disease prevention and initiatives to encourage a healthy lifestyle were launched. Health drives such as Better Health, Better Tomorrow and the Metabolic Syndrome drive were introduced. Our site workers also underwent comprehensive training regarding the effective utilization of personal protective equipment and hazardous material management.

clean water and sanitation



As EFERT works in the chemical industry and water is a limited and precious resource, we consider it our responsibility to help maintain clean water sources and ensure the proper disposal of generated waste. For this reason, a multi-layered approach is used to manage the effluent generation, quality, and disposal on-site while maintaining high standards of quality and control. To ensure that quality standards are met before disposal, a dedicated effluent treatment facility was set in place to treat the effluent generated at residential colonies. Additionally, to minimize the water footprint and help address the need for freshwater sources, EFERT has been concentrating on reusing water in our processes and our manufacturing facility is designed to recycle water used during the manufacturing process. After extensive chemical processing, this water is then recycled. A closed-loop recycling system is also used for the cooling water system that is installed in manufacturing facilities to cool process streams.

To further reduce its impact on the environment and water footprint, EFERT has undertaken projects like effluent recovery optimization and cooling water blow-down reduction. A further indication of the high standards of quality control is the reuse of the effluent produced at the site for horticulture. As part of EFERT's initiative to conserve natural resources, the geomembrane lining of all 16 evaporation ponds has been successfully completed.

To ensure the uninterrupted supply of clean water in CAER villages, Daharki City and Ghotki Railway Station, a total of 12 RO plants have been installed by the Company, mostly running over renewable solar energy and providing approximately 15 million liters of water across 4000+ households and to all the daily train passengers this year.

In the Sahiwal region, a water conservation drive was launched by Base Business with the tagline "Save water save life" for the purpose of creating water conservation awareness among all our stakeholders and community members. 11 awareness sessions were conducted in schools, colleges, and universities covering 3,500 community members involving teachers, staff, and students.

affordable and clean energy



Given the energy-intensive nature of the Company's manufacturing operations, responsible energy consumption and a focus on clean, renewable energy are top priorities. EFERT engages in actions to reduce energy usage and investigate renewable energy sources. In this regard, in the year 2023, EFERT's warehousing division has taken the lead so far by converting 86 warehouses to solar power. Additionally, in order to uphold our commitment to providing clean and affordable energy to our stakeholders, improvements such as the installation of solar lights in educational facilities in Daharki and Ghotki have been made with the support of the local community. Initiatives taken in this direction are described in the report's section on social performance. As part of its sustainability strategy, EFERT is committed to reducing its carbon footprint for which a few initiatives were implemented during the Long Term Reliability Turnaround (LTR) of the Base plant and have contributed to improvement in site emissions. These initiatives included the replacement of the primary reformer burners along with turbine exhaust gas duct has resulted in better combustion efficiency, false air ingress has been reduced post hardware modifications on primary reformer resulting in better heat efficiency, and the steam optimization on plant post LTR has resulted in improved fuel efficiency.

During the year 2023, EFERT has been involved in multiple energy efficiency improvement projects that were executed. These included the Plant-1 furnace optimization, AM-II HP purges reduction, Optimization of NH3 converter, AM-3 HTSC temperature optimization and Steam optimizations at URUT-III & Ammonia-III. To highlight the initiatives taken, EFERT has written a technical paper that was featured in Nitrogen+Syngas conference for 2023. The paper, titled "Optimizing Gas Mixture in a Vintage Urea Plant to Enhance Production Capacity and Energy Efficiency for Sustainable Operation", discusses an alternative to avoid the formation of gaseous mixtures, which are energy efficient and environmentally friendly that can be beneficial for the industries operating in the same capacity.

To minimize our impact on the environment, the Warehouse team also initiated a solarization project across field warehouses to reduce our carbon footprint. As of 2023, we have over 80 warehouses powered via solar power generation of 7.2 kilowatts per day per warehouse.

responsible consumption and production, and industry, innovation and infrastructure



It is becoming a matter of increasing importance considering the rapidly altering and evolving global circumstances that EFERT ensures responsible consumption and production by constantly optimizing and innovating in its processes.

Innovative engineering solutions were adopted during the LTR at base plant to overcome load limitations, thereby enabling plant operations at the maximum possible load (144%) and efficiency. Making use of the latest technology and advanced process controller was commissioned at EnVen plant Urea-3.

The EFERT HSE management system underwent digital transformation with the adoption of the state-of-the-art Velocity EHS platform. This has significantly enhanced effectiveness and productivity by enabling efficient tracking, record-keeping, stewardship, and real-time data analysis.

Throughout the year, targeted HSE campaigns were conducted to collectively improve behavioral and inherent safety at the site. These efforts have positively impacted operational discipline by empowering individuals to lead various HSE initiatives. Through these programs, we aspire to transform the mindsets and behaviors of our employees, both on a personal and professional level. A 21-day forced outage at Ammonia-II plant was completed without any injury owing to the enhanced focus and commitment of the team towards safe execution of all jobs. Additionally, the Zarkhez plant has once again accomplished a "ZERO" Total Recordable Incident Rate (TRIR) in a calendar year for the fourth consecutive year. This accomplishment reflects a robust HSE culture and unwavering adherence to HSE policies and principles.



The transition from a compliance-based HSE program to a Risk-Based Approach (RBA) represents a significant step towards achieving HSE excellence. This approach adopts a more focused lens to review inherent HSE risks, with the primary aim of enhancing the management of top HSE risks, specifically Major Accident Hazard Scenarios (MAHs). In 2023, the Risk-Based Assessment phase-2 was successfully completed at the EFERT manufacturing plants in Daharki and Zarkhez. This involved a comprehensive analysis of all Major Accident Hazard scenarios (MAHs) on-site, utilizing advanced HAZOP and LOPA techniques. Ensuring the effectiveness of barriers through Bowties development and integrating them with safety-critical system was a crucial aspect of this phase.

To facilitate the adoption and effective implementation of the Risk-Based Approach, extensive competency development workshops were conducted. These workshops included in-house training sessions as well as external training and workshops facilitated by PII (Process Improvement Institute - USA). Additionally, a comprehensive Fire & Risk Assessment study for the entire site has been successfully completed, emphasizing the adequacy of the emergency response system in place across all possible scenarios.

In 2023, dedicated efforts were undertaken to enhance environmental performance at Engro Fertilizers. EFERT was certified by the International Fertilizer Association (IFA) Protect & Sustain for robust management practices related to product quality, security, and sustainability. The Daharki manufacturing plant led the Net-Zero waste project, progressing towards the execution phase. This initiative resulted in the conversion of organic waste from the colony into compost, suitable for horticulture. Additionally, plastic waste was repurposed into lifestyle products as part of this sustainability initiative. As part of EFERT's initiative to conserve natural resources, the geo-membrane lining of evaporation ponds was successfully completed. An extensive noise aspect impact assessment on critical receptors was conducted under the environmental sustainability management program. The noise panel installation at the ENCOP-3 facility was successfully completed as well. EFERT also conducted comprehensive research and benchmarking on effluent quality standards, aiming to enhance environmental reporting and compliance. An Environmental Management Plan was developed for the management of hazardous materials at site and resources were adequately trained.

EFERT has also strengthened its processes with agility via digitalization and automation, with the introduction of electronic bank guarantees for the first time in Pakistan and the launch of the first-ever customer relationship management application in the industry that enables customers to book orders efficiently.

climate action, life on land



As global climate conditions continue to worsen, the need to address climate change has become a matter of utmost priority. To help address the urgency for action, a carbon footprint reduction plan was developed in 2017 in accordance with global standards with the aim of bringing the Company's performance in line with globally acceptable levels for the fertilizer industry. Through increased urea production using more environmentally friendly gas inputs than RLNG, the Company managed to significantly reduce its carbon footprint. The Company took a number of efficiency initiatives to improve its plant efficiencies including the Feed Gas Enrichment unit. EFERT manufacturing Daharki site did extensive exercises for measurement of air shed quality for 6 long months in 2020 to evaluate its operational impacts on ambient air. A Flare system is provided at our state-of-the-art environmentally friendly ENVEN plant where all gaseous streams are burnt before venting directly into the atmosphere making it the only facility in Pakistan operating with this feature.

2023 also marked the launch of EFERT's "Plant a Tree, Plant a Hope" flagship project, underscoring our dedication to environmental conservation, carbon footprint offsetting, and sustainable practices, Engro Fertilizers' Zarkhez Plant joined hands with WWF (Worldwide Fund for Nature) on May 16th, 2023. With this collaborative effort to address the impact of climate change and preserve coastal ecosystems in Pakistan, they pledged to plant 1,000 mangrove saplings along the coastlines. Thousands of trees were also planted throughout the year under the Environmental campaigns launched in 2023.

As a part of our continued efforts to help the environment, a tree plantation drive has been conducted at Daharki city, CAER villages and vicinity schools. Thousands of fruit trees and other all seasons' trees were planted during a campaign started in the last week of September 2023.

The Base Business North Zone team also launched a Tree Plantation Drive in collaboration with the Forest Department with the tagline 'Save Trees – Save Life'. During this tree plantation drive, 2,900 tree saplings were planted at 17 different schools and colleges.

In the Sahiwal region, a water conservation drive was launched by the Base Business with the tagline "Save Water Save Life" for the purpose of creating water conservation awareness among all our stakeholders and community members. 11 awareness sessions were conducted in schools, colleges, and universities covering 3,500 community members involving teachers, staff, and students.

Lastly, by transforming waste into high-quality compost, the Company's Manufacturing site has committed itself to waste reduction and environmental stewardship as part of its NET ZERO WASTE Project. As part of its visionary NET ZERO WASTE Project, the company made a steadfast commitment to waste reduction and environmental stewardship. This initiative primarily focuses on the conversion of waste into quality compost, effectively transforming materials that would otherwise contribute to landfill waste into a valuable resource. EFERT Manufacturing harnesses the power of nature to convert various types of waste, including food scraps, garden waste, and other organic materials, into a nutrient-rich compost. This compost, teeming with beneficial properties, serves as a powerful catalyst for enhancing soil health and fostering robust plant growth.

Composting allows us to improve the structure and health of your soil by adding organic matter, helps the soil retain moisture and nutrients, attracts beneficial organisms to the soil, reduces the potential for soil erosion, sequesters carbon in the soil, and builds resilience against the effects of climate change.



life below water

Engro Foundation has partnered with WWF-Pakistan for the Indus River Dolphins Conservation Project for the last five years to conserve Indus River dolphins, one of the six species of freshwater dolphins, endemic to Indus River and its tributaries only. The current population is about 2,000 and endangered on the IUCN (International Union for Conservation of Nature) Red List. EF with EFERT's support is working on this project and has focused on establishing key biodiversity area from Taunsa Barrage to Guddu Barrage. A workshop with various stakeholders in declaring a part of the Indus River as a protected area was conducted. The Head of KBA Secretariat, Dr Andrew Plumptre participated. The project created a push for Pakistan to sign a new global declaration to save the river dolphins that took place in Colombia in Oct 2023. The University of Maryland has been engaged for the development of a River Health Assessment Report CARD, which marks the first-of-its-kind intervention.



This initiative aims to create tools that local communities and citizens can utilize for monitoring river health. A total of 20 eco-clubs have been established in schools across Districts Ghotki and Kashmore in Sindh, as well as in Muzaffargarh, and DG Khan in Punjab to foster environmental awareness and promote sustainable practices. A one-day eco-tour guide training was conducted in Sukkur for enhancing the skills and capabilities of 12 boatmen to act as eco-tour guides. Engro Foundation was part of a panel in World Water Week that focused on the use of pingers in the conservation of river dolphins. Pingers produce sounds that keep dolphins away from fishing nets and have turned out to be effective in preventing dolphin entanglements. Therefore, one key action was carrying out population surveys and rescue operations, using technology, tags and pingers, to support conservation efforts.

peace, justice and strong institutions

Engro has strong governance structures and internal control systems that ensure our businesses are run in an effective and robust manner (please refer to our section on "Governance"). Engro upholds a robust culture of ethics and integrity, underpinned by a stringent code of conduct and governance framework. Our commitment to integrity is reinforced through regular reviews, ongoing accountability, and unwavering adherence to regulatory standards. We have a dedicated Ethics & Compliance team to look at all E&C related issues. At Engro, we have a robust whistleblower mechanism which helps us identify risk, and carry out due processes for risks assessed, based on which appropriate actions are taken, which is available for both internal and external stakeholders.



partnerships for the goal

Partnerships and associations can be a major source of strength to help drive the SDGs agenda. With partnerships, resources can be mobilized, capacity building and knowledge-sharing can be attained, and institutional strengths can be leveraged for policy advocacy, awareness-building and effective implementation of programs geared towards meeting the SDGs.



Engro Fertilizers is part of various industry associations and forums, reflective of our commitment to long-term sustainable value creation and global cooperation. We are members or signatories to the following:

- United Nations Women's Empowerment Principles (UNWEPs)
- World Economic Forum (WEF)
- Worldwide Fund for Nature (WWF)
- Management Association of Pakistan (MAP)
- Pakistan Business Council (PBC)
- International Fertilizer Association (IFA)
- Pakistan Agricultural Coalition (PAC)
- University of Agriculture Faisalabad
- Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC)

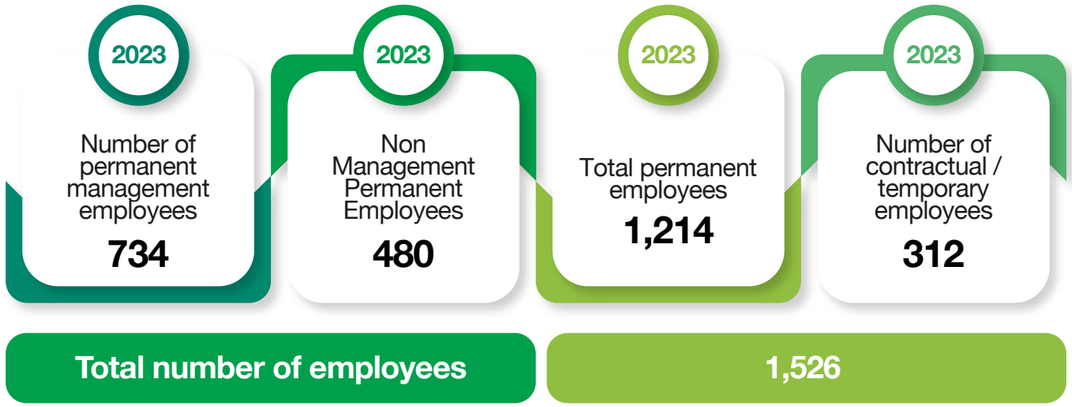


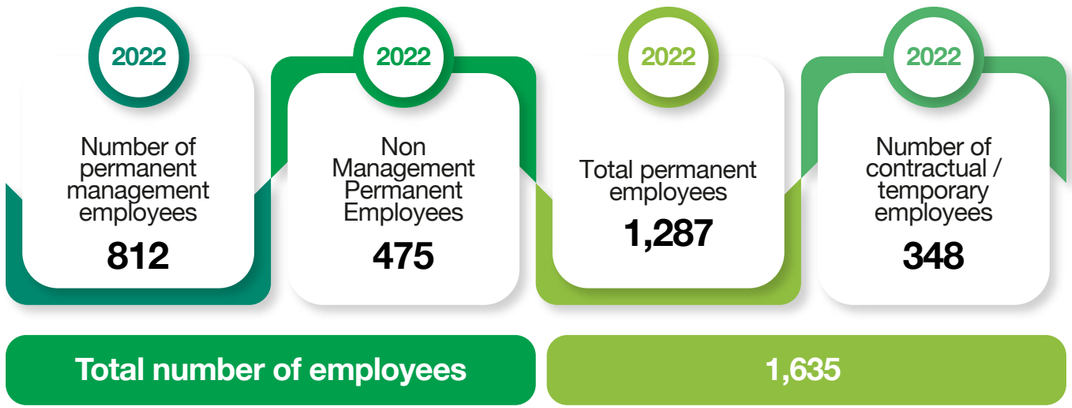
our greatest assets

people



The development of our people remains at the heart of our endeavors as we ENable GROwth for Engro Fertilizers. Upholding the values of Diversity, Equity and Inclusion (DE&I) and ensuring we foster a culture that allows everyone to feel welcome, included and represented, where their efforts receive due recognition, and their development and experience is of utmost importance as they foster success for EFERT. Employee centricity, the highest standards of business ethics and integrity, and world class standards for the workplace is the Engro way.





employee count by gender

management permanent employees

female	male	total
2023 | 69	2023 | 665	2023 | 734
2022 | 70	2022 | 742	2022 | 812

non management permanent employees

female	male	total
2023 | 7	2023 | 473	2023 | 480
2022 | 5	2022 | 470	2022 | 475

total permanent

female	male	total
2023 | 76	2023 | 1,138	2023 | 1,214
2022 | 75	2022 | 1,212	2022 | 1,287

contractual employees

female	male	total
2023 | 52	2023 | 260	2023 | 312
2022 | 57	2022 | 291	2022 | 348

total employees

female	male	total
2023 | 128	2023 | 1,398	2023 | 1,526
2022 | 132	2022 | 1,503	2022 | 1,635

total employees by category

management permanent employees

female	male
2023 | 9.4%	2023 | 90.6%
2022 | 8.6%	2022 | 91.6%

non management permanent employees

female	male
2023 | 1.4%	2023 | 98.5%
2022 | 1%	2022 | 56.4%

total permanent

female	male
2023 | 6.2%	2023 | 93.7%
2022 | 5.8%	2022 | 94.1%

contractual employees

female	male
2023 | 16.6%	2023 | 83.3%
2022 | 16.3%	2022 | 83.6%

total employees

female	male
2023 | 8.3%	2023 | 91.6%
2022 | 8%	2022 | 92%

Total employees by gender/category

	30 and Under		31-50 years		Over 50 years		Total	
on headcount basis	2023	2022	2023	2022	2023	2022	2023	2022
Management permanent employees	172	191	473	521	89	100	734	812
Non Management permanent employees	108	108	302	306	70	61	480	475
total permanent	280	299	775	827	159	161	1,214	1,287
contractual employees	255	259	51	77	6	12	312	348
total employees	535	558	826	904	165	173	1,526	1,635

total employees by category

management permanent employees

30 and Under	31-50 years	Over 50 Years
2023 | 23.4%	2023 | 64.4%	2023 | 12.1%
2022 | 23.5%	2022 | 64.1%	2022 | 12.3%

non management permanent employees

30 and Under	31-50 years	Over 50 Years
2023 | 22.5%	2023 | 62.9%	2023 | 14.5%
2022 | 22.7%	2022 | 64.4%	2022 | 12.8%

total permanent

30 and Under	31-50 years	Over 50 Years
2023 | 23%	2023 | 63.8%	2023 | 13%
2022 | 23.2%	2022 | 64.2%	2022 | 12.5%

contractual employees

30 and Under	31-50 years	Over 50 Years
2023 | 81.7%	2023 | 16.3%	2023 | 2%
2022 | 74.4%	2022 | 22.1%	2022 | 3.4%

total employees

30 and Under	31-50 years	Over 50 Years
2023 | 35%	2023 | 54.1%	2023 | 10.5%
2022 | 34.4%	2022 | 55.2%	2022 | 10.5%

hiring

HIRING – During 2023, a total of 74 employees were hired (compared to 61 in 2022), resulting in a hiring rate of 10.08% (compared to 7.51% in 2022).

hiring by age group

30 and under	31-50 years	total
2023 | 55%	2023 | 19%	2023 | 74%
2022 | 35%	2022 | 26%	2022 | 61%

hiring by gender

30 and Under	31-50 years	total
2023 | 51%	2023 | 23%	2023 | 74%
2022 | 46%	2022 | 15%	2022 | 61%

turnover

TURNOVER- During 2023, 108 (2022: 173) employees left the organization. This translates into a turnover rate of 14% in 2023 (2022: 21%)

attrition age wise

30 and Under	31-50 years	Over 50 years	Total
2023 | 31%	2023 | 65%	2023 | 7%	2023 | 103%
2022 | 74%	2022 | 95%	2022 | 3%	2022 | 172%

attrition gender

male	female	total
2023 | 90%	2023 | 13%	2023 | 103%
2022 | 159%	2022 | 13%	2022 | 172%

our people – our growth imperative

Human Capital remains a strategic priority at Engro as we aspire to attract the best-in-class talent to help create value and drive impact in challenging and changing times. Engro understands that the challenges for its businesses in the future will be different from those in the past, and the Company must invest in developing the required leadership competencies to face those challenges. For our continued success, and to ensure we continue to bet big on our people, we are focused on transforming our talent management approach along with our commitment to the desired culture – from attracting and developing the best people, to enhancing their engagement and sustaining a performance-oriented culture of learning and leadership.

We know that we can only deliver on our aspirations if we have the best talent pool on board that is also rich in diversity. Engro has also prioritized Diversity & Inclusion as a key strategic dimension that shall complement our existing efforts for a more diversified and inclusive, future ready workforce. We hope that under this newly inducted strategic framework of diversity ambition, we will be able to show further progress in the years to come. This includes increasing our gender diversity footprint at both the senior leadership as well as fresh induction levels, Additionally, we are actively addressing other forms of diversity, including individuals with disabilities and generational diversity We also endeavor to give equal opportunities to all candidates during the recruitment process, irrespective of their gender, religion, or background. Engro, therefore, brings together individuals from different backgrounds, thinking styles, talents, perspectives, and uniquely endowed skills to create value for a broad category of stakeholders.

We celebrate apprenticeship & continuous learning, in which people development is a critical responsibility for all managers. Our leaders are expected to create learning opportunities, provide coaching and give regular, constructive feedback - a philosophy further reinforced in our performance management, goal setting, and learning management systems. Our Leadership Competency Model, increased digitization efforts, and robust people processes are designed to promote collaboration, innovation, data-driven insights & evidence-based decision making whilst keeping “People-First” at its core.
To strengthen the focus on health and wellness of its employees, Engro has implemented various initiatives through a structured Wellness Program. These include access to Saaya Health (for emotional wellbeing), consultations as well as webinars and workshops with a nutritionist, and access to gym facilities and fitness training classes along with the flagship 41 Day Fitness Challenge

Engro takes special care to attract, hire, retain, and develop the right talent to drive its results. We routinely map out skill gaps and offer tailored training and development programs to enhance the employee experience and supplement these with favourable HR campaigns such as GTE Drive, Break Ke Baad, Talent Development Program and the DE&I Leaders Program, which help us ensure long-term, shared value creation for both women and men from all backgrounds

The HR department has robust processes and wide range of policies governed by its Code of Conduct, People strategy and its Leadership Competency Model. To ensure a workplace where employees feel safe, respected and appreciated, Engro has competitive and transparent policies to attract, develop, retain and engage its talent, which are made accessible to the employees through a comprehensive HR policy manual.

We believe that dialogue and clear communication are essential to building and preserving good relations between management and employees. Our leadership messages and townhalls provide opportunity to employees to engage with senior management and get their views and clarity on strategic matters. We have a culture that promotes open communication and employees are encouraged to raise their concerns or seek clarifications with line managers. We also have a whistleblower platform: Speak Out, that allows employees to speak about any concerns they have regarding business ethics and compliance, safety, environmental performance, harassment, and other employment related matters. Each subsidiary also has its own Anti Harassment Committee to take decisions on harassment related complaints. These matters are investigated independently, and results are communicated to the Board. Adherence to HR policies and processes is ensured through our internal control framework whereby Internal Audit conducts periodic reviews to gauge effective implementation and identify any gaps so that timely corrective action can be taken.

To build a culture promoting merit and competence, we have a performance appraisal system for individuals' annual evaluation, focusing on the current year's performance and future development needs. The effectiveness of our systems, HR driven initiatives, organizational culture and company policies are gauged through an annual employee experience survey, results of which are communicated organization wide to promote transparency while areas of improvement are identified and action plans are developed.

We consistently enhance the user experience by delivering top-notch operational services to our employees. Through the utilization of cutting-edge technology, we ensure that Engro maintains effective people-related operational controls, administrative and reporting procedures, and robust people systems. Our internal Success Factor portal streamlines processes for employees, facilitating benefit claims, reimbursements, performance evaluations, succession planning, learning, training, recruitment, and onboarding. Additionally, our operational system supports back-end operations and record-keeping. Leveraging the networking platform "Workplace by Meta" and disseminating periodic newsletters, we foster an efficient system with rapid turnarounds, promoting a connected and learning-oriented culture.

At the management level, the most senior management position that is responsible for all HR matters is the Chief People's Officer (CPO) at parent company level and Head of HR at subsidiary / associate company level who report to their respective CEOs and Board through Board People Committee and the subsidiary HR heads also work in close coordination with the CPO. To ensure dedicated focus on HR matters, the Board has established a sub-committee - Board People Committee (BPC) that exercises oversight over HR policies and systems and is responsible for the review of performance evaluation, development and succession of its People.



hr governance process

EFERT recognizes its "People" to be its most asset and therefore People development has always been our priority. We understand that satisfied and highly motivated employees personify the Company's values, ensuring continued excellence is the foundation for a sustainable and growing company. We recognize the importance of human capital and its critical role in creating value creation potential for our businesses and a successful corporate echo system.

Therefore, EFERT'S Board places great importance on people development and related policies and processes which are at the heart of our core values and our People leadership competencies model. To ensure dedicated focus on HR matters, the Board has established the Board People Committee (BPC) that exercises oversight over HR policies and systems and is responsible for the review of performance evaluation, development and succession plans of its People.

There is also a management committee called Board People Committee (BPC) for review and stewardship of all HR matters including compensation, organization training and development of people.

The Company has a clearly documented Human Resource management policy which aims to attract, induct, develop, retain, and motivate high caliber talent who are qualified, capable, and willing to contribute their best towards accomplishment of Company objectives. To complement this policy several other policies have been developed for recruitment, compensation, and organizational development.









talent & culture – the employee lifecycle:

Our people strategy is influenced by our central idea whereby people are named as the organization's growth imperative Since the central idea encourages focus on new businesses, our people need to be more entrepreneurial with an innovative frame of mind for our business success. Our core competencies and a robust and comprehensive people's strategy helps us to successfully navigate through the changing business landscape, and ensure that we continue to attract, retain and develop talent.

hiring	onboarding	engagement	development	growth	separation
Values serve as a filter during recruitment, ensuring that new hires align with our priorities	Employees who share similar values with us will adapt more quickly to our norms	Shared values will enhance the collaboration among team members, as they have a common ground to work from	Values will influence our behaviors translating into performance measurement and learning needs	Adherence and advocacy of Values will play a role in identifying potential leaders	Engronians will always carry the badge of principle belief wherever they go

hiring - talent acquisition:

Talent acquisition plays a pivotal role in an organization's success by identifying, acquiring, assessing, and hiring individuals who can contribute to the company's goals and culture. Its main purpose is to attract and retain high-quality talent that aligns with the organization's mission and objectives. It ensures the right skills for specific roles, aiding strategic goals, improves team productivity by hiring the right talent, evaluates alignment with values creating a positive workplace ensure diversity in hiring bringing fresh ideas and fostering growth.

Following are some of the programs being run under the Talent Acquisition umbrella:

- Academic Collaborations and Job Fairs: Strategically, we engaged in signing three pivotal Memorandums of Understanding (MOUs) with 3 universities GIKI, NUST & COMSATS Islamabad/Lahore. These MOUs were pivotal in fortifying visibility and fostering vital connections between the corporate sphere and universities. Their primary aim was to cultivate stronger ties and bridge the gap between academic knowledge and prospective talents.

- Graduate Trainee Engineer: Strengthening the Engro Enablers GTE program involved a comprehensive overhaul as follows:
  - We engaged with top 10 universities of Pakistan through campus drives, spotlighting Engro's rich legacy. Annual inclusive campus drives solidified our program's prominence in the market, resulting in extensive reach across social media platforms.

- Suleman Dawood Internship: Suleman Dawood Internship has undergone centralization across the Engro group. We initiated an internship campaign via social media and universities, participating in campus drives. To enhance their understanding of Engro, we arranged leadership sessions for interns, aligning their learning with practical insights. Projects were assigned, and specific lines supervised and evaluated their performance, providing constructive feedback for their future growth. We organized a comprehensive orientation across Engro to ensure a consistent and positive candidate experience, including a thoughtful goodie bag as part of their onboarding process.

- Internal Job Posting: The talent team launched a digitized solution of Internal Job Posting (IJP) to keep the mid-career talent updated about available opportunities with in Engro group, followed by thorough awareness/training sessions to all line managers in couple with rigorous promotional campaign to introduce IJP process & framework group wide. This shows the company's commitment to the development of the talent available internally. Sourcing Channels: Consolidating sourcing channels like LinkedIn, headhunters, and internal job postings in talent acquisition brings a multitude of advantages. This consolidation of sourcing channels streamlined the entire recruitment process, offering recruiters a centralized platform to explore and engage with diverse talent pools.

onboarding:

To ensure standardized onboarding across all locations, engro launched the Success Factors module of onboarding whereby end to end onboarding of new joiner from to managers messages, to buddy alignment, to meetings with relevant stakeholders and getting necessary data all managed through the onboarding module. This is an end to end service to ensure that regardless of location, the employee experience remains the same.

The significance of a smooth onboarding process is recognized under LEAP (details under capability development), with a structured 100-day program introducing new employees to the organization's culture, values, processes, and objectives. This comprehensive plan consists of 11 modules covering essential aspects from recruitment to ethics, setting the tone for engagement and productivity. [103 employees have completed all modules]

- SF- Recruiting Module
- Foundation Overview
- Rewards Orientation
- Information Technology Overview
- Social Media Responsibility
- Performance Management Module
- Anti- Harassment Module
- Code of Conduct
- Ethics and Compliance
- Leadership Competency Model
- Healthy, Safety & Environment Module







efert's hr policies encompass the following principles:

equal opportunity

- provide equal opportunity to all job applicants through clearly defined and consistently applied induction standards.
- create a work environment where every employee has an equal opportunity to develop their skills and talents.

training and development

- To meet employee and organizational needs, provide opportunities to employees for acquisition of knowledge for technical and managerial skills through classroom and on-the-job learning.

compensation and benefits

- Rewards policies aligned with best companies in the market that compete for high quality talent.
- Clear linkage of reward policies with performance and potential.

diversity and non-discrimination

- Provide an environment free from all forms of discrimination and harassment at workplace.
- Foster gender diversity at all levels within the Company.
- Policies aimed at creating flexible and conducive working arrangements.

performance management

- Have a transparent and merit-based performance management system in place.
- Have a transparent and well-defined career development and succession planning system.
- Clearly defined system for care progression based on merit and potential.

EFERT's HR policies are approved by the BPC, Board and are stewarded by MC and Board periodically. The most senior management position that is responsible for HR matters is Head of Human resources at company level, who directly reports to the Company's CEO and indirectly reports to Chief Peoples Officer (CPO). Certain People level policies are also managed at group level by Engro's People division based at the holding company.

Furthermore, industrial relations at plant sites is managed by respective Admin Department at the plant.

The HR function was recently re-modelled to improve HR functional services by inducting HR Business Partners in 3 major divisions to enable HR function to serve better and be "Fit for Purpose" in line with its shared vision.

centralization

In 2023, the HR function underwent another remodeling with centralized teams for engagement, Learning & Development, Talent Acquisition and Rewards, i.e. the Centres of Excellence (COEs), formed to lend support to the Human Resources departments across all Engro Subsidiaries.



employee remuneration policies and processes

The Company's HR policies ensure competitive and appropriate compensation and remuneration for its employees based on their role, experience, and performance. Employee remuneration for management employees is determined by relevant competitive markets and guided by Company policies. The Company maintains separate funded pension and gratuity schemes for its employees. Employees are eligible for these schemes based on completion of vesting period. Trustees of the Fund are responsible for administering these funds. The annual contributions to gratuity and management staff pension funds are based on actuarial valuation. The benefits are provided to full-time employees including management and staff. These benefits are not offered to contractual employees. The Company contributes to the defined contribution provident fund for its permanent employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of the basic salary. Additionally, a service incentive plan is also maintained for certain categories of employees to reward them for their service of at least 3 years with the company.

The Company strives to maintain a well-balanced program of employee benefits. Various programs mentioned below are currently in place for our employees.

- Defined benefit gratuity fund
- Contributory provident fund
- EFERT pension fund
- Health Insurance
- Life Insurance

other benefits of permanent employees include:

- Part- Time work policy
- Compensation cars
- Travel and transport benefits
- Hajj policy
- Annual incentive bonus and performance bonus
- Paternity/ maternity leaves and sabbatical leaves
- Medical and dental benefits
- Long service awards
- Loans and advances
- Service incentive plans
- Home ownership assistance
- Club memberships
- Beach Huts and Lodges
- Day Care
- Location specific benefits

job evaluation

Engro has initiated a group wide Job Evaluation exercise utilizing the Korn Ferry Hay Method to measure the relative size of its roles, relying on the world's leading method to determine the fair and objective relative value of each role in the organization.



rewards – policy

female transport

Engro partnered with Careem in an effort to provide safe and hassle-free mobility solutions for female employees. This collaboration was aimed at easing the commute to and from work for women at Engro as part of the Company's diversity, equity, and inclusion initiatives. This travel policy complements other initiatives introduced by Engro to create a gender-diverse workforce. Some of these initiatives include maternity and paternity leaves, and daycare solutions.

5-year long service awards

Beginning this year, the steadfast commitment of our valued employees are presented with the 5-Year Long Service Award to commemorate and celebrate the enduring dedication demonstrated by them.

engro help central

Engro Help Central Portal was launched as a one-stop solution for all employee queries such as Salary Slip issuance, Tax related letters, and other Visa and Employment Related letters.

policy roadshow

To continue creating awareness about HR policies, the Rewards team conducted a series of sessions under "Our Effort for you- Policy awareness campaign". To enlighten and remind employees about all the benefits that they can avail of. Each session has been designed and curated for the specific audience entailing all the benefits they are entitled to. The awareness session not only enables employees to be cognizant of HR policies but also provides a platform where they can voice their opinions and provide feedback.

compensation and rewards

As a commitment to diversity, equity and inclusion, Engro has a fair and non-discriminate compensation policy.
Our rewards philosophy does not differentiate any individual based on their gender, ethnic or religious background. Our principles for pay determination and pay progression are based on 1) pay equity compared to market 2) individuals' performance and 3) leadership competency rating through a comprehensive performance management process.

During the lifecycle of an employee at Engro, employee remuneration is decided at three stages, 1) at the time of hiring, 2) at the time of increment and 3) at promotion. Our compensation philosophy, systems, and controls ensure that no pay gap is created from the onset.

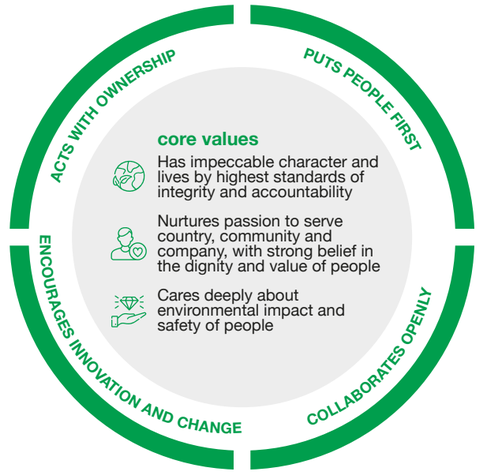




growth: talent management

Engro understands that the challenges for its businesses in the future will be different from those in the past, and the Company continues to invest in developing the required leadership competencies to face those challenges. Our Talent Development outreach stems from Engro's Leadership Competency Model (LCM), instilling a sense of responsibility towards our core values.

Developing a leadership mindset is important at all levels, therefore, to nurture leadership we evaluate our people based on key behavioral indicators and invest in them by developing quality leadership skills through tailored capability development programs. We encourage a culture, where talent development is a critical responsibility of the line manager. We believe that continuous growth and development of our people is key to surviving in a dynamic, complex, and challenging business environment.



performance management system

At Engro, we promote a healthy competitive and result-oriented culture. We recognize and reward our best employees. Our performance management system measures not only "what" but also "how" of the performance as part of a 50-50 balance scorecard and is a critical tool to hold people accountable for actions as well as developing our culture and people with actionable, evidence-based feedback on LCM and objectives.

succession planning

EFERT's commitment to ensuring seamless business continuity is evident through its robust succession planning strategy. By creating a talent pipeline for future leadership positions, EFERT aims to guarantee uninterrupted operations even in times of transition. Central to this approach is the emphasis on skill enhancement tailored to meet current and future business demands, ensuring readiness to navigate dynamic environments. Throughout this process, people development remains at the forefront, with EFERT acknowledging the inevitability of change and prioritizing the growth and development of its workforce. To facilitate career progression and talent development, EFERT has meticulously charted employees' career paths, taking into account factors such as potential, experience, and demonstration of Engro competencies. Each employee is provided with ample opportunities for training and development, alongside the necessary resources and equipment to excel in their respective roles. This holistic approach not only ensures the individual growth and satisfaction of employees but also strengthens EFERT's overall organizational capabilities, positioning it for sustained success in the long run.

talent development program:

In addition to succession planning, engro also launched the first Talent Development Program (TDP), which is a documented and structed framework of talent development with the goal of identifying future leaders amongst the talent in the organization. This program provided an opportunity to develop talent who demonstrated consistent significant performance over a certain period, as per a defined eligibility criterion.

Based on the defined criteria and an extensive evaluation process, 52 final talents were shortlisted to be included in the first TDP cohort.

The development of these individuals is actively managed through tailored Individual Development Plans (IDPs), to prepare them for “Key Roles” aligned with future strategy, thereby enhancing the leadership pipeline. Thus, this program serves as a ‘leader feeder’ of ready talent for succession planning which safeguards engagement of talent within the organization and uninterrupted continuity of business.

Built on the foundational principles of truth, trust, and transparency, this program exemplifies the organization's unwavering dedication to creating an environment that nurtures both personal and professional growth.

E.D.G.E:

EFERT is proud to introduce EDGE—a pioneering program designed to identify and cultivate the potential future leaders among high-performing individuals within the company. This initiative is particularly targeted towards three key groups: women, individuals on the borderline of the Talent Development Program (TDP) criteria, and members of our junior bands.

Through EDGE, EFERT aims to provide targeted support and resources to these promising talents, equipping them with the tools, skills, and opportunities needed to accelerate their career growth and assume leadership roles within the organization. By fostering diversity, inclusivity, and talent development at all levels, EFERT reaffirms its commitment to unlocking the full potential of its workforce and driving sustainable organizational success.





diversity, equity and inclusion

break ke baad (bkb)

One of our trailblazer intiatives is a 12-month returnship program designed to increase employability of women looking to resume work after mid-career breaks. The program has a flexible working model which offers associates full-time employment, part-time employment and flexible working hours. Break Ke Baad seeks to induct applicants with at least 3 years of prior experience, after a gap of at least 2 years. In 2022, 800+ applications were received and 14 BKB Associates were hired across Engro, with 1 being placed at Engro Fertilizers.

diversity, equity & inclusion leaders program (deilp)

The Diversity, Equity & Inclusion (DE&I) Leaders Program equips employees at all levels with the skills and tools necessary to inculcate a culture of inclusion across the Company. A key part of the program is studying various forms of exclusion and discriminatory behaviors common in office spaces, and the adverse effects they may perpetuate on employee productivity.

Engro’s DE&I Leaders Program has been designed on a sustainable model that features in-house volunteer trainers (DE&I Ambassadors) to ensure Engro employees undergo comprehensive and customized sensitization training. This Program includes four modules: Awareness, Acceptance, Advocacy & Anti-Harassment Committee. As a testament to our commitment to accessibility, all four modules are being digitized and will be accessible to all employees on the learning management system. This digital transformation allows individuals to learn at their own pace and convenience, further promoting continuous education and awareness throughout our organization. Engro's DE&I Leaders Program not only shapes our present but also paves the way for a more enlightened and inclusive future for all.

wage level

In 2023, a total of 17 DE&I training sessions were conducted within Engro Fertilizers with 645 participants being sensitized on the respective subject.

Our Entry level is through GTE program and the ratio for entry level wage to minimum wage is 3x; the pay doesn’t vary by gender.

Additionally, we have other entry programs focused on training such as the Trade Apprentices at plant sites. However, these programs are not subject to minimum wage laws and are governed by relevant laws of Pakistan (Trade apprentice ordinance of Pakistan).

risk for incidents of child, forced and compulsory labor

At Engro, we are compliant with Pakistan labour laws and therefore have no incidents of child, forced or compulsory labour within our organization.

training & education:

Leadership Development is closely intertwined with the Leadership Competency Model,(LCM), fostering leadership and management skills across all levels. The training series held in 2023 covered areas such as Self-Improvement, Team Leadership, Interpersonal Skills, and Constructive Feedback. Over the year, our learning initiatives amassed an impressive 18,487 hours, with Coursera contributing over 4,264 hours, demonstrating a solid 70% utilization rate. Among the top picks for Coursera were: (Fundamentals of Project Management, Introduction to Data Analysis, Project Launch: Initiating Successful Projects, Essential Business Excel Skills, and Mastering Negotiation Techniques).

Men

Learning Hours* | Gender

20663

Total **22758** | Avg **31.2**

Women

Learning Hours* | Gender

2095

Total **22758** | Avg **30.4**

training cost 2023 (overall)

Rs. 89.58 Million

Intervention	Audience	Satisfaction Rate
Time Management and Communication Skills	350 employees	89%
Impactful Persuasion & Gravitas	180 employees	88%
First-time managers	70 employees	82%
Collaboration through mentorship	40 employees	84%
Inter-Functional Mastery Supply Chain Fundamentals	85 employees	91%
Inter-Functional Mastery Secret of Sales	60 employees	89%
Inter-Functional Mastery Manufacturing Mantras	40 employees	92%
Lead with Impact	57 employees	79%
Feedback Conversations	115 employees	86%
Performance Enhancement Program- Leadership Intent vs Behavior	70 employees	81%
Performance Enhancement Program- Finance for Non-Finance	22 employees	83%
Performance Enhancement Program- Digital Agricultural Space	25 employees	81%

(Please refer to our Annual Report to read more details on all our Learning initiatives)

employee engagement 2023

We believe our employees remain our enduring advantage and whilst we believe that our ability to create high performance teams in a culture of inclusiveness, professionalism and excellence is what drives our success, after a thorough analysis we identified critical aspects around human capital management that can enhance our people competitiveness.

Engro recognizes that employee engagement is critical for retaining value talent and boost employee experience. Our success is measured by a defined set of engagement perimeters adaptable to our working environment.

Each year, we conduct an employee engagement survey, the results of which are shared with both employees as well as the Board. These results are analyzed and action plans are developed. The survey addresses following dimensions:

- Purpose
- Values
- Puts People First
- Encourages Innovation & Change
- Collaborates Openly
- Acts with Ownership
- Overall Leadership
- Truth, Trust & Transparency
- Diversity & Inclusion
- Wellbeing
- Engagement
- Survey Followup

During 2023, the results of engagement survey for Engro Fertilizers were:

86% Employee Engagement Score

95% Response Rate

At Engro, we aim to score above the global average which, according to Qualtrics 2024 Employee Trends report, was 67% in 2023 Over the last few years, we have managed to remain above the target with variation on year to year basis.

These results are analyzed by each division's HRBP to understand the factors that are encouraging as well as factors that need interventions and accordingly plans are designed to improve employee experience in those areas.

Recognizing the significance of fostering a culture of active listening beyond yearly EES surveys, we have endeavored to establish continuous avenues for employee feedback. This year, EFERT proudly introduced its flagship listening program, 'Let's Tune In', designed to empower employees to share feedback through various channels such as vibe checks, idea boxes, and our semi-annual Pulse Survey, aligned with the organization-wide Employee Experience Survey. This program aims to gauge employee sentiments and preferences, enabling us to better cater to their needs.

let's tune in

2023 saw the launch of EFERT's flagship listening Program Let's Tune In, through which we adopted a multi-faceted approach, providing avenues for feedback and dialogue, enhancing employee experience and providing engagement via fun activities in the workplace. Under the ambit of Let's Tune In, HR introduced a number of features. Elected members from across the Company were made Fun Catalysts who were in charge of arranging away days for their respective departments and ensuring the engagement of their departments and participation in other events. Under this ambit, we introduced our Fun Fridays, which included:

Snacktastic Fridays
Monthly Birthday Celebrations
Appreciation Hour
Friday Gamers
Friday Golfers
Friday Artists
Our Fun Catalysts also played their role in organizing fun Away Days

(Please refer to our Annual Report to read more details on all our Engagement initiatives)

At Engro, we are compliant with Pakistan labour laws and therefore have no incidents of child, forced or compulsory labour within our organization.





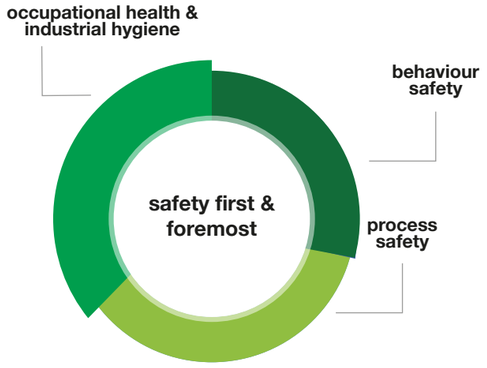





health and safety

Engro Fertilizer remains committed to ensuring "world class" performance with respect to all aspects of Health and Safety. This responsibility is categorically affirmed in company's HSE Policy statement. Health and Safety is one of our core values and remains a key business objective. "Safety is our license to operate."

Safety management involves supervising aspects concerning occupational health, industrial hygiene, behavioral safety, and process safety, as shown in the diagram.



Over the years, in collaboration with world-renowned service providers such as DuPont, Engro has evolved, infused, and integrated a proactive and safe working culture throughout its operating footprint. Engro empowers its businesses to deliver the best-in-class HSE performance based on international standards and fosters a "safety-first" culture.

The safety and well-being of EFERT employees and the population surrounding it's facilities remain a priority, with the expectation that everyone will return home safe and remain unharmed every day. This message is continually reinforced by leadership at all levels and at every opportunity.

Engro operates its businesses based on international standards and best practices within the realms of regulatory rules and regulations and continuously monitors and measures safety performance to ensure compliance, taking all the necessary precautionary measures and devising routines to minimize these risks. To ensure personnel safety, Engro has established a comprehensive and integrated operating discipline management system that includes policies, requirements, processes, best practices, and procedures related to Health, Safety & Environment (HSE) Quality and Operations standards including external and regulatory requirements. Engro's investment decisions retain adequate provisions for implementing inherent safety features from inception. As a result, Engro's safety management has reached an elevated level of maturity.

Our HSE systems and practices are driven by our HSE policy, which is available on our website. All employees and contractors that work for us understand and work in line with the policy.
The policy stresses that we are duty bound to:

- continually work towards ZERO occurrence of occupational injuries and illnesses, process safety mishaps, and environmental incidents,
- integrate HSE aspects in business decisions,
- identify threats that can adversely affect PEAR (People, Environment, Assets, Reputation), and prevent and/or mitigate adverse outcome through effective barriers and work processes,
- ensure that the capabilities of our employees remain cutting edge to provide warranted care and attention for barriers and work processes,

- ensure that the capabilities of our employees remain cutting edge to provide warranted care and attention for barriers and work processes,
- practice inherent safety in design, continuous HSE performance improvement, and compliance with the regulatory requirements of the Government of Pakistan, the provinces in which we operate, as well as other guiding obligations,
- use energy and materials efficiently to conserve natural resources, and
- develop awareness, a consultative and participative culture to instill HSE ownership and responsibility in employees and contractors.





To ensure effective control measures are implemented, work/operations-related hazards are identified, risks are assessed, using techniques such as PHA (Process Hazard Analysis), HAZID (Hazard Identification), HAZOP (Hazard and Operability study), LOPA (Layers of Protection Analysis) etc. and applies a hierarchy of preventive and mitigative barriers.

In a recent initiative, Engro has moved from a Compliance based HSE Management System to a risk-based HSE Management system derived from International Standards. This involves identification of both process and non-process threats having potential for causing major accident hazards and the barriers required to prevent/mitigate these major accidents. This multiyear transformation comprises three phases: urgently completing a review of high HSE consequence scenarios, institutionalizing a world-class barrier management program, and conducting detailed risk assessments. In addition, Performance Standards have been developed to ensure functionality and reliability of the barriers.
A comprehensive capability development program has also been launched to enhance the skills of resources for efficient transformation from compliance based to a risk based HSE management. Globally renowned SMEs were engaged and a pool of Engro engineers was trained on the revised approach.

Engro's aim is to continuously promote a culture of learning, improvement, and robust compliance with HSE management systems. Accordingly, our employees and workers are made aware of the robust HSE systems, policies, and SOPs during new employee onboarding as well as through HSE training sessions and roadshows. This ensures effective communication about HSE protocols, as well as motivation sessions about the criticality of achieving excellence in HSE performance.

HSE governance & responsibility framework

To streamline HSE vision and expectations across the Engro, Group HSE Function has been established to achieve consistency and transparency, and most importantly, drive continuous improvement in safety performance.

To ensure HSE excellence at Engro, we promote HSE governance through a HSE Governance & Responsibility Framework, which includes assignment of line management responsibility/accountability and clarity on roles, formation of HSE Committees, development of robust HSE standards and implementation of risk based HSE management system, incident reporting and investigation, management of HSE Management Information System (MIS), and audits.

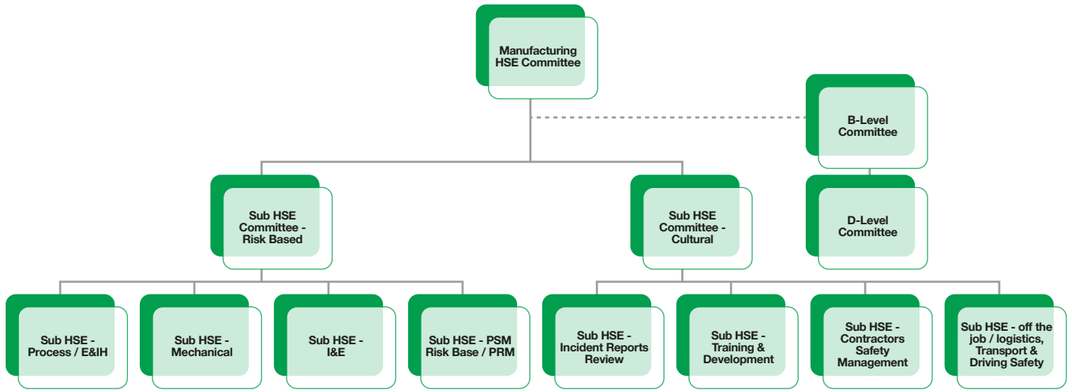
Engro manages a company-wide system for the reporting and handling of HSE related incidents, breaches, near-misses, and hazardous conditions. In case of any incident, the investigation is carried out in line with the stipulations of the HSE governance framework based on severity and type of incident, and narrative report is issued and shared as per the guidelines of the framework. Recommendations are tracked to prevent recurrence and lessons learned are shared across the group as a part of the Light-House initiative for knowledge institutionalizing.

Engro has developed and published a detailed standard for the establishment of an integrated organization structure in group companies. As per the standard, the following shall be instituted:

- Every group company has a top management level HSE committee (Corp HSE Committee) headed by CEO and senior executives as its members. The committee will own and maintain the HSE policy and provide leadership to drive the HSE activities across respective organization from a strategic leadership perspective, make resources available to support HSE initiatives and programs.
- All manufacturing sites and marketing/commercial/service organizations have a divisional HSE committee headed by divisional head with all department heads as its members. The divisional HSE committee shall originate, guide, and coordinate overall HSE related efforts, steward HSE performance, review investigations of serious incidents, ensure timely close-out of action items, review Leading Indicators to provide directions on matters with wide HSE concerns and approve division specific HSE policies.
- To support division level HSE committee, all businesses institute Sub HSE committees, based on requirement / nature of business, to review operational level HSE aspects through participation of SMEs. These committees shall be headed by department heads and shall have their documented charter covering membership, roles & responsibilities.
- A CCHSE Forum is also in place to ensure synergy and effective sharing of best practices and learnings across the group. This committee shall be headed by VP ECTD and have Group HSE Head and all group companies' HSE heads as members.
- A dotted line engagement protocol is maintained between Group HSE and the site HSE organizations.

efert's HSE management system:

EFERT's HSE management system is accredited with DuPont Systems, showing its adoption of global best practices for its workers. This internationally accredited system is implemented at all locations including Plant site, Head office, Warehouses etc. HSE Committees are constituted at different levels which ensures the wellbeing of its workers along with its responsibility to bring excellence in domains of health, safety and environment. Safety committees and safety meetings have proven to be effective means of formulating and carrying out company safety policies, gathering and disseminating safety information, enlisting employee participation in the safety efforts, and generating and sustaining interest in safety. Committees are staffed principally by members of the line organization supplemented by safety staff members and other specialists.



d-level committee:

EFERT believes that the commitment and involvement of management, employees and others in the workplace is essential. Training and participation of new and existing personals on health, safety and the environment are considered as a crucial aspect. To achieve such standards a D-Level Committee exists at site which ensures the flow of information from top to grass root level. All the employees and contract work staff up to the Manager are members of this committee. Participation and MoMs of the meeting are logged on to the HSE MIS along with the recommendations of the action items generated during the meeting. Each Unit / Department conducts its own D-level meeting at a weekly frequency. The platform is utilized to discuss, communicate regarding the workplace hazards, occupational health & safety, procedures and register their concerns along with the feedback on previous meeting concerns. Similarly, mandatory topics are also assigned to the committee for discussion and participation such as Health, Hygiene and First-Aid rules, Personnel Protective Equipment, etc. To ensure effectiveness of the meeting a performance standard is developed on which each department and unit level committee is evaluated, and the results are shared within the organization.

b-level committee:

B level committees work on departmental level and serve as a link between Manufacturing HSE & D level Committees. The Committees mainly act on all safety matters within the Department, referring to the Manufacturing HSE the problems that they are unable to solve or that have ramifications outside the Department. Following are the main responsibilities of this committee.

- Sustain motivation of employees through participation and develop belief in EFERT's Safety Philosophy that "ALL INJURIES CAN BE PREVENTED"
- Identification / rectification of workplace hazards and continuous improvement of procedures
- Work on the recommendation sent to this forum from 'D' level committees.
- Develop & implement safety improvement programs.

DuPont system also emphasis focus on the risk management plans of the company. The system covers all workers, including the workers who are not employees but whose work or workplace is controlled by the Company. Dedicated procedures for process risk management, occupational health and environment are available for workers at site. In-order to implement the DuPont system, following management systems are implemented at site

- Process Safety Management System (PSM)
- Environment Management System (EMS)
- Occupational Health and Industrial Hygiene Management System (OHIH)

To achieve and set the highest standards of HSE in the company following action plan and policy is laid out:

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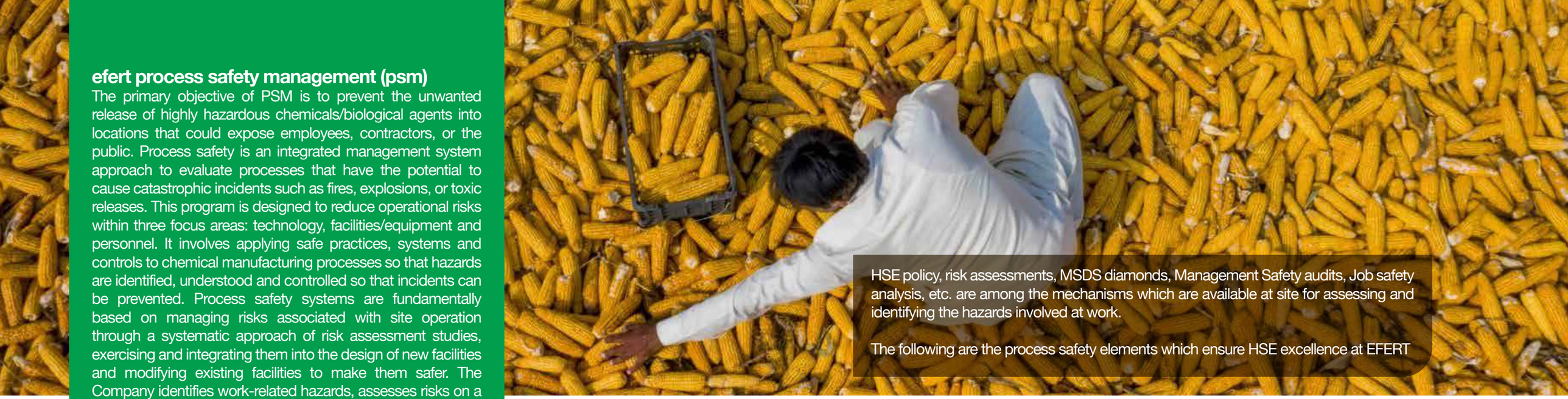
efert process safety management (psm)

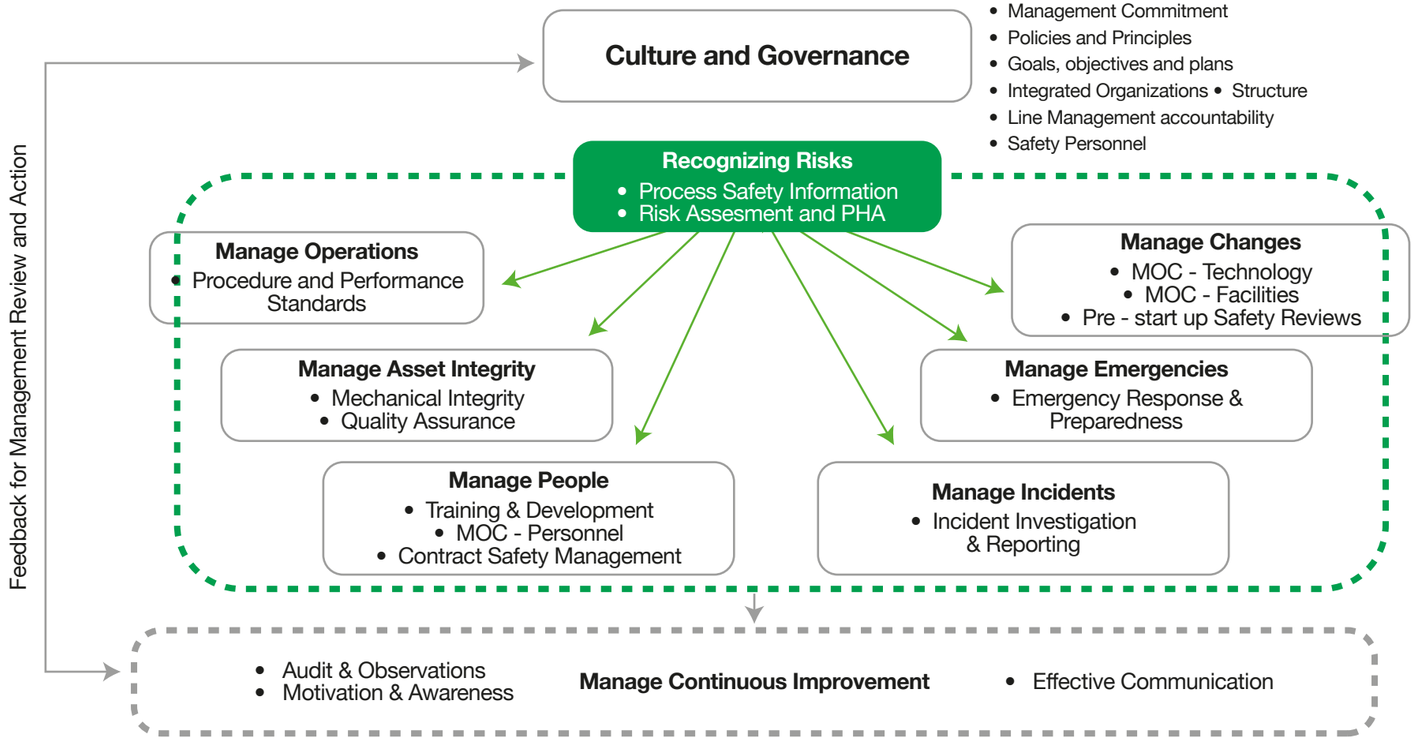
The primary objective of PSM is to prevent the unwanted release of highly hazardous chemicals/biological agents into locations that could expose employees, contractors, or the public. Process safety is an integrated management system approach to evaluate processes that have the potential to cause catastrophic incidents such as fires, explosions, or toxic releases. This program is designed to reduce operational risks within three focus areas: technology, facilities/equipment and personnel. It involves applying safe practices, systems and controls to chemical manufacturing processes so that hazards are identified, understood and controlled so that incidents can be prevented. Process safety systems are fundamentally based on managing risks associated with site operation through a systematic approach of risk assessment studies, exercising and integrating them into the design of new facilities and modifying existing facilities to make them safer. The Company identifies work-related hazards, assesses risks on a routine and non-routine basis applies a hierarchy of controls and performs risk assessment studies like HAZID, HAZOP, job safety analysis, pre-startup safety review and meetings of the HSE Committee and inherent safety program to eliminate hazards and minimize risk. These techniques help the organization to evaluate each step of a planned job in terms of hazard identification and control measures to avoid it. In addition to that in case of any incident, the reporting of event is done to the immediate supervisor, manager and relevant interface as per Incident reporting protocol. A detailed incident investigation is also carried out to prevent recurrence of the event and capture learnings.

Engro has also transformed its HSE management systems to directly prevent / mitigate the occurrences of Major Accident Hazards. The new system was developed in collaboration with DSS (DuPont Sustainable Solutions) and in broad alignment with the guidance in ISO 17776. To facilitate the adoption of the Risk-Based Approach, extensive competency development workshops were conducted, encompassing in-house training and external sessions facilitated by the World-renowned SMEs. With an emphasis on both compliance and the proactive mitigation of possible hazards to create a safer working environment, EFERT's comprehensive approach establishes it as a pioneer in proactive HSE management.



HSE policy, risk assessments, MSDS diamonds, Management Safety audits, Job safety analysis, etc. are among the mechanisms which are available at site for assessing and identifying the hazards involved at work.

The following are the process safety elements which ensure HSE excellence at EFERT



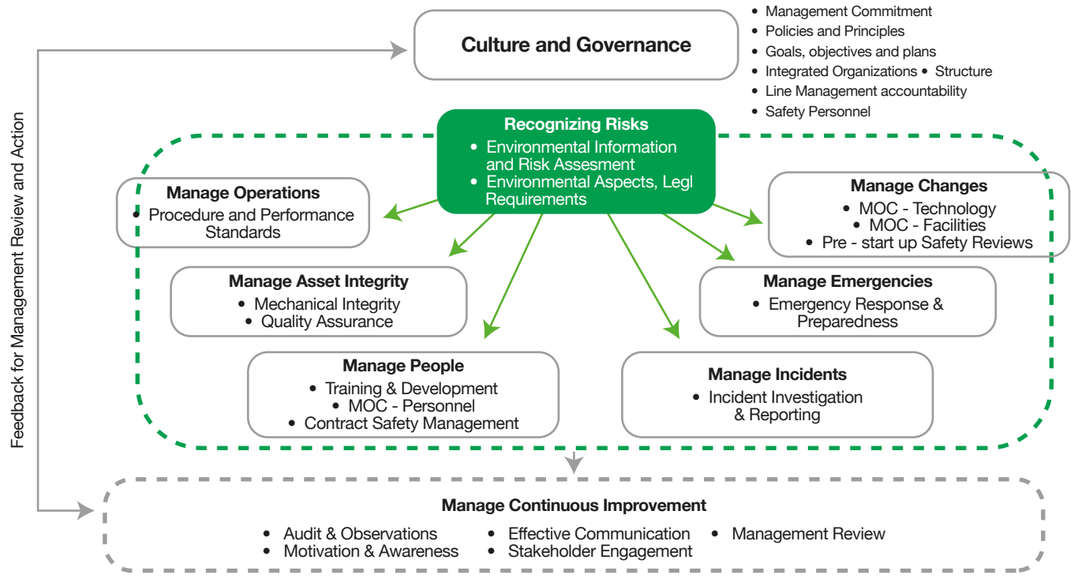
efert environment management system (ems)

EFERT believes environmental consideration is critical in upholding responsible business operations. The Company strives to manage and utilize its resources and operations in a way that the safety and health of its people, neighbors, customers and visitors is consistently ensured. We believe our HSE responsibilities extends beyond the protection and enhancement of our own facilities.

The Company aims for the highest environmental standards and the best available technologies and strives to be a leader in developing and advocating sustainable approaches. We follow DuPont world-class environment management systems, which are audited and certified regularly by world-renowned environmental experts. The Company's strategic plan for sustainable value creation includes due regard to environmental challenges and plans to minimize its environmental footprint.

EFERT has also set up the Environment Sustainability and Stakeholders Engagement Steering Committee. The main objective of this committee is to ensure social and economic progress in the communities within a two-mile radius of our plant and to train them in emergency response procedures in line with HSE standards.

The following are the Environment management system elements which ensure Environment & Sustainability excellence at EFERT:



efert occupational health & industrial hygiene system (ohih):

Engro acknowledges that the wellbeing and health of working people, the community and society is central to its business approach and therefore places great emphasis on reducing workplace accidents. The Occupational Health and Industrial Hygiene Management System (OHIH) is a declaration of Engro Fertilizers to implement its OHIH programs, procedures and work practices against DuPont's best practices for OHIH excellence.

In urea manufacturing process, workers only encounter finished products when they are ready for shipment and there is no significant risk of occupational diseases nor were any such known illnesses reported during the year. Our occupational health and industrial hygiene services aim to protect the health of our employees through rigorous risk assessment and strict compliance with mitigating controls. Daharki Medical Services and Industrial Hygiene sections at the plant are responsible for the overall development, implementation and monitoring of the occupational health programs for employees. Regular process monitoring controls, including technical checks, ensure safe working conditions at the plant. The medical staff also regularly performs health checks of its employees based at the plant. In addition, the Company provides a wide range of medical and health care services to its employees at the plant and regularly conducts health promotion programs to improve awareness of health matters. The medical staff maintains an individual's medical track record file which is confidential between the individual and the medical staff. The medical facility is available 24/7 for the personals. Along with the availability of medical resources the facility also provides the service of ambulance vehicles in case of need.

The Occupational Health program at the company includes aspects of industrial hygiene and occupational health. Various "Health Awareness Programs" have been launched in 2023. These programs are designed to train employees, keeping them abreast of the numerous technological changes evolving in the current paradigm and enlightening them with various safety and health-related aspects of their jobs. Few of the awareness program conducted are:

- Effective utilization of personnel protective equipment's & Hazardous Waste Management training was imparted to site workers.
- Ergonomics Study is conducted as per RULA & REBA standards to evaluate the working postures of employees in order to develop a safe and sound working culture

To promote wellness and healthy lifestyle EFERT Clinic provides health awareness information to employees and their families about common medical problems, seasonal diseases, epidemic medical threats, chronic diseases, their complications, management and preventive measures. Clinic promotes a healthy lifestyle by creating awareness through Newsletters, Handouts, Emails and various health management drives.

- Metabolic Syndrome: Implementing a comprehensive program targeting the prevention and management of metabolic syndrome among employees.
- Weight Control: Introducing initiatives aimed at promoting healthy weight management practices within the workforce.
- Breast Cancer: Launching awareness campaigns and support programs to address breast cancer prevention, detection, and care.
- Stress Management: Rolling out resources and workshops to assist employees in coping with and reducing stress levels.

- Asthma: Initiating programs to educate employees about asthma management and creating a supportive environment for those affected.
- Typhoid Fever: Implementing preventive measures and awareness campaigns to combat the spread of typhoid fever within the company community.

Periodic health assessment is performed at periodic intervals during employment which may involve detection of chronic illnesses that may affect employee's fitness. The examination may be carried out in-house or externally by outsourcing it, depending on availability of in-house resources. The aim of Periodic Health Assessment is to:

- Verify workers fitness and detecting early sign(s) of ill health as early as possible
- Detect the possible onset of non-occupational/ occupational illness at an early stage
- Monitor specific health parameters such as blood chemistry etc.
- Promote good health

The periodic health assessment exam is mandatory for each person as per the available guidelines. All data collected in connection with health examinations are treated as confidential and are recorded in reference to the personal medical record of the individual. The information present in the record is only shared between the doctor and the individual only.

Under the Occupational Health and Industrial Hygiene (OHIH) domain, we conduct regular surveys and assessments to proactively identify and address potential hazards and risks. These include comprehensive surveys such as ammonia, dust, illumination, noise, heat stress, and indoor air quality assessments. By systematically evaluating these factors, we aim to mitigate potential health risks and enhance the overall well-being of our employees. Additionally, we prioritize catering and hygiene audits to uphold the highest standards of food safety and sanitation in our workplace facilities. Through these proactive measures, we strive to create an environment where employees can thrive while maintaining their health and safety as paramount priorities.







- All food clubs and canteens obtained HACCP certification in 2023, demonstrating robust monitoring and control practices for food safety requirements. In a commitment to continuous improvement, four team members passed the HACCP lead auditor exam through an online training session, elevating competence levels and ensuring the latest insights in food safety practices



work-related ill health

for all employees:

The number of fatalities as a result of work-related ill health;	The number of cases of recordable work-related ill health;	The main types of work-related ill health.
0	0	None

For all workers who are not employees but whose work and/or workplace is controlled by the organization:

The number of fatalities as a result of work-related ill health;	The number of cases of recordable work-related ill health;	The main types of work-related ill health.
0	0	None

how these hazards have been determined?

Health Risk Assessment (HRA) is conducted as per defined frequency for the identification and evaluation of potential health risk that workers may be exposed to in the workplace. The HRA typically considers a range of factors, including chemical, biological, and physical hazards, as well as ergonomic factors that may impact workers health along with the assessment of control measures available to mitigate the adverse health effects. The exercise is conducted under the lead of Manager who has the necessary expertise and knowledge to conduct HRA effectively.

which of these hazards have caused or contributed to high-consequence injuries during the reporting period.

During the reporting period ZERO injuries were caused by the work-related illness as mentioned above.

actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls.

Recommendations generated during the HRA exercise are uploaded on HSE MIS for better stewardship. The action items are made as per the hierarchy of control philosophy in order to eliminate or minimize the risk.

All the injuries and illness are properly investigated, and a corrective action plan is developed against them.

In order to determine the illness as occupational / work-related, CMA/MA/OH Advisor/Company designated physicians in locations other than Daharki will initiate the process in consultation with Safety/E&IH/Line management for establishing the nature of illness. Further evaluation will be done by medical personnels based on the nature of the job of the employee, Health risk identification of employee's job based on HRA, Previous HRAs and determination of the magnitude of exposure to health hazard.

prevention and mitigation of occupational health and safety impacts directly linked by business relationships.

work -related injuries

EFERT approach to preventing or mitigating significant negative Occupational Health and Safety (OHS) impacts can involve several key elements:

- Risk Assessments such as HRA is conducted for assessing the workplace for potential OHS hazards and the risks they pose along with their recommendations
- Inherent Safety Audit drives are conducted at site to highlight issues related to OHS and develop a plan for the implementation of controls for effective elimination of identified risks
- Employee Training: Planned trainings are offered to individuals on OHS policies, procedures and safe work practices
- 1st, 2nd & 3rd Party Audits are conducted to identify compliance of OHS and findings are shared with management for stewardship. Similarly, for any negative OHS concerns the action items are logged on portal for better record keeping and stewardship.
- Emergency preparedness exercise is also conducted to ensure a quick and effective response in the event of an incident.

for all employees:

The number and rate of fatalities as a result of work-related injury;	The number and rate of high-consequence work-related injuries (excluding fatalities);	The number and rate of recordable work-related injuries;	The main types of work-related injury;	The number of hours worked.
0	0	1	01 MTC	3.25 million Hours

For all workers who are not employees but whose work and/or workplace is controlled by the organization:

The number and rate of fatalities as a result of work-related injury;	The number and rate of high-consequence work-related injuries (excluding fatalities);	The number and rate of recordable work-related injuries;	The main types of work-related injury;	The number of hours worked.
0	0	1	01 RWC	8.39 million Hours

safe execution of forced outages:

- 21 days forced outage at Amm-2 plant was completed without any injury owing to the enhanced focus and commitment of the team towards safe execution of all jobs.
- Zarkhez plant has once again accomplished a "ZERO" Total Recordable Incident Rate (TRIR) in a calendar year for the fourth consecutive year. This accomplishment reflects a robust HSE culture and unwavering adherence to HSE policies and principles.

Total recordable incident rate (TRIR) = 0.03

- Rates are calculated based on 200,000 hours.
- Rate of fatalities because of work-related injury is Zero.
- Rate of high consequence work-related injury is Zero.

The work-related hazards that pose a risk of high-consequence injury include hazards related to asphyxiation, electricity, moving machinery, fall from height, entanglement, exposure to flammable mixtures etc. Such hazards are evaluated through a risk-based assessment approach at site which covers major hazards related to non-process area. In addition to that recommendations are generated to eliminate these hazards and minimize risks; we implement the hierarchy of controls. This hierarchy prioritizes the most effective control measures, starting with elimination of the hazard, followed by substitution, engineering controls, administrative controls and personal protective equipment. HSE related issues are also the part of Budget & IP Cycles in which critical issues are provided CAPEX amount in order to eliminate the hazards.

integrated management system (ims):

Efert is dedicated to fostering a culture of excellence and sustainability through the implementation of an Integrated Management System (IMS). Our IMS seamlessly integrates multiple management standards, including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Occupational Health and Safety). By aligning our processes with these internationally recognized standards, we ensure a holistic approach to management that prioritizes quality, environmental responsibility, and the health and safety of our workforce. Through the IMS, we establish clear objectives, implement robust procedures, and continuously monitor and improve our performance across all facets of our operations. This comprehensive system not only enhances efficiency and effectiveness but also demonstrates our unwavering commitment to meeting the highest standards of quality, environmental stewardship, and occupational health and safety.

- In 2023, Efert was certified by the International Fertilizer Association (IFA) Protect & Sustain for robust management practices related to product quality, security, and sustainability.

management commitment | cultivating hse-first mindset

A strong safety culture is essential to ensure that employees follow safe work practices and that hazards are identified and addressed promptly. This can reduce the risk of accidents, injuries and illnesses and increase the overall efficiency and productivity of the industry. Developing and maintaining a strong safety culture requires ongoing effort, communication and leadership from all levels of an organization. To improve, sustain and inculcate the safety culture EFERT took the following initiative in the year 2023.

hse trainings

Engro Fertilizers Daharki takes pride in its comprehensive training program designed to enhance employee skills and ensure a safe working environment. Following trainings were conducted in 2023;

- Emergency Response, Firefighting & Rescue Training: Equipping personnel with essential skills for effectively responding to emergencies, including firefighting and rescue operations.
- First Aid Training: Ensuring employees are trained to provide immediate medical assistance in the event of injuries or medical emergencies.
- Process Safety Workshop: Enhancing understanding and awareness of process safety principles to prevent accidents and ensure the integrity of operations.
- TTM - Environmental Legal Compliance: Educating staff on environmental regulations and legal requirements to ensure compliance and minimize environmental impact.
- Incident investigation and communication: Training personnel to effectively investigate incidents and communicate findings to prevent recurrence.
- Safety training for line supervision: Providing line supervisors with specialized safety training to enhance their ability to oversee and enforce safety protocols.
- Health safety and environment fundamentals: Building a foundation of knowledge regarding health, safety, and environmental practices essential for workplace well-being.
- Process hazards analysis: Training staff to identify and analyze process hazards to implement effective risk management strategies.
- Introduction of occupational health & industrial hygiene: Introducing employees to the principles and practices of occupational health and industrial hygiene to safeguard their well-being.
- Environment management systems: Familiarizing personnel with environmental management systems to promote sustainability and minimize environmental impact.
- IMS (ISO-9001/14001/45001) training: Providing comprehensive training on the Integrated Management System (IMS) based on ISO standards to uphold quality, environmental responsibility, and occupational health and safety.

Moreover, the Efert HSE also ensures adequate independent oversight on the HSE management system through regular audits and gap analysis including the following:

- Initial gap analysis of the HSE systems
- Action planning
- First-party audit training and checklist development
- Third-party audit for compliance and benchmarking by DuPont and third-party experts

These initiatives reflect our commitment to maintaining high standards of safety, environmental compliance, and operational excellence across our organization.

safety campaigns

EFERT demonstrates a proactive commitment to safety through a series of impactful campaigns. Initiatives taken in 2023 like "Safe December," "MSA of the Month," "Hand Safety", “Incident Reporting” & “One Behavior, One Resolution” highlight the company's dedication to identifying and mitigating hazards and risks. These campaigns not only create awareness but also foster a culture where safety is paramount. Efert's comprehensive approach ensures a secure working environment and reflects its unwavering commitment to the well-being of its employees.

engro muhafiz

Engro Muhafiz is a first of its kind stakeholder engagement HSE program in Pakistan that is in line with the Company’s HSE policy to protect & train all communities involved and / or linked with our operations. The program is designed to train farmers and dealers on safe and environment-friendly practices related to their routine operations, based on comprehensive risk profiling. It also includes carrying out HSE audits of their workplaces and subsequently nudging them to improve their infrastructure and practices through competition and token awards.

In 2023, a total of 506 activities were carried out under the Engro Muhafiz program and 21,299 farmers, dealers & community members were engaged in various initiatives under this program. This included 11 blood donation drives, 7 medical camps, and 29 tree plantation drives across the country.

community investments

We aim to go beyond traditional corporate philanthropy and build an inclusive business model in collaboration with the engro foundation that will create positive value for both the company and its communities. We take ownership of the welfare and development of the communities that we engage with and invest in sustainable initiatives that impact the lives of the people around us by inspiring positive change through the social and economic growth of our communities. This commitment is inculcated in all our employees and we are proud of their direct association with these social initiatives.

corporate social responsibility (csr) initiatives

Our CSR initiatives span a range of categories from environment, education, and livelihood, to healthcare and infrastructural development. Our CSR initiatives ensure we can allocate our resources to supporting and uplifting the areas we operate in, and we seek to maximize the impact of our investment in these communities.

statement of the charity account

During the year, the Company made donations of

PKR 578 Mn

focused on education, healthcare, environment, infrastructure and general welfare.





fueled by sustainability

planet

our planet

EFERT believes environmental consideration is critical in upholding responsible business operations. The Company strives to manage and utilize its resources and operations in a way that the health safety & environment of its people, neighbors, customers and visitors is consistently ensured. We believe our HSE responsibilities extends beyond the protection and enhancement of our own facilities.

As environmental challenges become more complex and demanding, EFERT ensures that appropriate processes and controls are in place to ascertain, measure and manage the risks involved.

We use a precautionary approach to identify risks and take preventive measures to mitigate the potential harm to the people and the environment and continuously monitor resource optimization opportunities.

- The key environmental principles are embodied in the Company's sustainability strategy and HSE policy, which is approved by the highest decision-making body, the CEO and serves as guidelines for all operations of EFERT, including existing projects as well as new investments.
- The Corporate HSE department is responsible for overseeing HSE activities for the Company. Along with this, each division has its own assigned HSE team, which handles more business-specific localized requirements, including operational HSE-related matters.
- We follow the strictest compliance with laws and regulations when making decisions, including compliance with our policies and our code of conduct to ensure operational excellence and a conducive environment for us and our local communities. Strict compliance with HSE standards is a requirement at both the corporate and individual levels.
- Our business operations are covered by local environmental permits and our manufacturing systems are certified to be in compliance with the ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO-45001 Occupational Health and Safety Assessment (OH&S Management System).
- DuPont environment management systems drive our environmental performance and ensures high standards of quality assurance towards sustainable environmental operations. Our performances and practices are audited by DuPont environmental specialists periodically to make sure our practices are in line with the world's best industrial practices and standards.
- EFERT has a well-established environmental management system, including detailed technical standards and an extensive audit and inspection program. The systematic monitoring of environmental performance and process safety measures is in place, including tools such as Hazard and Operability Studies (HAZOP), Layer of Protection Analysis (LOPA), qualitative risk assessment studies, aspect impact risk assessments, dispersion modeling and real-time monitoring of emissions and discharges.
- In view of EFERT's efficient operations, the Company was recertified successfully and secured the "Protect & Sustain" certification from the International Fertilizers Association (IFA). This certification proposes a practical framework for implementing product stewardship practices as well as tools to maintain them along with progress measurement
- EFERT DHK has achieved a notable accomplishment by successfully retaining its Hazard Analysis Critical Control Point (HACCP) and Integrated Management System Certifications in the year 2023. The HACCP certification emphasizes the implementation of systematic preventive approaches to food safety, ensuring that potential hazards are identified, monitored, and controlled during the production process. Additionally, the Integrated Management System Certification reflects Efert DHK's commitment to maintaining high standards in quality, environment, health, and safety management within its operations
- Major environmental risks are included in the Enterprise Risk Management process and are managed and stewarded on a regular basis. Environmental performance is monitored and reported regularly, internally on a periodic basis and externally as part of our Sustainability Reporting on an annual basis.
- EFERT is the only urea manufacturing site in Pakistan that is equipped with flare systems (at Plant-II), ensuring environment-friendly flaring of gases during startup/ shutdowns only. This results in reduction of global warming potential of EFERT overall emissions.
- Environmental leading and lagging indicators are monitored to ensure compliance with the regulatory requirements including Sindh Environment Quality Standards (SEQs), the industry standards as well as the Company's sustainability strategy.
- We efficiently program and monitor our production processes to ensure continuous improvement in material health and reusability to the greatest extent possible. The bio-degradable liner inside the packing material for urea along with renewable resource utilization, where applicable, is helping us move forwards toward establishing a widely sustainable value chain.
- For 2023 EFERT also celebrated a sustainability week with initiatives like tree plantation cycling to work , paper conservation and training initiatives which not only improved competence of our workforce but also inculcated an intrinsic focus on this important domain.
- EFERT DHK's focus on environment sustainability lead to an extensive noise aspect impact assessment in 2023, covering critical receptors under the environmental sustainability management program. The noise panel installation at the ENCOP-3 facility was successfully completed as well.

energy & emissions

energy

	Total Energy Consumption (GJ)	
Company	**2023**	**2022**
Engro Fertilizers Limited	31,355,426	28,417,783

To run sustainable operations with a focus on lower energy consumption, EFERT continuously evaluates its energy sourcing choices and keeps track of its operational efficacy.

Natural gas, steam and electricity are the main energy sources for the company. The primary energy source for producing heat, electricity and steam as well as serving as a feedstock for the production of urea is natural gas. The Daharki plant of EFERT generates all of the electricity it needs on-site, making it self-sufficient. Electricity and natural gas for the Zarkhez plant, marketing offices and head office are purchased from public utilities. Regarding energy policies, there are no local rules.

Energy consumption at each plant site is measured and tracked using appropriate EFERT protocols. They are then integrated with information on the amount of energy and fuel used by the activities of our logistics firm. Conversion factors have been used from Environmental Protection Agency (EPA). This does not include energy consumption by its upstream value chain activities.

conserve energy by continuously improving & monitoring our processes.

As part of its sustainability strategy, EFERT is committed to reducing its energy consumption, including its use of non-renewable energy sources:

- The Company is constantly assessing alternative, more cost-effective and more efficient energy sources that might be better for its business operations and the environment.

- EFERT's Daharki plant is self-sufficient for its electricity requirement which is generated internally. Additionally, EFERT hopes to achieve its sustainability objectives by working to source all the electricity it buys from outside sources from renewable sources. It is establishing solar energy projects as part of this ambition to fulfill its commitment to the preservation of nature and safeguarding the environment for future generations. By converting 86 warehouses to clean renewable energy lately, EFERT led the industry.

- The Company has installed 12 Reverse Osmosis (RO) plants at various CAER villages and the Daharki site, ensuring the availability of clean water while also preserving energy. Out of the 12 ROs plants 9 have been converted to solar energy.

emissions

Key Performance Measure:

CHG Emissions - TCO_2e		
Group Company		
EFERT 2023		
Scope 1	Scope 2	Total
1,897,534	2,508	1,900,042
Other Emissions		-
EFERT 2022		
Scope 1	Scope 2	Total
1,730,120	2,590	1,733,710
Other Emissions		-

Carbon dioxide, methane and nitrous oxide are included in the calculations given in table above.

In the above table depicting Scope 1 and 2 calculations, three of the GHGs - carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O) have been captured out of the seven GHGs - carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), sulfur hexafluoride (SF6), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and nitrogen trifluoride (NF3). Furthermore, the sources of emissions include stationary, process and mobile combustion (barring employee commute in company owned vehicles), as applicable in Scope 1 and Scope 2 and as per nature of businesses involved. In case of fugitive emissions, CO2 formed during urea production has been included. The calculations for emissions given in the table, are based on our current data collection systems and for future, we plan to continue to capture additional data, as and where applicable in our businesses.

Like any other fertilizer manufacturing plant, EFERT's urea manufacturing process involves Greenhouse Gas (GHG) emissions primarily being carbon dioxide (CO2). These emissions are inevitable, in spite of all environmental protection efforts since natural gas is used as feedstock and is also the main source of fuel in the Urea production process.

The Company's products provide essential nutrients for crop growth and provide national food security. The only environmental impact in the transportation of its products is GHG emission and the release of Nitrous Oxide(N2O) in the soil at the time of its application.

The company continues to make significant investments and has adopted various innovative engineering solutions during the Long Term Reliability Turnaround (LTR) at base plant which has maximized the base plant load, operational efficiencies and has improved the environmental footprint.

The company's products guarantee national food security by providing vital nutrients for crop growth. The sole environmental effects of its products' transportation are GHG emissions and the release of Nitrous Oxide (N2O) into the soil upon application. In order to reduce the environmental impact of its products, EFERT works with its partners to develop novel products (with slow-release characteristics and additives).

To manage its CO2 footprint at the corporate level, EFERT continuously checks its CO2 emissions to ensure that they are under SEPA limits at the plant sites. The subsidiary or associated companies' GHG emissions are not included in the GHG numbers. The Company does not have any procedures in place for the measurement or identification of emissions from its operations in the upstream or downstream of the value chain. But EFERT is looking into the feasibility of developing such systems while bearing in mind the effects on the supply chain. The United Nations Framework Convention on Climate Change is the source for the global warming potential of the various gaseous emissions (UNFCCC). EFERT bases its assessment of the potential environmental impact of its emissions on the concepts outlined in the operating guidelines for the ISO 14040 Life Cycle Assessment Standards.]

The Company has put in place the necessary procedures for managing its carbon impact. One of the main initiatives in the Company's long-term sustainability plan is the reduction of its carbon footprint. In order to limit tCO2¬e the impact of CO2 venting and lower carbon footprint on the site, the Company installed a new CO2 integration line linking all three urea units. The integration line has been commissioned.

The Business does not have any major indirect (Scope 2) emissions and the CO2 emissions associated with EFERT personnel' travel are negligible in the grand scheme of things. Moreover, as the cost of determining the emissions in relation to the travelling of 734 permanent employees is expected to be much higher than the benefit it would provide to stakeholders, therefore this has not been determined.

As part of its sustainability strategy, EFERT is committed to reducing its carbon footprint few initiatives in this regard which were implemented during the LTR of base plant are explained below.

- Replacement of primary reformer burners along with turbine exhaust gas duct has resulted in better combustion efficiency & reduction in GHG emissions
- False air ingress has been reduced post hardware modifications on primary reformer resulting in better heat efficiency.
- Steam optimization on plant post LTR has resulted in improved fuel efficiency.

Initiatives taken apart from LTR turnaround are mentioned below:

process optimization:
Plant startup, shutdown & normal operation optimization resulted in improved energy index.

digitization:
Advance Process Controllers increased the plant operational efficiency resulting in improved equipment performance

engineering solutions:
Installation of feed gas enrichment unit, ID fan resizing, Heat recovery units efficiency improvement & P-1 & P-2 CO2 integration line commissioning contributed towards improving the CFP number.

managing carbon footprint

In pursuit of the Green Pakistan Vision's "Plant a Tree, plant a Hope" flagship project, symbolizing dedication to environmental conservation, carbon footprint offsetting, and sustainable practices, Engro Fertilizers' Zarkhez Plant joined hands with WWF (Worldwide Fund for Nature). On May 16th, 2023. This collaborative effort to address the impact of climate change and preserve coastal ecosystems in Pakistan, they pledged to plant 1,000 mangrove saplings along the coastlines.
As part of our sustainability efforts, during the sustainability week launched at Efert DHK site, we planted a total of 3500 trees across various locations, aiming to significantly reduce our carbon footprint and contribute to environmental conservation.

EFERT demonstrated remarkable integrity and commitment towards the cause of reducing carbon footprints through this initiative.

substantial land transformed into fruit/vegetable orchards

Engro Fertilizers took the initiative to reduce the scrap available at the plant site. This scrap material was consuming a substantial area and carrying a major HSE concern. The scrap was removed from the site following procedure and the land it was occupying has been transformed into a fruit orchard. This has reduced not only HSE concerns but it will also help in reducing the carbon footprint of the plant site.

To effectively manage carbon footprint, EFERT consistently monitors its CO2 emissions, ensuring compliance with SEPA limitations at plant sites. Guided by the United Nations Framework Convention on Climate Change (UNFCCC), EFERT relies on the principles outlined in the operating guidelines for ISO 14040 Life Cycle Assessment Standards to assess ISO 14040 Life Cycle Assessment (LCA) Standards and evaluate the potential environmental impact of emissions. Common initiatives include:

- Reporting of results of gaseous emissions to SEPA

Process Improvement (Dedusting system Debottlenecking)

- EFERT Plant has always placed the safety and wellbeing of employee's integral to its operations and strives to provide a positive and healthy working environment, with a safety culture embedded in all its operations. In achieving this, significant debottlenecking rectifications and modifications were executed in the de-dusting line of process to enhance both health and operational safety and ensure a clean and safe working environment for process personnel.

The following are other procedures that help the company in its goal to reduce its carbon footprint:

- The HSE division makes sure that all locations undergo routine energy audits to lower CO2 emissions. These audits aid in the prompt detection of inefficiency causes so that a corrective action plan can be created and regularly monitored by senior management.
- The business actively promotes its HSE policies to its staff members and other stakeholders, including transporters and other value chain participants farther down the supply chain.
- To reduce GHG emissions and other environmental effects linked to the use of its fertilizers, the Company encourages the adoption of improved farming techniques. The company encourages stakeholders to improve their comprehension, acceptance and promotion of 4R nutrient management in order to minimize GHG emissions and other environmental impacts from the global food supply.
- The company used significantly less paper as a result of EFERT's continued focus on digitizing and automating its processes. The Company's order-to-cash and procure-to-pay processes are digitalized and automated, including customer/vendor assistance, digital payment solutions, such as online payments or collections and virtual operations.

reduction of ghg emissions
Under the "Affordable and Clean Energy" heading, it is highlighted that the site's implementation of various initiatives has successfully led to an annual reduction of 100KT of CO2 emissions,

biodiversity and land use

At Engro, we recognize biodiversity conservation as an essential element of our approach towards Natural capital management. Though our manufacturing facilities are not adjacent to any officially protected or Key Biodiversity Areas (KBA), we strive to create a positive impact on ecosystem health through our various initiatives related to enriching and conserving biological diversity. Some of our key biodiversity conservation initiatives include the following:
Engro Fertilizers Limited

conservation of indus river dolphins –

EFERT, along with Engro Foundation partnered with WWF-Pakistan for the Conservation of Indus River Dolphins for a five-year period. As part of the project, Engro Foundation will work towards protecting, conserving, and managing the viable population of the Indus River Dolphin and its habitat, using internationally developed and tested tools and technological advancements.

Although the last Indus Dolphin population assessment survey conducted in 2017 is indicating an increasing trend, the current population is still under 2000 individuals which is an extremely low for long term sustainability, especially when the range is restricted and risks are high. Therefore, it requires intensive conservation and management for its viability, incorporating advance techniques along with conventional conservation approaches.

River dolphin conservation is challenging because of the enormous pressures on its habitat and in future, including threats like construction of water infrastructure, diversion of freshwater for agriculture, pollution, stranding in irrigation canals and seasonal lakes, unsustainable fishing practices: net entanglement and illegal fishing (overnight netting, overfishing, poisoning, electro-fishing), inadequate protected area management etc and hence the viability of the species needs to be ensured through collective actions.

Some of the key highlights for 2023 include:

- River Health Assessment Report: The University of Maryland has been engaged for the development of a River Health Assessment Report CARD, which marks the first-of-its-kind intervention. This initiative aims to create tools that local communities and citizens can utilize for monitoring river health.

- Conferences and Workshops:
- Engro Foundation participated in panel in World Water Week on use of pingers in conservation of river dolphins. Pingers produce sounds that keep dolphins away from fishing nets. Pingers have turned out to be effective in preventing dolphin entanglements
- Pakistan participated in Global Declaration on River Dolphins in Oct 2023 where all countries with river dolphin population gathered to support the cause.
- Key Biodiversity Area Workshop: 2-day workshop with government stakeholders on declaring a part of the Indus River as a protected area conducted in Aug 2023. This is the first national attempt to speak for globally recognized protected areas for river dolphins. The project has helped create a push for signing off this new global deal in Columbia to save the river dolphins.
- Eco-Clubs: A total of 20 eco-clubs have been established in schools across Districts Ghotki and Kashmore in Sindh, as well as in Muzaffargarh, and DG Khan in Punjab to foster environmental awareness and promote sustainable practices.
- Monitoring Visits: Over 40 monitoring visits were conducted to the irrigation canals and seasonal lakes in Sindh. A total of five dolphins were spotted in various irrigation canals originating from the Sukkur Barrage and were regularly monitored to assess the risk of possible strandings and timely rescues.
- Eco-tour guide Training: A one-day eco-tour guide training was conducted in Sukkur during December 2023 for enhancing the skills and capabilities of 12 boatmen, preparing them to serve as competent eco-tour guides.

water

(Water Consumption and Withdrawal
in Water-Stressed Areas)

Key Performance Measures:

Water Management - Mega Litres					
Group Company EFERT					
Water Withdrawn		Water Consumed		Water Discharged	
2023	2022	2023	2022	2023	2022
17,494	15,737	12,523	11,510	4,497	4,227

We acknowledge that water is an important natural resource that is necessary for the sustainability of our operations, as well as the people and ecosystems in which we operate.

Water is primarily used in the EFERT urea production process for cooling and steam production. Canal water and tube wells provide the majority of the water needed. As a result, the water is of groundwater quality and is treated before being used in plant operations.

As part of Efert's initiative to conserve natural resources, the geo-membrane lining of evaporation ponds was successfully completed.
In terms of discharge quality and water conservation, responsible water withdrawals, consumption and releases are crucial. The company consistently works to make the best use of water resources through various initiatives and will do so in the future as well since these ideals are important to its ideology of safeguarding and maintaining the environment.

Water reuse is made possible by the suitable water conservation measures used by the Company. The cooling water system, which was incorporated into the design of our facility, cools the water used in manufacturing processes and chemically treats it, enabling reuse of the water for additional production and lowering the incremental water consumption.

Lining on Evaporation Ponds Ponds store SEQ and non-NEQS water	Saves contaminations of underground water through reduced seepage
Water Recycling	✓ Dedicated process condensate treatment units ✓ Close circulation cooling towers to minimize water intake vai multiple layers of chemical treatment

Operations in water stressed areas according to WRI Aqueduct water risk atlas tool include site operation of EFERT's Daharki plant.

Key initiatives taken by the Company are:

- EFERT facility is equipped with an effluent treatment plant to treat residential colony waste and clean it before discharging it in the canal.
- Close circulation cooling towers minimize freshwater consumption via multiple layers of chemical treatment which has optimized performance of water colling systems.
- Wastewater is being reused for horticulture purposes at plant sites.
- Several projects were executed in the long term reliability turn around of base plant in 2022 resulting in improvement of water consumption few examples include cooling water network revamp , upgradation of heat exchangers and power steam coil replacement. The LTR turnaround initiatives yielded substantial environmental benefits by effectively reducing steam and water losses, thereby advancing our commitment to sustainability and fostering a more eco-friendly operational approach.
- Cooling Towers – Chemistry control initiatives resulting in total site effluent reduction w/o any hardware modification.
- Utilization of URACA seal water to reduce makeup water and prevent NH3 loss .
- Utilization of Urea-2 scrubber water for fine's reprocessing to reduce makeup water consumption.
- Steam optimization initiatives at EnVen Plant which resulted in reduction of WFP.

conservation and recycling of water:

To promote facility-level conservation, EFERT continually assesses and analyses its water use. Senior management closely monitors and manages water use at plant locations and in the local community because it is vital to the long-term viability of the plants. In order to reduce freshwater withdrawal, EFERT has been working on a number of initiatives with its supply chain partners and conducting studies to find options for consumption reduction.

The absence of large freshwater storage at the location can have a big influence. In order to manage canal outages and plant operations, water may occasionally be held. Over 25,000 MT of water is kept in plant treatment units during regular plant operations.

preserving & maintaining clean water quality:

Since EFERT recognizes the critical role that clean, fresh water plays in sustaining life on Earth and the agricultural value chain, it commits to using water responsibly. The company is collaborating with supply chain partners to minimize water-related supply chain impacts as part of its sustainability strategy.

The Company routinely checks the quality of the discharged water for things like pH, conductivity, ammonia, urea, COD, BOD and SS. The Sindh Environment Quality Standards (SEQs) restrictions are enforced by EFERT in accordance with local laws and regulations governing effluent discharge during normal operations.

safe discharge of effluent water

EFERT makes sure that water effluent is safely discharged in the main canal. Water that complies with SEQs is stored apart from water that does not. Yet occasionally, because of more frequent canal outages, effluent must be kept in ponds for a longer period of time, which requires managing through a minor mixing of the two effluents. The Company has built a liaison with the irrigation department to minimize the canal outage days annually. Moreover a comprehensive study on effluent impact assessment was conducted deducing the achievement of dilution ratio in canal and no significant environmental impact.

waste and effluents

waste by type and disposal method

EFERT continuously makes efforts aiming towards the minimization of environmental impacts. The company has implemented effective waste management strategies that involve reduction in waste generation by employing efficient ways for disposal, treatment and pursuing recycling and recovery options wherever feasible.

Waste generated during the manufacturing of the Urea is related to the material used in the maintenance of plants, packaging bags and the containers containing plant utilities (Chemicals, Oil etc.).

EFERT has appropriate procedures and policies to monitor the sources, type and quantities of all waste produced. The company ensures that as per standard procedures, all waste generated is monitored, recorded and analyzed. In addition to that stewardship of waste management is done by HSE committee and its reuse or disposal plans are developed, keeping in view the most sustainable option for the Company and environment.

EFERT places high importance on recycling or processing waste and only sends waste that cannot be recycled or treated to landfills.

Solid waste generated at site is handled and managed by SEPA approved contractors and disposed / recycled in accordance with SEPA guideline.

To emphasize the value of maintaining a clean environment and reducing waste, the Company has been organizing waste reduction campaigns at the plant and in the nearby community for a number of years. These campaigns include the "Hazardous Waste Segregation" and "WRAP - Waste Reduction Always Pays" programs.

EFERT addresses waste handling very carefully and there haven't been any instances of improper waste management or disposal having a negative influence on the ecosystems and biodiversity near plant sites.
Chemicals are classified as per SEPA Hazardous substance list.

zero waste project

EFERT Manufacturing embarked on a remarkable sustainability initiative aimed at significantly reducing its solid waste. As part of its ZERO WASTE Project, the company made a steadfast commitment to waste reduction and environmental stewardship. This initiative primarily focuses on the conversion of waste into quality compost, effectively transforming materials that would otherwise contribute to landfill waste into a valuable resource. EFERT Manufacturing harnesses the power of nature to convert various types of waste, including food scraps, garden waste, and other organic materials, into a nutrient-rich compost. This compost, teeming with beneficial properties, serves as a powerful catalyst for enhancing soil health and fostering robust plant growth.
Given below are the advantages of composting:

- Improves the structure and health of your soil by adding organic matter.
- Helps the soil retain moisture and nutrients.
- Attracts beneficial organisms to the soil.
- Reduces the potential for soil erosion.
- Sequesters carbon in the soil.
- Builds resiliency to the impacts of climate change

Total Waste (T)		
Group Company	2023	2022
EFERT	1,949	2,234

Hazardous Waste (T)		
Group Company	2023	2022
EFERT	257	227

Non - Hazardous Waste (T)		
Group Company	2023	2022
EFERT	1,694	2,007

KPMG

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To the management of Engro Fertilizers Limited

Independent Limited Assurance Report to Engro Fertilizers Limited

We, KPMG Taseer Hadi & Co. (KPMG in Pakistan, we, us, our), were engaged by the Management of Engro Corporation Limited (ECL, the Corporation) to provide a Limited Assurance conclusion under International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" on the selected metrics reported in the Sustainability Report (the Report), aligned with World Economic Forum – Stakeholder Capitalism Pledge [Core] Metrics (WEF Core Metrics), for the year ended 31 December 2023 (the reporting period) of the Engro Fertilizers Limited (EFERT, the Company).

Our scope of review is limited only to the selected metrics presented and disclosed in the Report, in accordance with the WEF Core Metrics (the Applicable Criteria) and are presented in the Company's Sustainability Report for the reporting period.

Applicable Criteria

The Applicable Criteria for Engro Fertilizers Limited are defined as the WEF Core Metrics, provided in EFERT's Sustainability Report in the section *Index - World Economic Forum Stakeholder Capitalism Metrics.*

Management's Responsibilities

Management is responsible for preparing and presenting the WEF Core Metrics and related explanations and disclosures in accordance with the WEF Core Metrics. The management is also responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with all the laws and regulations applicable to its activities through its internal due diligence mechanisms and framework.

Management is additionally responsible for ensuring that the staff involved in preparing and presenting reported metrics in the Sustainability Report in line with the WEF Core Metrics are adequately trained, information systems are appropriately updated, and any changes in the Report encompass all significant business units.

Our Independence and Quality Management

We have adhered to the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Pakistan (ICAP), which encompasses requirements related to independence and other fundamental principles such as integrity, objectivity, professional competence, due care, confidentiality, and

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KPMG Taseer Hadi & Co.

professional behavior. KPMG in Pakistan applies relevant applicable standards on quality management, maintaining a comprehensive quality management system that includes documented policies and procedures for ethical compliance, adherence to professional standards, and meeting legal and regulatory requirements.

Our Responsibilities

Our responsibility is to provide a limited conclusion on the selected metrics presented in the Sustainability Report, aligned with the WEF Core Metrics, and to express a conclusion based on the work performed. The KPMG Sustainability Assurance Manual guides us in examining these sustainability metrics. We design our review procedures accordingly, i.e., performed per the International Standard on Assurance Engagements ISAE 3000 [Revised] "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" [ISAE 3000] as issued by the International Auditing and Assurance Standards Board [IAASB] and as adopted and applicable in Pakistan.

Procedures Performed

A review of whether the selected metrics presented in the Report are aligned with the WEF Core Metrics, consists of making inquiries, primarily of persons responsible for preparing the relevant information presented in the Report and applying analytical and other evidence-gathering procedures, as appropriate. These procedures included:

- assessing the suitability of the Applicable Criteria in terms of their relevance, reliability, understandability, and their consistent application;
- interviewing the selected key personnel of the Company to understand the current processes in place for capturing sustainability performance data, the Company's sustainability goals, and the progress made during the reporting period;
- interviewing the relevant staff responsible for providing the information in the Report for WEF Core Metrics;
- comparing the information presented in the Report for WEF Core Metrics to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the relevant sections of the metrics reported;
- reviewing the Company's stakeholder engagement processes to understand how stakeholder feedback is incorporated into overall sustainability reporting and performance management practices, and in its finalization of material topics;
- reviewing the relevant documents and systems for gathering, analyzing, and aggregating sustainability performance data in the reporting period and performing site visits as part of the review procedure; and
- studying the information presented in the relevant sections of the Report on WEF Core Metrics to determine whether it aligns with our overall knowledge of, and experience with, the Company's sustainability performance.

Inherent Limitations

The procedures performed in a review vary in nature and timing and are less extensive than those for a reasonable assurance engagement, and audit. Consequently, the level of assurance obtained in a review is substantially lower than that which would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information may occur and may not be detected. Our review is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the overall Report, and is limited to selected sections where metrics aligned with WEF Core Metrics are reported, as the engagement has not

KPMG Taseer Hadi & Co.

been performed continuously throughout the reporting period, and the procedures performed were undertaken on a test and sample basis.

Limitations

Our Limited Assurance scope excludes:

- reviewing, verifying, recalculating, or ensuring the accuracy and validity of the Report's contents or disclosed data and information other than the WEF Core Metrics as defined in the Applicable Criteria;
- the Company's statements that describe the expression of opinion, belief, aspiration, expectation, aim or future intention and national or global socio-economic, sustainability, and environmental aspects and/or other initiatives and aspirations in this regard;
- review of information reported other than the reporting period including baselines, where provided, and
- data and information on the economic and financial performance of the Company, which, we are informed, are from the Company's audited financial records and/or statements.

Conclusion

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusions.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected metrics presented in the Report of EFERT, aligned with World Economic Forum – Stakeholder Capitalism Pledge [Core] Metrics, for Engro Fertilizers Limited, for the year ended 31 December 2023 are not presented, in all material respects in accordance with the Applicable Criteria.

In accordance with the terms of our engagement, this independent Limited Assurance report has been prepared for Engro Fertilizers Limited in connection with reporting to Engro Fertilizers Limited and for no other purpose or in any other context.

Restriction of Use of Our Report

Our report is released to EFERT on the basis that it shall not be copied, referred to, or disclosed, in whole or in part or without our prior written consent.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than EFERT, for any purpose or in any other context. Any party other than EFERT who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than EFERT for our work, for this independent Limited Assurance report, or for the conclusions we have reached.

KPMG Taseer Hadi & Co.
Chartered Accountants
28 May 2024

indices

Index – World Economic Forum Stakeholder Capitalism Metrics

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Governance	Governing Purpose	Setting Purpose	a. The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental, and social issues. Corporate purpose should create value for all stakeholders, including shareholders	23
	Quality of Governing Body	Governance Body composition	a. Composition of the highest governance body and its committees by: competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation	24-25
	Stakeholder Engagement	Material issues impacting stakeholders	a. A list of the topics that are material to key stakeholders and the company, how the topics were identified, and how the stakeholders were engaged	31-37
	Ethical Behaviour	Anti-corruption	a. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region	28-30
			b. The (a) total number and nature of incidents of corruption confirmed during the current year but related to previous years. (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.	30
			c. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	31-37
		Protected ethics advise and reporting mechanisms	A description of internal and external mechanisms for a. Seeking advice about ethical and lawful behaviour and organizational integrity;	26-30
			b. Reporting concerns about unethical or lawful behaviour and organizational integrity	30
	Risk and Opportunity Oversight	Integrating risk and opportunity into business process	a. Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship	47

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Planet	Climate Change	Greenhouse Gas (GHG) Emissions	a. For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	105-110
			a. Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050	107-110
	Nature Loss	Land use and ecological sensitivity	a. Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	111-112

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Planet	Freshwater Availability	Water consumption and withdrawal in water-stressed areas	a. Report for operations where material, mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate	112-114

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
People	Dignity and Equality	Diversity and Inclusion	a. Percentage of employees per employee category, per age group, gender and other indicators of diversity (e.g. ethnicity)	67-71
		Pay Equality	a. Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men; minor to major ethnic groups; and other relevant equality areas	79
		Wage Level	a. Ratios of standard entry-level wage by gender compared to local minimum wage	82
			b. Ratio of CEO's total annual compensation to median total annual compensation of all employees (excluding the CEO)	Omitted due to confidential data

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
People		Risk for incidents child, forced or compulsory labor	a. An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to type of operation (such as manufacturing plant) and type of supplier; or countries or geographic areas with operations and suppliers considered at risk	83
	Health and Well-being	Health and safety	a. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries, main types of work-related injury; and the number of hours worked	86-100
			b. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided for employees and workers	94-95
	Skills for the Future	Training Provided	1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees)	83
			2. Average training and development expenditure per full time employee	83

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Prosperity	Employment and Wealth Generation	Absolute number and rate of employment	a. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region	71
			b. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region	71
		Economic Contribution	a. Direct economic value generated and distributed (EVG&D) – on an accrual basis, covering the basic components for the organization's global operations, ideally split out by: EVG&D can provide a valuable snapshot of the direct monetary value added to local economies through generation of products and services, servicing of capital, payment of wages, taxes and community investment, while the significant financial assistance received from government, when compared with separate disclosures on taxes, can be useful for developing a more balanced and transparent snapshot of the balance of transactions between the company and government. • Revenue • Operating costs • Employee wages and benefits • Payments to providers of capital • Payments to government • Community investment	43-45

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Prosperity	Employment and Wealth Generation	Absolute number and rate of employment	b. Financial assistance received from the government - Total monetary value of financial assistance received by the organization from any government during the reporting period	Refer to note 19. Government Grants of the annual consolidated financial statements for the year ended December 31, 2023.
	Employment and Wealth Generation	Financial investment contribution	a. Total capital expenditures (CapEx) – Depreciation supported by narrative to describe the company's investment strategy	46-47
			b. Share buybacks + Dividend payments supported by narrative to describe the company's strategy for returns of capital to shareholders	46-47
	Innovation of better products and services	Total R&D expenses	a. Total costs related to research and development	47, 49-52 The Research and Business Development expenditure amounted to Rs. 30 million, compared to Rs. 24 million in 2022
	Community and Social Vitality	Total tax paid	a. The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes	101

UNSDGs

Principle	Statement	Page Number
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SDG 2	Zero Hunger	55-56
SDG 3	Good Health and Well-being	56-57
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SDG 5	Gender Equality	55-56
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SDG 12	Responsible Consumption and Production	59-60
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