

Sustainability Report 2021

Table of Contents

Committed towards Sustainable Business Practices



1 About The Report
Page 01 to 02



4 Governance In Relation To Sustainable Value Creation
Page 11 to 18



7 Our Goals
Page 23 to 24



11 Environmental Performance
Page 48 to 62



2 EFERT: "Built Inclusive" For A Robust And Prosperous Society
Page 03 to 04



5 Our Supply Chain
Page 19 to 20



9 Materiality Assessment
Page 32 to 33



13 Independent Assurance Statement
Page 111 to 112



3 EFERT And UN's Sustainable Development Goals
Page 05 to 10



6 Strategy And Resource Allocation
Page 21 to 22



10 Economic Performance
Page 34 to 47



14 Appendices
Page 113 to 128



01. ABOUT THE REPORT

Our Sustainability Report provides a comprehensive view of Engro Fertilizers Limited's (referred to as "EFERT" or the Company") efforts to add value and positively impact our environment, society and economy.

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.



REPORTING BOUNDARY

This report presents our sustainability strategies against financial and non-financial goals, and the opportunities, risks and outcomes attributable to our activities and how they affect both our key stakeholders and value creation abilities. This report also provides stakeholders with an overview of past performance while looking forward to our environmental, economic and social initiatives.

The information disclosed in this report only reflects the consolidated operations of Engro Fertilizers Limited and its wholly-owned subsidiary EFERT Agritrade (Private) Limited (collectively EFERT). Due to the nonavailability of verifiable data, this report does not concern itself with the effects of our activities beyond business operations.



REPORTING PERIOD

This report covers the period from January 1 – December 31, 2021, which is the annual reporting cycle of the Company.



REPORT AUDIENCE

Stakeholders whether entities, communities or individuals directly or indirectly affected by the activities, products or services of the Company. EFERT engages with these stakeholders regularly to continuously strengthen its understanding of their concerns.

This report provides stakeholders with a holistic view of how EFERT creates sustainable value within the economic, environmental and social spheres.

Our key stakeholders are our shareholders, investors, employees, suppliers, customers, regulators and analysts.



REPORT CONTENT AND MATERIALS

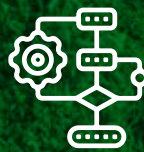
This report has been prepared in accordance with the **GRI Sustainability Reporting Standards (Comprehensive Option)**, the internationally recognized standard for Sustainability Reporting. The report is also compliant with the following frameworks:

- IIRC Framework for Integrated Reporting;
- SASB Chemical Industry Standard Requirements; and
- United Nations Global Compact "Ten Principles" Requirements (UNGC)

This report was developed by identifying material topics relevant to our stakeholders. The report has been aligned with the UN's Sustainable Development Goals (SDGs).

The content of this report has taken into account EFERT's activities, business strategy and its material impact on the economy, environment and society, besides accommodating our key stakeholders' substantive expectations and interests.

The materiality assessment (page 32) explains the rationale behind the selection of topics for reporting .



REPORT METHODOLOGY AND DATA COLLECTION

The compilation of data has been done based on scientific, statistical measurements and mathematical calculus methods. However, in areas where data is unavailable, several different methods have been adopted for developing a reasonable estimate. The methodologies have been listed accordingly.

This report supplements our corporate annual report which details EFERT'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.



SIGNIFICANT CHANGES SINCE THE PRIOR REPORTING PERIOD

EFERT is publishing this 2021 Sustainability Report for the first time; as such, there are no significant changes in sustainability-related practices and processes from 2020 that mandate disclosures.



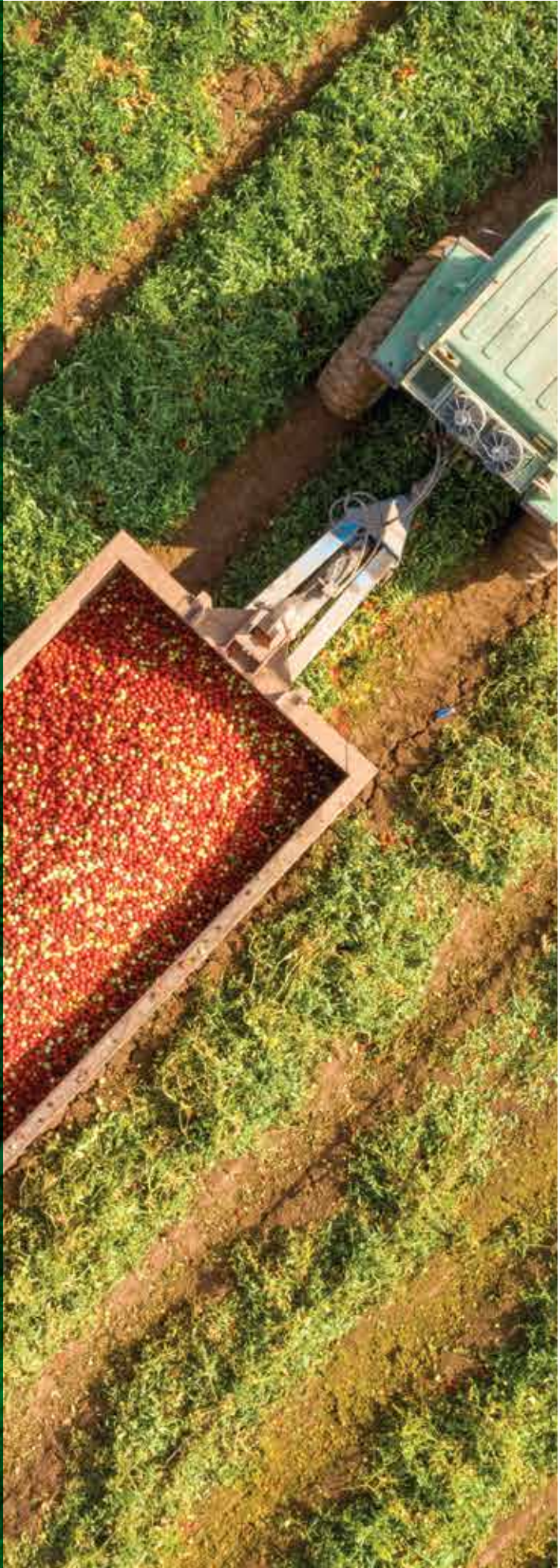
FEEDBACK

For any suggestions or feedback, please contact:
Ms Nida Qureshi
Email: nida.qureshi@engro.com
PABX: +92 (21) 111 211 211



INDEPENDENT REVIEW STATEMENT

The report has been externally reviewed by an independent reviewer for compliance with the GRI Standards, IIRC Framework, SASP Chemical Industry Standard Requirements, ISAE 3000 and AA 1000AS Principles of Inclusiveness, Materiality and Responsibility. The independent review report which includes details on the scope of the review engagement, is included on page 111.



02. EFERT: "BUILT INCLUSIVE" FOR A ROBUST AND PROSPEROUS SOCIETY

EFERT is a purpose-driven organization that believes in doing good while doing well. Our organization is built on an all-inclusive culture that looks out for the wellbeing of all our stakeholders and the communities in which we operate.

Our values form the basis of everything we do, from open communication to fostering an environment of trust and ensuring wellbeing and safety of our people, business partners and society at large. EFERT strongly believes in giving back to the community, and therefore, corporate social responsibility (CSR) is firmly inculcated into our culture.

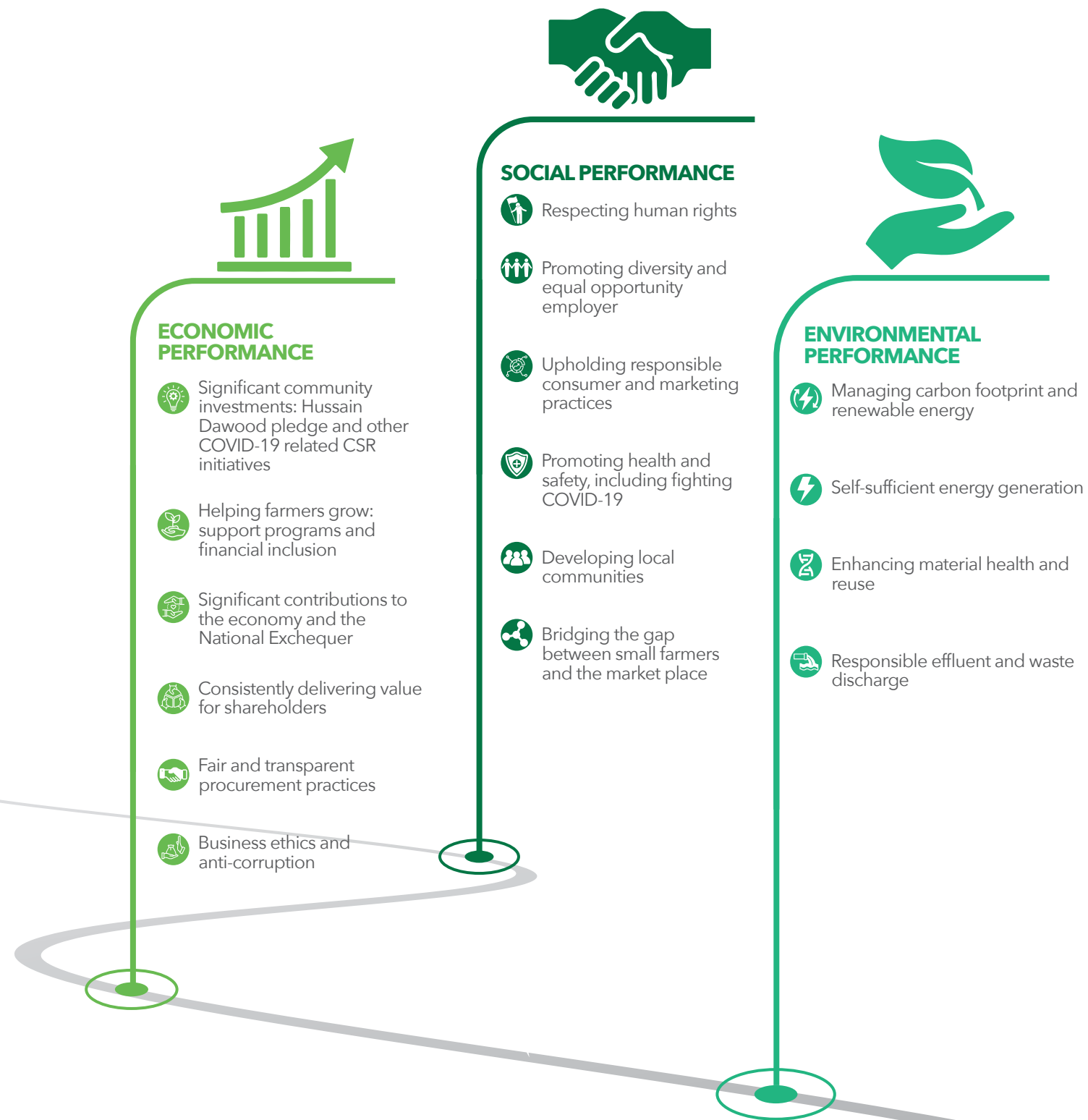
Our aspirations go beyond corporate philanthropy and we aim to work on a sustainable, inclusive business strategy. We work towards developing partnerships and take pride in our employees' direct association with social work for the communities and farmers, maximizing social impact and our sustainability efforts.



EFERT's Road to Sustainability

EFERT has led the industry for over five decades, not just in terms of its remarkable economic performance but also in how it serves the community and the country at large. This has only been possible through the commitment of our employees and positive collaboration with our other stakeholders.

Our organization's activities have been mapped against the following sustainable themes:



03. EFERT & UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs)



UNSDGs

The Agenda for the 2030 Sustainable Development Goals (SDGs) was adopted by the UN Member States at the Sustainable Development Summit in 2015. The new 17 SDGs were built on the Millennium Development Goals (MDGs), which included new arenas such as sustainable consumption, climate change, peace and justice, economic inequality, among other significant areas. The aim of these SDGs is to ensure sustainable development in the four Ps i.e people (human development), planet (our environment), prosperity (economic development) and peace (peaceful/tolerant societies) by 2030. Pakistan enthusiastically adopted the SDGs, by being one of the first few countries to endorse them and integrate the SDGs in its development agenda by February 2016.

The UNSDGs cover broad challenges the world is currently facing concerning economic, environmental and social issues. Businesses across the world play an integral role in meeting these goals effectively.

Endorsing a sustainable approach in all our business activities is embedded in our values. To ensure we are up-to-date with all the latest developments concerning these goals, EFERT regularly engages in talks and sessions to further strengthen its knowledge and skills.

Journey To UNSDGs: EFERT's Contributions

EFERT is committed to generating value for its stakeholders while focusing on creating sustainable ways to do so. With our promise to grow, EFERT believes in the collective efforts of all stakeholders across the value chain, in its journey towards achieving the UNSDGs.

At the group level, Engro is a member of the UN Global Compact and is committed to making a meaningful impact by incorporating the UN's ten principles into its strategy, culture and day-to-day operations.

EFERT has taken the UNSDGs as a baseline to make contributions to society and the surrounding environment. In pursuance of this, EFERT strives to build long-lasting partnerships that can positively impact the environment, communities and the economy.

We believe in a shared purpose of creating a sustainable value chain. We take community responsibility as one of our core values and promote CSR activities at each level of our organizational structure. We understand the significance of the prevailing environmental challenges and strive to promote sustainable activities within the organization and beyond it. We strongly support the UNSDGs and encourage all our stakeholders to collectively work toward achieving them. We at EFERT are proponents of achieving today's goals without compromising the needs of tomorrow.

Therefore, after a thorough assessment of all our stakeholders' concerns and our sustainability strategy, we selected and incorporated pivotal SDGs into the Company's overall operations.

Presented below is a synopsis of EFERT's contributions towards SDGs in their order of relevance to EFERT's business and operations. A corresponding SDG icon will appear next to illustrate EFERT's contributions towards compliance with UN standards.

UNSDG No.



EFERT understands its pivotal role in providing food security in Pakistan and takes great pride in serving farmers through its indigenous fertilizer product portfolio which represents 36% of the local fertilizer market. Since Pakistan's ever-increasing population is entirely dependent on local crops for sustenance and the agriculture sector is the driving force of its economy, EFERT continues to play a crucial role in ensuring the supply of fertilizers at affordable prices and serves a complete portfolio of quality products and services which improves crop yield and feed the growing population.

EFERT's Crops Science Division (CSD), in collaboration with research and development (R&D) partners, is continuously working on the R&D of cutting-edge seeds that, together with the Company's fertilizer portfolio, would help yield better harvest while replenishing nutrient-deficient soil.

In tandem with this, EFERT believes that training and education of its farmers in agricultural sciences is paramount to achieving good results, and as a result it has set up intricate farmer advisory systems on different fronts. EFERT has a structured and well-designed Agri Services Program for the farming community where its agronomists arrange seminars, farmer meetings, group discussions and agri-workshops. We also conduct farm visits and educate farmers on sustainable crop management practices, including 4R nutrient stewardship (i.e. Right fertilizer source at the Right rate, at the Right time and in the Right place) and provide soil and water testing services to farmers through labs established at various locations.

Additionally, various initiatives have been launched in recent years i.e. **Hamqadam Program, the Agricultural Internship Program and the Shandaar-Kissan Program**, which were aimed at the development and growth of farmers, through training, advisory programs, in-kind interest free loans and on-spot best farming practice recommendations.



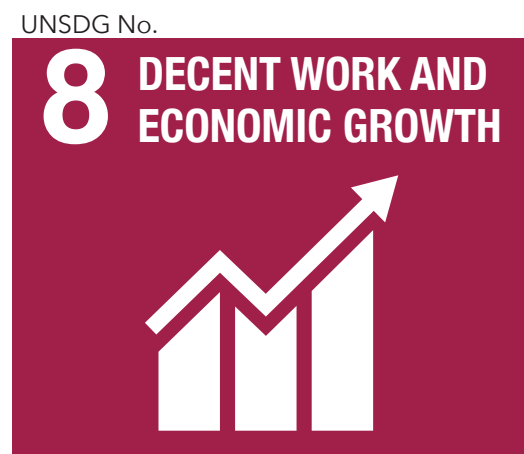
EFERT strives to uplift communities and strengthen the financial circumstances of underprivileged factions of society, by reducing inequalities in income and economic status. It maintains its stance on UNSDG 1: “No Poverty” and UNSDG 4: “Quality Education” and understands the only way to achieve this is to empower people financially, 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 has 550 students enrolled.

A blended learning model has been introduced for primary school children at 10 government -adopted schools in district Ghotki. With an enrollment of over 1,700 students, our Katcha School Network continues to promote quality education to our underprivileged society members; a girls’ middle school in Ghazi Chachar was instituted with support from Community Development Plan (CDP), Government of Sindh, private donors, and EFERT. We continue to invest in various teacher training programs with an aim towards adapting better pedagogies & encouraging teachers to integrate technology in their classroom.

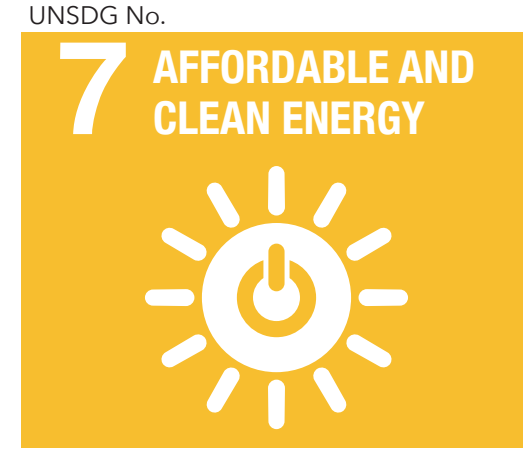
Please refer to the Social Performance section of this report.



We also understand that providing quality education may not prove enough to break the poverty barrier and ensure economic growth. Thus, EFERT continues to invest in skills training programs, including a Technical Training College (TTC) at Daharki. The TTC offers a three-year Diploma in Associate Engineering (DAE) in three technologies: electrical, chemical and mechanical. It also offers short-term vocational training programs for the youth. The college is a proud institution with over 3,500+ alumni. The TTC has also implemented a skills training project with the support of German development agency Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to train 160 young men and women in four different trades (welding, fabrication, machinery and web design).



These initiatives lift communities out of poverty, by empowering them with quality education and striving to provide decent work and the opportunity for economic growth. The Company played its part in curtailing the current account deficit of the country in terms of forex savings, amounting to US \$ 1,240 million through import substitution of 2,295 KT of urea.



Responsible energy consumption and emphasis on renewable and clean energy are top priorities for the company, given how energy-intensive manufacturing activities can be. We are therefore consistently striving to responsibly manage our energy consumption and are constantly exploring other renewable energy resources.

Recently, EFERT led the way in the fertilizer industry, by switching approximately 90 of its warehouses to solar power. Moreover, in line with our promise of clean and affordable energy, we also conducted community enhancements such as installing solar lights in educational facilities.

During the year, EFERT proudly represented South Asian Companies to present a technical paper in the domain of “Greening Existing Production Assets” at the CRU Sustainable Fertilizer Production Technology Forum 2021 Virtual Conference. The paper, titled ‘Optimization of steam generation network of a fertilizer complex to reduce emissions and enhance energy index of the steam generators’, was based on the project executed at Daharki site (URUT-1).

Please refer to the Social Performance section of this report for further details.



Operating in the chemical sector and given that water is a scarce resource, we understand our responsibility to keep our water sources clean and ensure the responsible disposal of water effluents. We developed

a multilayered approach to ensure a high quality and control standard when managing our effluent generation, quality and disposal at EFERT sites. We installed a dedicated effluent treatment facility for treating effluent generated at residential colonies to ensure that quality controls were met before disposal. Furthermore, when it comes to water consumption, EFERT has been focusing on reusing the water in our manufacturing processes to keep our water footprint to a minimum, thereby reducing the need for fresh water sources. Our water consumption program is based on maximizing recycling and reusing water through safe of art design approach whereby steam & cooling water system at our plants operate in closed circulation by going through series of treatment facilities. Resultantly, total water consumption at site is reduced by approximately 85% thus minimizing fresh water demand.

Treated water from a sewage treatment facility for both plants as well as for residential colonies is being reused for horticultural purposes reflecting high standards of quality and control.

We are consistently innovating our processes to ensure more environmentally sustainable operations. Daharki site is equipped with **16 evaporation ponds** that store water when the canal discharge facility is unavailable. To avoid soil and underground water contamination, EFERT has taken the initiative to geo-membrane line its evaporation ponds. To date, around 94 percent of the ponds have been lined while remaining pond is expected completion by 2023.

EFERT has nine Reverse Osmosis (RO) plants installed at various Community Advancement and Emergency Response (CAER) villages and at the Daharki site, ensuring clean water availability and energy conservation. The RO plants at CAER and Daharki provides 13 million liters per annum of clean water to over 300 households.

Infrastructural improvements have been made to the sewage system, including maintaining and repairing the mainline connection and pumping station at Jung village and upgrading the drainage system at Jan Muhammad Bughio village.

UNSDG No.



At EFERT we take pride in providing everyone an equal opportunity at employment and growth and take steps in reducing the gender inequality and pay scale gap between men and women. We strive to turn this wave and to utilize our resources in creating opportunities for women.

To encourage gender diversity at all levels within the Company, the Board has defined measurable key performance indicators (KPIs) which it uses to monitor the Company's performance and updates under this UNSDG. To proactively infuse the concept of diversity and promote an encouraging environment, the Board developed a three-point framework for gender diversity and various gender sensitization sessions have been conducted.

In 2021, EFERT led the industry in its gender diversity drive by opening avenues to women in various unconventional roles, historically occupied by men i.e., trade apprentices, Graduate Trainee Engineers (GTEs), workshop supervisors warehouse-in-charges and various field-based positions.

During the year EFERT inducted Shanza Afzal, the first ever woman Shift Engineer at Base Plant. Shanza joined as a Graduate Trainee Engineer in the production department, and after an extensive plant training, took over an independent shift at Ammonia-2 unit. She has managed to break through barriers and proved her mettle with exceptional performance opening up avenues for women employees in this field and have a positive impact on workplace diversity.

UNSDG No.



EFERT has always held the safety and wellbeing of employees 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, we believe it is conducive to provide trainings to our workers, consistently monitor the safety protocols and have feed-back loops to detect any variation from the norm. This whole process keeps us on our toes and consistently pushes us to achieve globally acceptable safety standards.

For Health and Safety to be the top priority, EFERT finds it crucial to cultivate an HSE-first mindset in its employees. Various programs, including the "Inherent Safety Program", the "Pause For Safety" Program, the "School of EMS" Program, the "Hazardous Waste Segregation" Program and the "Waste Reduction Always Pays (WRAP)" programs have been initiated. These programs strive to change the mindsets and behaviors of our employees, both on personal and professional fronts in the way they approach HSE. EFERT has also historically been involved in legislation with the Government of Pakistan on developing the national disaster management policy and the national environmental quality standards, in addition to creating the Environment Protection Agency, and the Fire and Safety Advisory Body.

During the new "Work from Home (WFH)" routine through the pandemic, EFERT implemented medical support services for its employees, established COVID-19 testing centers and developed online help desk services. The Company constantly looked out for the emotional and mental wellbeing of its employees throughout the pandemic. As a result, we have been recognized on various national and international forums for our efforts throughout the pandemic.

EFERT aims to go beyond the health and safety of its employees to focus on the good health and wellbeing of surrounding communities as well. Multiple initiatives have been implemented targeted at ensuring sustainable operations and protecting our value chain. Since 2005, our Snake Bite Centers have treated over 100,000 patients and the Artificial Limb Programs have benefitted over 150 people.

To support the nation in its fight against the pandemic, the Chairman of Engro Corporation (the "Parent Company") and Dawood Hercules Corporation announced a Rs. 1 billion pledge, against which EFERT contributed Rs. 122.2 million till date.

Please refer to the Social Performance section of this report for further details.

UNSDG No.



UNSDG No.



EFERT realizes the urgency of tackling climate change, and in 2017 developed a carbon footprint reduction plan, in line with international standards, to bring corporate performance in line with globally sanctioned levels for the fertilizer industry through increased urea production using more environment friendly gas inputs than Regassified Liquefied Natural Gas (RLNG), the Company managed to significantly reduce the carbon footprint. EFERT undertook a number of strategic initiatives to improve its plant efficiencies including the Feed Gas Enrichment program that recycles flue gases back into the production process.

In pursuit of continuous improvement, recently EFERT Daharki site organized extensive exercises for measurement of air shed quality for six months to evaluate its operational impacts on ambient air. 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 operating facility in Pakistan with this feature.

To pursue the Green Pakistan Vision, "Million Trees", our flagship project, is converting hundreds of acres of barren land held by the Sindh Forest department into forest. The plantation is currently ongoing under the **One Million Tree project** and 200-acre land has been converted into forest landscape with 270,000 trees which offset around 6 KT of CO₂ per year.

Phase Two for another 240 acres has been proposed to the Sindh Forest department to meet our five-year plan for sustainable development and plantation.

UNSDG No.



UNSDG No.



During the year our team at Zarkhez plant joined hands with WWF Pakistan in protecting the Mangrove forest of Pakistan by initiating a Mangrove Plantation drive. The team visited the Wetland Center in Karachi where they were briefed about the importance of mangroves and the work put up by WWF for their conservation. Later, 100 saplings were planted by the team in the wetland center.

It is paramount that the Company keeps up with the changing circumstances that the world is facing right now, by focusing on innovation and building resilient infrastructure to ensure responsible consumption and production. Innovative engineering solutions were adopted to overcome load limitation (furnace sway) at the base plant, thereby enabling plant operations at the maximum possible load and efficiency. Making use of the latest technology, an Advanced Process Controller was commissioned at the EnVen plant enhancing ammonia production by approximately 0.6%. As per our resolve for engineering excellence and self-reliance, we adapted to changing circumstances, executing critical and complex field projects to ensure business sustainability.

Very recently, EFERT also led the industry toward digitization and automation with various initiatives such as introduction of electronic bank guarantees for the first time in Pakistan and launching the first-ever, mobile-enabled customer-centric application to book orders online, 24/7.

Please refer to the Economic and Environmental Performance sections of this report for further details.

04. GOVERNANCE IN RELATION TO SUSTAINABLE VALUE CREATION



Agile Finance Organization: Focus on Sustainability and Strong Corporate Governance

The Board's role in setting the Company's purpose, values and strategy is implemented through Board Committees that provide input in the development, approval and updating of the Company's purpose, values, mission statement, strategic policies and goals.

The Board of Directors is the highest governance body for all company affairs that exercises oversight over Company decisions and ensures that they follow the Code of Conduct and the core values and are governed competently and with integrity.

The Committees of the Board are the Board Audit Committee and the Board People Committee. Management Committees include the Management committee, the Corporate HSE Committee, the Pricing Committee, the Capex Committee and the Engro Foundation Trust (responsible for overseeing CSR activities at the group level). Please refer to the Corporate Governance section of the Corporate Annual Report 2021 for more details.



Key Board Policies in Relation to Governance over Sustainable Value Creation

EFERT’s culture is based upon the fair pursuit of profits while remaining mindful of the impact of our actions on our people and place of operations. Protecting our corporate reputation is critical in order to survive in the global marketplace. To this end, the Board of Directors has adopted a host of policies that sets the standard for conduct. Some of these Board-approved policies that regulate sustainable value creation and long-term growth are explained below.



REVIEW OF THE COMPANY’S PERFORMANCE BY THE BOARD AND ITS PERFORMANCE EVALUATION

As the global focus on environmental and social concerns increases, the Board recognizes its corporate responsibility and is committed to a mission of “corporate purpose”, to drive sustainable growth and value creation for all stakeholders. As part of this mission, the Board has increased its focus on long-term goals, including the entity’s responses and mitigations plans to environmental, social and economic risks to drive sustainable success. In view of this enhanced focus, the Company has recently undertaken an independent study to evaluate its economic, environmental and social impacts.

The Board has also developed a formal mechanism for evaluating the Board’s own performance, members of the Board and of its committees. The assessment evaluates the Board’s own performance against pre-defined and approved criteria which include its governance overall financial and non-financial matters, including risk management and oversight exercised, with respect to economic, environmental and social topics. For detailed criteria used for the performance evaluation, please refer to the Corporate Governance section of the Corporate Annual Report 2021. The assessment is carried out on a quarterly basis and was conducted four times during the current year.



GROUP POLICY GOVERNING PHILANTHROPIC CONTRIBUTIONS AND CHARITABLE DONATIONS BY ENGRO CORP AND ITS AFFILIATES

The policy provides guidelines for philanthropic contributions and charitable donations made by Engro Group of Companies with a framework defined for evaluation and prior approval of all such contributions. As part of this policy, Engro is committed to creating the prosperity that brings long-term social and economic benefits for all stakeholders. The Company’s strategy is based on the principle of inclusive business and strategic community investment. Engro looks to connect the underprivileged, youth and women in its value chains for sustainable impact. Where inclusive opportunities are limited or not relevant, Engro looks to invest in strategic community initiatives.



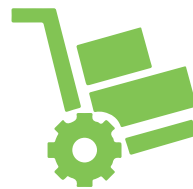
RISK MANAGEMENT PROCESS

All activities undertaken by a business entity carry an element of risk which is being managed through Enterprise Risk Management (ERM). The Company’s policy is to view ERM as integral to the creation, protection and enhancement of shareholders’ value by managing the uncertainties that could influence the achievement of corporate goals and objectives. To achieve this, an appropriate framework is adopted by the management and approved by the Board. Detail on the company’s ERM program is mentioned in the risk management part of the Corporate Annual Report 2021.



KEY STAKEHOLDER ENGAGEMENT

The policy aims to develop and maintain trustworthy relations with shareholders and investors. The investors’ relations section on the Company’s website (www.engrofertilizers.com) is updated regularly to provide detailed and latest Company information including financial highlights, investor information and other requisite information. The Company’s website, maintained in English and Urdu, also contains the link to SECP’s investor education portal, “Jamapunji”.



PROCUREMENT OF GOODS AND SERVICES

Our procurement policy aims to obtain a sustainable competitive advantage through efficient sourcing of goods and services that maximizes value for the company, based on innovation, principles of risk/return benefit, ensuring product quality, timely deliveries, reliability and controls. This policy establishes a foundation for our discipline and serves as a guideline in our daily activities as we interact with external suppliers and service providers.



SAFETY RECORDS OF THE COMPANY

A documented Record Retention Policy is in place to ensure the safety of records for periods that exceed the minimum requirement prescribed by the Companies Act, 2017 and other applicable regulatory requirements. The Company also has a formally documented Business Continuity Plan (BCP) complemented by a formal Disaster Recovery Plan (DRP) to ensure uninterrupted/seamless operations



WHISTLEBLOWER POLICY - "SPEAK-OUT!"

These whistleblower complaints are independently reported to the Board Audit Committee (BAC) and are managed by the Corporate Audit and Compliance department.



HUMAN RESOURCE MANAGEMENT

Appropriate policies are in place to attract, induct, develop, retain and motivate high caliber talent who are qualified, capable and willing to contribute their best towards the accomplishment of Company objectives, with increasing emphasis on equal opportunity, training and development, performance management, compensation and benefits, diversity and non-discrimination and gender diversity.



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

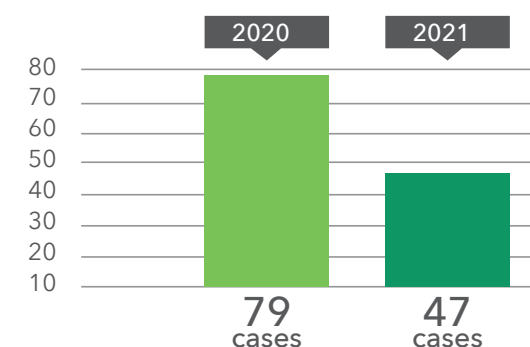
The Company believes that businesses, in their normal course of operations, create positive and adverse impacts. The policy aims to build on the Company's commitment to manage and improve the social and environmental impacts of its operations on the lives of its customers, suppliers and communities at large. The Company's strategic plan for sustainable value creation has been laid out and reviewed by the Board of Directors.

Ethical Compliance and Whistle-blowing

EFERT prioritizes conducting business with highest ethical practices and compliance with laws and regulations. We understand that to ensure this and to embed a culture of integrity and honesty, it is crucial that effective monitoring and reporting mechanisms are in place. Our sustainable strategy recognizes this and incorporates **accountability** and **transparency** as vital parts of its governance framework. This strategy recognizes that an organization's ethical culture and governance system can have a material impact on the ability of an organization to create long-term sustainable value.

In response to this strategy, the Company has an independent ethics and compliance function that is housed within the Engro's Corporate Audit department to ensure that all ethical concerns and whistle-blower complaints of the Company are independently and transparently monitored and reviewed. The whistle-blower system of the company - the Speak-Out! is managed by the Ethics and Compliance department and allows internal and external parties to raise any concerns regarding business ethics and compliance via independent email and telephone hotlines.

Additionally, the Ethics and Compliance department through its Speak-Out! whistle-blowing policy, has made real progress in terms of reporting and taking corrective measures against registered complaints, based on unethical and uncompliant behavior. There is a decrease in the number of complaints registered on the whistle-blower platform for the Group for FY 2021 against FY 2020. The complaints we receive are indicative of the trust placed by our employees / external parties in the transparency of this system.



"Ethics and Compliance", our monthly newsletter, keeps our employees abreast of the latest compliance developments, while assuring them of the transparency of the process.

The ethics and compliance incidents are registered

under the following categories:

- Theft
- Fraud and Embezzlement
- Misuse of company assets
- Behavioral misconduct
- Conflict of interest
- COVID-19 SOP violation
- HSE violation
- Policy breach
- Abuse of power
- Third party compliance or issues
- Corruption and bribery

Our scope of compliance goes beyond legal and regulatory requirements and takes into account the impact that our operations and employees have on the environment. Employees are expected to comply with all environmental regulations that are impacted by our business activities, as well as internal policies and procedures. If a policy breach is witnessed, we encourage our employees to Speak-Out, and register their complaints to the Ethics and Compliance department.

The Ethics and Compliance department also organizes roadshows to encourage awareness about the company's policies and processes. Timely feedback on roadshows is also received at compliance@engro.com to address gaps in the training and adapt them to changing trends.

These measures ensure that our employees are fully aware of all policies and encourage people to report unethical behavior in a safe and comfortable environment.





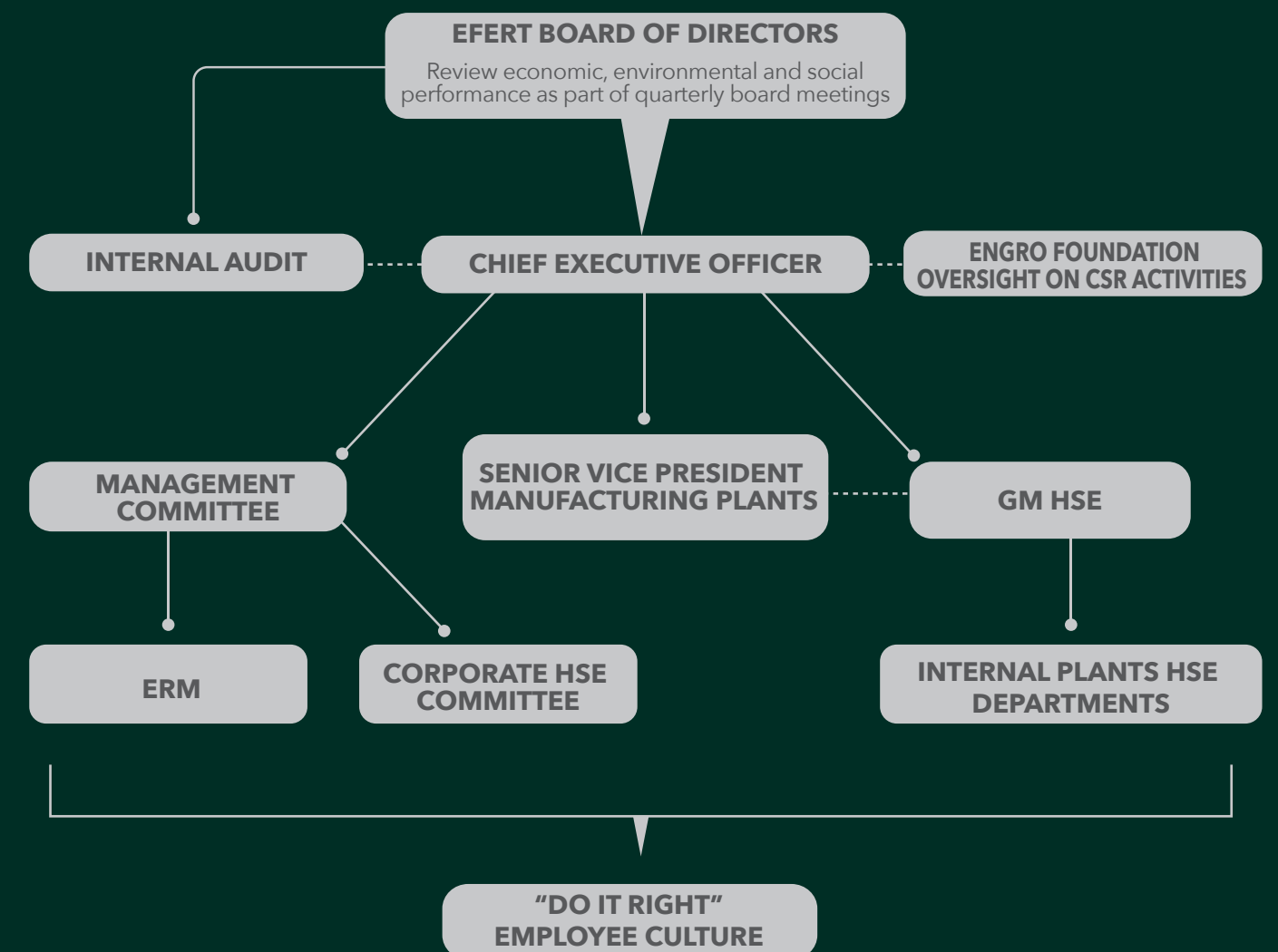
Monitoring and Reporting on Sustainability Efforts

The Board of Directors is the highest governance body for reviewing the Company's performance against risk management plans to mitigate the effects of external factors affecting the Company's long-term success, including reviewing significant developments and performance against sustainability goals. There is a Company-wide policy governing appraisal and approval of investment expenditure and asset disposals. Post-completion reviews are performed on all material investment expenditures.

In relation to sustainability performance, there are separate management sub-committees including the Plants HSE Committee, the Corporate HSE Committee, and the Engro Foundation for CSR Oversight Committee, that are responsible for monitoring performance around social and environmental topics and stewarding them for the review of the Management Committee, summaries from which are shared with the Board in quarterly updates.

In the matrix below, the governance framework of the Company in relation to sustainability is laid out:

Sustainability Initiatives at EFERT

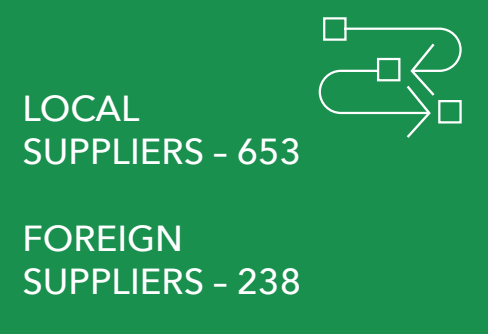


05. OUR SUPPLY CHAIN

When it comes to our supply chain, EFERT relies on both local and foreign suppliers. In 2021, our local (other than gas suppliers) and foreign suppliers were 653 and 238, respectively.

The proportion of spending on the local suppliers against foreign suppliers is specified below. Our suppliers mainly comprise tlarge companies, small privately held companies, contractors and small businesses. Our supply chain is mixed including labor-intensive and technology-intensive operations.

Foreign supplies mainly include the import of phosphatic products, capital spares for plants and machinery and raw material for our specialty fertilizer business segment. The Company ensures compliance with processes that have been laid out with respect to supplier selection and screening, both at home and abroad. EFERT is not materially dependent on any of the above mentioned local or foreign suppliers.



Our local supplies constitute 58 percent of our total supplies, substantially based in adjoining locations near our head office and primary manufacturing plant (Daharki).

EFERT undertakes supplier training due to its focus on health and safety; all suppliers that visit plant premises are given safety trainings. The Company further plans to educate its local suppliers on the Company's sustainability criteria and intends to increase its engagement with suppliers to collaborate on a long-term plan for creating a positive impact on the supply chain.

We are mindful and respectful of all human rights when it comes to our suppliers. We practice our duty towards the environment and the health and safety of our suppliers.



Significant Changes in Supply Chain

This reporting year saw some changes in the organizational management of the supply chain. With the introduction of the central Enterprise Resource Planning (ERP) tool, One-SAP, the procurement systems have been completely automated. The Sourcing and Procurement department has been reorganized under the umbrella of the Supply Chain division. The former segregation of roles which was based on foreign and local procurement is now transformed to a category-basis eg. mechanical, electrical, chemicals, packaging etc. Special teams were created for each

category leading to proactive strategies and improved engagement with suppliers on procurement planning. Further , the procurement function has been centralized across the Engro Group, allowing for potential synergies, strategic buying and encouraging the adoption of UNSDGs amongst Engro's supply chain. This also resulted in higher efficiencies and reduced redundancies in the system allowing EFERT as an entity to be a better buying group overall. Items are now consolidated based on categories so that maximum benefit can be obtained.



Procurement Practices

Our procurement policy aims to obtain a sustainable competitive advantage through efficient sourcing of goods and services that maximize value for the Company, based on innovation, risk or return benefit principles, ensuring product quality, timely deliveries, reliability and controls. This policy establishes a foundation for our discipline and serves as a guide for our daily activities, as we interact with external suppliers and service providers.

With respect to supplier evaluation and selection, we have stringent procedures in place to ensure that only high-quality raw materials are purchased through our local and international suppliers. EFERT procures the majority of its raw materials used for manufacturing, locally. However, a sizeable chunk of its raw material

used for the production of specialty fertilizers is imported.

The Company's significant proportion of local supplies is comprised of its contracts with gas suppliers, which is the key raw material for its urea production. The cost of raw material consumed for the year ended December 31, 2021, amounted to Rs. 26.9 billion, representing 30 percent of its total cost of sales. The Company has long-term contracts with its gas suppliers to ensure the availability of the gas supply and to maintain a healthy supplier relationship. Furthermore, the Company actively engages with its gas suppliers on various gas-related matters and actively collaborates with these suppliers to raise concerns regarding gas availability at the national level.

Key Performance Measures	2020	2021
Ratio of local vs imported material suppliers	2.4:1	2.7:1
New suppliers	178	287

06. STRATEGY AND RESOURCE ALLOCATION

EFERT is dedicated to integrating sustainability in its culture and setting an example for the industry, by proactively responding to changing world dynamics.

All our actions comply with applicable laws, principles laid down in the UN Global Compact, and are guided by our code of conduct and core values. Our strategy is also aligned with the UNSDGs by allocating resources to manage our impact on them. That impact is through our materiality determination process related to SDGs where we can make a meaningful contribution through our products, expert agri-services and investments.

We strive for sustainability across all our operations and functions for the greater good of our stakeholders. Therefore, we have formulated our strategy around following fundamentals and endeavors to allocate our resources against these.

ACCOUNTABILITY AND TRANSPARENCY

We believe in maintaining strong and trusting relationships with our stakeholders. We recognize that an organization's ethical culture and governance system plays a significant role in its long-term sustainable growth and therefore we consider it to be of paramount importance that compliance with Code of Conduct and core values is ensured in all our operations and by all our employees. To achieve this, specific protocols and measures are put in place that ensure accountability and transparency within our organization.

ENVIRONMENTAL CONSERVATION

At EFERT, we are mindful of the environmental and climate challenges which the world is facing and strive to manage by continually assessing the risks and adopting sustainable practices in our organization. We endeavor to manage and utilize our resources and operations in a way where the safety and health of our people, neighbors, customers and visitors is consistently ensured. We believe that it is essential to commit ourselves to sustainable practices that create long-term value. This includes our goals and plans toward responsible effluent and waste discharge, water conservation, materials recycling and reuse and a reduced carbon footprint to protect the environment.

IMPROVING FARMERS LIVES - HELPING OUR FARMERS GROW

Farmers are a critical part of our value chain and play an important role in changing the agricultural landscape of Pakistan. We are passionate about developing our farmers and helping them grow to safeguard national food security and deliver value across the value chain. With this in mind, we formulated a sustainable strategy encompassing a range of initiatives, backed by our farmer advisory platform for our farmers' development and growth.

SOCIOECONOMIC TRANSFORMATION

EFERT has always been a purpose-driven organization and aspires not only to exceed business goals but to fulfill sustainable social goals. We understand that being part of one of the largest conglomerates in Pakistan, we are in a strong position to make a difference in the lives of our employees, workers and surrounding communities. When we talk about this strategy, our aspirations go beyond corporate philanthropy, and we aim to work on a sustainable, inclusive business strategy. EFERT's allocation for social impact projects is guided by its CSR policy defined at the Group level.



STRIVING FOR CORPORATE EXCELLENCE

For our Company to perform at its best and generate value in the long run, it is essential that we have one of our main stakeholders, our employees, on board with their full commitment towards a sustainable future. To achieve this ambitious goal, it is essential that they strive for excellence and it is upon us as a Company, to provide them with the essential tools to get there. As a result, we have taken our employees' training and development seriously, and created a culture of equal opportunity, diversity, and inclusivity as one of our sustainable goals and devised a strategy that addresses this goal. The strategy consists of various initiatives we have undertaken for our human resources.

07. Our Goals

Our ability to create and deliver value is dependent upon the availability of our capital, climate change and a thriving society and economy. A cautious use of resources and efficient management of our activities that adversely impact our ecosystem and society are critical factors for us to continue delivering sustainable returns.

Our goals are reviewed annually by evaluating our progress and adapting to changing times to become a sustainable organization that delivers value to its stakeholders and positively impacts the communities and environment in which it operates.

STRATEGIC AREA FOR SUSTAINABILITY	EFERT'S GOALS	EXPECTED YEAR
Socio-economic Transformation		
	<ul style="list-style-type: none">Continue to positively impact communities in education, livelihood, health and infrastructure	Ongoing
	<ul style="list-style-type: none">Upgrade technological development of the industrial sector by encouraging innovation and increasing development spending	2021-2023
	<ul style="list-style-type: none">Encourage and promote effective partnerships, mobilize experience, knowledge, and technology or financial resources	Ongoing
Environment Conservation		
	With a primary focus on the following UNSDGs:	
	<ul style="list-style-type: none">Clean water and sanitization	2023
	<ul style="list-style-type: none">Partnership for the goals	2023
	<ul style="list-style-type: none">Life on land	Ongoing
	<ul style="list-style-type: none">Lining of evaporation pond	2023
	<ul style="list-style-type: none">Evaluation of Alliance for Water Stewardship (AWS) mode of Daharki (DHK) site	2023
	<ul style="list-style-type: none">Continue stakeholder engagement with local community through Community Advancement and Emergency Response (CAER) Program	Ongoing
	<ul style="list-style-type: none">Execute noise reduction project DHK-site	2023

Striving for Corporate Excellence		
	<ul style="list-style-type: none">Occupational health and safety	Ongoing
	<ul style="list-style-type: none">Zero LWI and fatality.	2023
	<ul style="list-style-type: none">Roll out DuPont risk based program at DHK site	2023
	<ul style="list-style-type: none">Execute Asbestos replacement project (11% reduction of 2021 baseline)	Ongoing
	<ul style="list-style-type: none">People development and engagement	Ongoing
	<ul style="list-style-type: none">Continued focus on talent development and engagement	Ongoing
	<ul style="list-style-type: none">Greater focus on diversity and inclusion	Ongoing



08. STAKEHOLDERS' ENGAGEMENT POLICY

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.

The Company considers itself to be accountable to all its stakeholders through the measures detailed below.



CUSTOMERS



SHAREHOLDERS



EMPLOYEES



LOCAL COMMUNITIES



INVESTMENT COMMUNITY / ANALYSTS



MEDIA



BANKS



SUPPLIERS



REGULATORS

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 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 the Corporate Annual Report 2021 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:

- 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 Employees Engagement section for further details.



BANK / LENDERS

ENGAGEMENT PROCESS

Regular meetings with relevant teams to review ongoing operations. Meetings on the negotiation of rates on various financing matters.

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 launched various innovative financing solutions in engagement with its banking partners, setting new standards in the fertilizer industry. Banking products launched 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.

Refer to the Economic Performance section for further details on engagement initiatives.



INVESTMENT COMMUNITY / ANALYSTS

ENGAGEMENT PROCESS

Analyst briefings sessions. CFO presents the quarterly performance of the company.

EFFECT AND VALUE

- Consults on significant quarterly developments in relation to quarterly performance and results.
- Attends to analyst concerns by responding to various queries and clarifying Company's position.
- Provides feedback on planned developments and take 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.

The Company was one of five companies that were featured in the South Asia Investor Conference 2020.



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 under the Ehsaas program.

Refer to the Social Performance section for details.



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 the Social Performance section for details on various engagement initiatives.

Engagement Processes

Customer Engagement

EFERT engages with its customers and dealers in various ways including regular meetings, periodic sessions and via digital platforms and periodic engagement surveys/performance feedback sessions.

Additionally, several initiatives were undertaken recently to maximize customer engagement and to look out for their emotional and physical well-being during the pandemic.

Customer satisfaction metrics

EFERT periodically conducts market studies to evaluate its customers' satisfaction through an independent party. The results are recorded with respect to the metrics below.

A few of the related satisfaction metrics are as follows.

Satisfaction metric	2020	2021
Image	89%	77%
Order booking and delivery	92%	84%
Timeliness of delivery	95%	87%

The satisfaction metrics are expected to improve as the Company and industry in general resurges from the effects of COVID-19. The Company values its customers and ensures frequent feedback is obtained to help it steward customer satisfaction in an upward trajectory.



Recruited Shandar Kisaans as our Brand Ambassadors

We recruited Shandaar Kisaans as our ambassadors and engaged with them to allow our farmers to have timely access to our modern agri solutions and expert knowledgebase. Our Facebook page, WhatsApp groups and Youtube tutorials are designed to provide real-time support and guidance.



Safeguarding national food security

Living up to its reputation as one of Pakistan's most responsible companies and to ensure that farmers continue to benefit from lower domestic urea prices, MRP of urea stood at PKR 1,768/bag at Dec 2021, a record discount of 84% to international prices. This delta constitutes a contribution of almost PKR 524Bn per annum towards farmer income in Pakistan. Furthermore, the presence of a domestic urea manufacturing industry enabled import substitution to the tune of USD 3.5Bn.

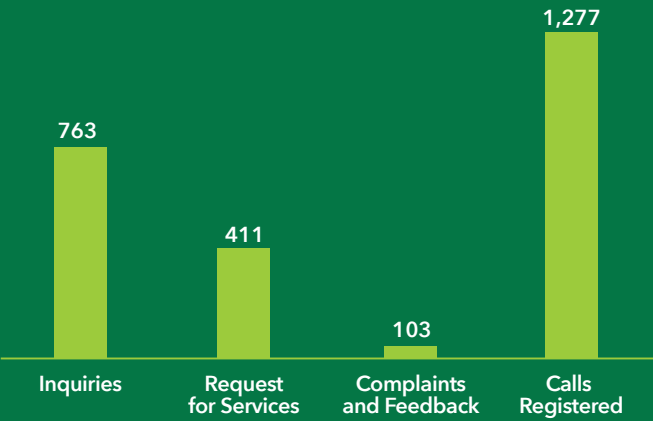
Rehbar hotline for continuous customer feedback and queries

Rehbar is Engro's call centre 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.

Queries and complaints registered on the system are periodically reviewed by the respective business manager(s). During 2021, 1,277 queries and complaints were registered by our dealers and farmers through this system.



Dealer Engagement Sessions Throughout Pakistan

Engro Baithak Sessions was a collaborative event to engage with our dealer network and keep them updated on current and future market trends.

EFERT's Commercial department partnered with Finance and Supply Chain to carry out 29 sessions in Rabi for 1400+ dealers to communicate EFERT's ability to offer a one-window solution through its diversified product portfolio and end-to-end services for all agri-business needs. The session helped dealers learn about the Company's products and their uses for different crop types.

Open Communication during COVID, with Senior Management

During COVID, our CEO and senior management were in touch with our dealers in order to understand their concerns, answer their queries about how EFERT could support them in difficult times. These meetings were held online across different regions in Pakistan.



Digitizing Agri Solutions To Improve Engagement With Customers

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.

EFERT's Humsafar mobile-application, 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. **During 2021 the application broke through the 100 billion rupee milestone in sales making it the largest e-sales application in Pakistan.** EFERT also led the introduction of electronic bank guarantees which have proven to be more efficient, greener (paper-less) and improved the overall customer experience promoting economic activity. These initiatives have been well recognized at various forums including the prestigious Pakistan Digital Awards.

EFERT's Field Force is Empowered with FIORI App

Through this app, information is decentralized, enabling us to significantly improve Customer Services. FIORI mobile app provides instant access to real-time data allowing quick decision making. Our customers are highly satisfied with such technological advancements, which bring convenience, speed and efficiencies.



Employees Engagement

THE ENGRO EXPERIENCE SURVEY

Capturing the experience of our people is immensely critical to enhancing our employee experience. During the stressful pandemic time and remote WFH situation, the Company constantly looked out for its employees through various collaboration tools and sessions.

Four pulse surveys were also conducted during the year to check on employees' emotional and mental well-being. Survey results, including remediation plans against the identified, were stewarded for closure by the Head of HR and the Management Committee.

Consistent with previous years, the Company launched the Annual Engro Experience Survey via an independent third-party. The results successfully showed a healthy response rate from employees with an improved engagement score of 91 percent.

OVERALL EMPLOYEE ENGAGEMENT SCORE



1

LAUNCH OF "EMPLOYEE CENTRAL" HR DIGITAL PLATFORM

EFERT launched "Employee Central", an online, one-stop repository for all employee-related benefits. This application allows employees to access, learn, and apply for benefits online.

2

ROADSHOWS ON POLICIES' AWARENESS

EFERT organized four roadshows to create awareness about more than 10 HR policies and to address employees' queries.

3

HR BUSINESS PARTNERS

EFERT launched the HR business partnering model that uplifted the quality and standard of customer service and created a one-window operation that enhanced the overall employee experience.

4

EHSAA-EMPLOYEES' PARTICIPATION IN SUSTAINABILITY

Ehsaas is a unique initiative that encourages employees to participate in the Company's drive to create social impact. The program encourages employees to contribute to the social development of our country and helps improve employee engagement and motivation by having a shared sense of purpose.

09. MATERIALITY ASSESSMENT

EFERT focuses its sustainability efforts on areas deemed to be of the greatest value or considered important for or by:



Stakeholders of the Company



Continued growth, performance and success of the Company



Economy, environment, and local communities

Compliance with laws, international standards, internal regulations, and EFERT's Code of Conduct is a basic requirement embedded in all its actions.

The materiality assessment explains the rationale and thought process around the selection of material topics.

The company is focused on moving ahead for playing its role in sustainable development.

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



Company specific factors

Factors related to the Company's operations, including alignment with the Company's strategy, objectives, vision, mission statement, values, and the brand promise of always rising and delivering during challenging times.



External factors

General relevance and likely impact in the broader social, economic, and environmental context, such as the Company's markets, energy availability, environmental issues and climate change.



Stakeholders engagement

Stakeholders' concerns and feedback as per extensive engagements with key stakeholders.

Material Topics for EFERT-Risk Matrix

	MODERATE	HIGH
ECONOMIC	<ul style="list-style-type: none">Farmers’ growth and development	<ul style="list-style-type: none">Economic performanceIndirect economic performanceMarket presenceAnti-competitive behavior
ENVIRONMENTAL	<ul style="list-style-type: none">MaterialsEnergyWaste discharge	<ul style="list-style-type: none">WaterEmissions
SOCIAL	<ul style="list-style-type: none">Training and educationMarketing and labeling	<ul style="list-style-type: none">Employment and labor relationsOccupational health and safetyDiversity and equal opportunityLocal communities

MATERIAL TOPIC	RELEVANCE TO EFERT / WHY IS IT MATERIAL	BOUNDARY
GRI 201: Economic Performance	Critical for economic contribution and ability to deliver value to stakeholders	Engro Fertilizers Limited
GRI 203: Indirect Economic Performance	Skills and knowledge, jobs in the supply chain and new businesses, resulting in economic development of the area. Increased farm productivity through farmer capacity building, leading to economic development	Engro Fertilizers Limited, our customers and local community
GRI 202: Market Presence	Job opportunities for the local community, ensuring diversity and inclusion and the Company's part in Pakistan's food security	Engro Fertilizers Limited
GRI 206: Anti-Competitive Behavior	Compliance with laws and regulations and EFERT's values	Engro Fertilizers Limited
Farmers’ Growth and Development	EFERT's role in ensuring food security in Pakistan and developing the role of farmers in this regard	Engro Fertilizers Limited, our customers and local communities
GRI 301: Materials	Chemical composition of materials, their impact on the environment, and their limited availability	Engro Fertilizers Limited, our customers
GRI 302: Energy	Environmental impact of CO ₂ emission during energy production	Engro Fertilizers Limited, our customers and our local communities
GRI 303: Water	Depleting water reserves, leading to water scarcity	Engro Fertilizers Limited, our customers and our local communities
GRI 305: Emissions	Impact of emission of Green House Gases (GHG) on climate change	Engro Fertilizers Limited, our customers and our local communities
GRI 306: Waste Discharge	Environmental impacts through incineration, dumping and discharge of hazardous and non-hazardous waste, leading to potential contamination in local communities	Engro Fertilizers Limited, our customers and our local communities
GRI 401 and 402: Employment and Labor Relations	Diversified workforce for better productivity, compliance with laws and regulations, and international charters and conventions.	Engro Fertilizers Limited
GRI 404: Training and Education	Impact on the workforce's ability to effectively contribute to operational success, leading to the effectiveness of the organization to create value	Engro Fertilizers Limited
GRI 403: Occupational Health and Safety	Impact on the health of the workforce affecting productivity and compliance with applicable regulations	Engro Fertilizers Limited
GRI 405: Diversity and Equal Opportunity	Living up to Engro's values	Engro Fertilizers Limited
GRI 413: Local Communities	Impact of operational activities and developments around plant site for economic development	Engro Fertilizers Limited, our local communities
GRI 417: Marketing and Labelling	Compliance with marketing and labeling requirements of local laws and regulations	Engro Fertilizers Limited, our farmers

10. ECONOMIC PERFORMANCE

Management Approach and Evaluation

This section covers the management approach and evaluation in relation to the following material topics, with respect to EFERT's sustainable development:

- GRI 201: Economic Performance;
- GRI 203: Indirect Economic Performance;
- Helping the farmers grow (Material topic in relation to Economic performance);

- GRI 202: Market Presence; and
- GRI 205: Business Ethics and Anti-Corruption Measure.

Other disclosures for these topics (including materiality explanation and topic boundary) are presented in the GRI Content Index, and/or in the Company's financial statements for the year ended December 31, 2021.



Management Approach

The management approach here is in relation to material topics identified with respect to economic performance, as laid out in the section introduction.

EFERT 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.



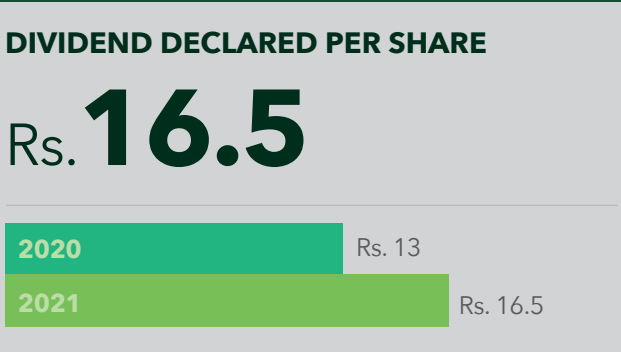
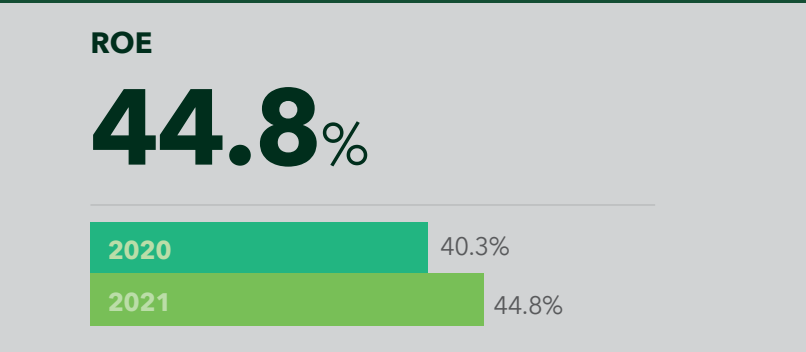
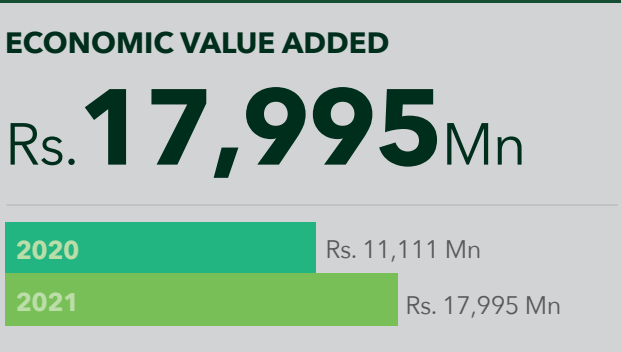
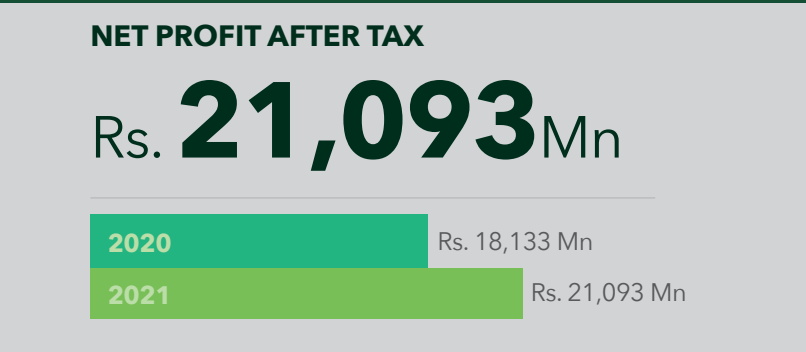
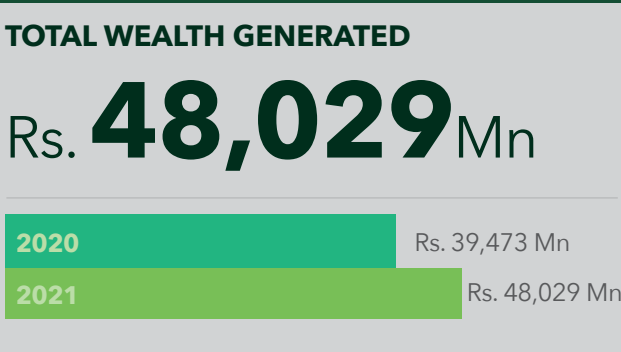
Please refer to the Corporate Governance section of the Corporate Annual Report 2021 for further details on governance processes around economic stewardship.

GRI 201: Economic Performance Review

GRI 203: Indirect Economic Impacts

Creating Value For Stakeholders

EFERT successfully delivered record earnings of Rs. 21.1 billion for FY2021, setting a year full of exemplary performance and achievements.



EFERT is cognizant of its economic impacts including its indirect impacts on the economy in general. As the largest local conglomerate in Pakistan, EFERT recognizes it has a significant role to play in uplifting Pakistan’s economy. The Company has been making major contributions to the economy, in the form of contributions to the national exchequer, its contributions to society in general and its contributions to the development and capability building of all members of its value chain including its farmers, customers, truckers and suppliers.

As a Fertilizer company, EFERT understands its pivotal role in national food security and therefore takes great pride in serving farmers through its indigenous fertilizer product portfolio, representing 36% of the local fertilizer market. With Pakistan’s ever-increasing population that is completely dependent on local crops for sustenance and the agriculture sector being the driving force of its economy, the Company continues to play a crucial role in ensuring the supply of fertilizers at affordable prices to the farmers and serves a complete portfolio of quality products/ services which improves crop yield and feeds the growing population. Given its significant role in developing Pakistan’s farming community, EFERT has identified a material topic in relation to the Farmers’ growth and development.

Key initiatives/investments undertaken and their impacts on the economy including impacts with respect to farmer development and the fertilizer industry’s growth are explained in later part of this Report. For investments in local communities, please refer to the Social performance section.

For extensive review of Company’s financial performance and its financial position for the year ended Dec 31, 2021 including details on the economic value generated & distributed by the Company, please refer to the Performance Review section of the Corporate Annual Report 2021.

Outstanding Financial Performance

The hallmarks of this year included annual urea sales of 2.3 million MT with efficient production of 2.1 million MT.

The Company continued to drive successes one after another this year from efficient operations management to optimization of business processes using ESSA (Eliminate, Simplify, Standardize and Automate) model.

CORPORATE RECOGNITION AND AWARDS PROMOTING COMPANY’S BRAND VALUE

During 2021, the Company won the prestigious Amir S. Chinoy for the **Best Industrial Company in Pakistan** for the second consecutive year at the Management Association of Pakistan (MAP) Corporate Excellence Awards.

Moreover, EFERT also made its mark in the Fintech sector by winning 3 Pakistan Digital Awards - **Most Innovative Fintech Data Solution Provider, Best Banking Tech of the Year**, and **Best Payment technology**.

The Company was also recognized as the **Largest Taxpayer in the Fertilizer Sector** in 2021.

The Company was also recognized for its transparent financial reporting and secured third position in the Chemical and Fertilizer Category in the ICAP and ICMAP **Best Corporate and Sustainability Report Awards 2020**.

Alongside recognition for our corporate excellence, we were also honored with several awards this year for our corporate socially responsible behavior and for following best HSE practices.

Leading Agri-Industry Toward 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	2021
First-ever dealer management system in the Industry, "Hamsafar", bridging the gap between Company and customer (number of connected customers)	3,394 Customers and Generated 91% Total Order Value
Connected farmers through the "Shandaar Kissan" digital program	3,000+
Pioneered Electronic BG ("E-BG") in Pakistan (sales orders booked against E-BGs amounting to)	Rs. 9,074 Mn



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, 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. During 2021 the application broke through the 100 billion rupee milestone in sales making it the largest e-sales application in Pakistan.



Pioneered Electronic BG ("eBG") in Pakistan

To promote digitization and enhanced corporate services delivery during COVID-19 EFERT developed Pakistan’s first-ever solution to electronically manage bank guarantees (eBG). This digital solution significantly reduced ordering time and saved paper. The program has brought about a major transformation in the way bank guarantees are offered in Pakistan with almost all large banking partners offering this facility across the Country.



Established Mobile Soil Testing Labs

For the first time in Pakistan, Engro Fertilizers has introduced a year-round soil sampling facility for Pakistani farmers. Two mobile lab testing operations are actively running in Sindh and Punjab where they offer soil sampling services to farmers at their doorsteps. Analyzing 20,000 samples annually, the lab offers soil analysis, water analysis and organic matter analysis which in turn forms fertilizer recommendations. To date, they have served more than 2,500 farmers and growers.



Introduced 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.

Adapting to the New Norm Through Digitization



In these virtual times where most of the operations and almost all communication modes are dependent on technology, it is more crucial than ever to transition toward digital platforms for increased efficiency. EFERT set into motion several initiatives that would eventually pave our way toward facilitating all operations to digital platforms.

To tackle the hurdles created by the recent COVID-19, EFERT made provisions to meet the challenges of remote working by providing seamless operations; laptops and other devices, and applications for virtual conference calls were provided to our employees to facilitate working from home. Some of the most technical operations and training were managed remotely, including some critical training of plant modules and external certifications from ASME-certified inspectors.

For smooth HR operations, "Employee Central" went live. This has helped to automate core HR processes such as leaves management, reimbursements, and loans. Furthermore, it enhances employee experience via self-service features by allowing employees to maintain and update their information.

The Virtual Knowledge Library was made live on "Workplace" to promote independent learning and empower employees by allowing them quick access to essential data and information.



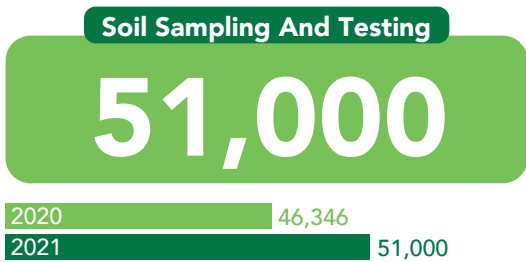
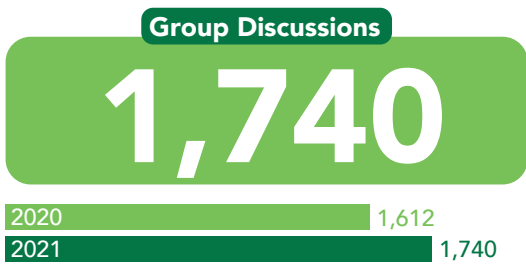
EFERT has recently adopted a comprehensive ERP system at the group level - OneSAP. It is an end-to-end system that integrates information onto a single platform, delivering a common set of business processes, standard master data and quality information in a timely fashion, all of which improve the speed of decision-making.

The Company was also able to quickly achieve the global benchmark in financial reporting by ensuring monthly closing within 24 hours, a true feat for the best-in-class, globally, allowing for rapid and accurate financial information.



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.

Helping Our Farmers Grow



At EFERT, we believe in safeguarding the interests of our farmers through adequate consumer protection measures and and safeguarding the national food security in Pakistan.

- Providing retail price list to all dealers for display on notice board or prominent place to ensure farmers are not exploited.
- Providing education and guidance to farmers through a team of agronomists regarding the best usage of fertilizer, recommended nutrition mix, crop protection solutions and better use of other inputs to enhance the yield.
- Providing education to farmers on improving soil health and management.
- Providing free of cost soil sampling and testing services to farmers across Pakistan. EFERT has four soil testing labs (two fix and two mobile labs) which tested 51,000+ samples during 2021 and provided fertilizer recommendations based on soil tests.
- Ensuring timely product delivery through our extensive distribution network of more than 100 warehouses across the country and more than 4,000 dealer networks.

OTHER INITIATIVES TO SUPPORT FARMERS

Warehouse receipt financing for small farmers: Typically, farmers face immense pressure at harvest time to sell their crop at unfavorable prices due to limited quality storage options and urgent need for cash, to invest in the next crop cycle. Traditional grain storage methods expose the product to quality degradation and potential infestations, which severely deplete or completely erode the stock value. As a result, farmers are unable to reach their full potential. The Company, cognizant of its role to play in Pakistan’s agriculture sector and food security, entered a collaboration with the Bank of Punjab to deliver accessible warehouse receipt financing where farmers can store their inventory in international standard silo storage facilities and obtain commodity-based financing against this inventory.

Soil mapping: A revolutionary idea, soil mapping involves collecting soil samples across Pakistan to provide an accurate visualization of a georeferenced soil database, along with spatial distribution of soil type and soil properties. As soil maps form, Pakistani farmers will be equipped with the ability to view their soil acreages, cropped lands as well as metrics on soil health virtually at their fingertips, limiting the repetitive activity of soil sampling.



Shandar Kissan Program

EFERT registered 3000+ selective farmers and provided them “seed-to-harvest” solutions to improve their farm productivity. The concept was to use these farmers as change agents in their respective communities and guide neighboring farmers on best crop management practices.



MoU with the University of Agriculture, Faisalabad for Establishing Engro Learning Center and Model Farm

Engro Learning Center will provide a platform where academia, research, extension, company agronomists, and farmers interact for knowledge sharing. This center will be used for capacity building of the farmers while the “model farm” will demonstrate modern Agri technologies and best management practices to farmers.



Hamqadam Program - Support Subsistence Level Farmers

EFERT continues to invest in its Hamqadam initiative, which was introduced in FY 2018, to support subsistence level farmers by providing them with interest-free in-kind loans below market value. NGOs affiliated with Pakistan Poverty Alleviation Fund (PPAF) have been engaged to aid EFERT in field execution and facilitate recoveries. The project has now grown to over a thousand farmers from a couple hundred since inception.

PAVE Project Improves the Lives of Smallholder Farmers

PAVE Pakistan is a business inclusive project operational since 2017, jointly funded by The Department of Foreign Affairs and Trade (DFAT), Australia and EFERT which aims to develop the seed value chain of rice, wheat and vegetables in Pakistan, making it more inclusive for small farmers by building on their capacities and creating market linkages for them. Under the PAVE project, EFERT has trained 4,400+ smallholder farmers, registered 300+ of them as Engro’s seed suppliers, procured 250+ tons of seed from them and established 24 village-based seed enterprises to help others smallholders. The project has been recognized on various international forums, including its recent win in the category of Sustainable Agriculture, Forestry and Biodiversity from Rushlight Awards, US.



Introduction of Zabardast Urea, First Value-Added Urea of Pakistan

EFERT was the first company to venture into the value-added fertilizers category; with the launch of Zabardast urea. With the addition of locally-cultured bacteria, Zabardast urea improves the uptake of Zinc nutrients in plants, and the coating on urea reduces Nitrogen losses, making it an environmental-friendly fertilizer. Zabardast urea increases the farm produce up to 10 percent and is addressing the food security of the nation, enabling farmers to grow more crops over the same area of land, thereby catering to the needs of a growing population. Moreover, widespread use of Zabardast urea ensures that the Zinc requirement in diets is maintained, thereby addressing the issue of stunted growth in children. Zabardast urea has received an overwhelming response from consumers and is rapidly been growing year on year.



EFERT and BASF Joined Hands to Bring High-Quality Products to Pakistani Farmers

Sefina is not only effective in protecting the cotton crop from Whitefly, Jassids and Aphid attacks, it is made from natural fungus that improves plant health and increases cotton crop yields as well. EFERT and BASF proudly announced their alliance and commitment to helping the farmers grow in Pakistan with the launch of Sefina.

Collaboration with Government of Punjab in “Grow More Wheat” Program

EFERT recently organized 63 mega-event wheat seminars, which more than 7,000 farmers attended. Two of these events were attended by Honorable Agri Minister Punjab, Secretary Agriculture Punjab, DG Agriculture Extension as well as Director Wheat. Experts presented best management practices to improve wheat production.





Infrastructure Investments and Services Supported

EFERT aims to contribute to the overall quality of life in our host communities. We strive to address the needs of our local communities by investing in sustainable initiatives for their education, health and social/technological advancement needs. Some of the major initiatives undertaken including the impact of the infrastructural investments during the year and their impacts, are discussed in detail in the Social Performance section of this report.

Fleet leasing facility to facilitate our truckers

EFERT, recognizing the need to help grow the agricultural supply chain infrastructure in Pakistan, has partnered with the National Bank of Pakistan and Bank Al Habib to launch a fleet leasing facility for its truckers. Under this partnership, the banks will be offering leasing facilities to EFERT's vouched truckers for up to PKR 20 Million for each commercial vehicle.

Financial Implications and Other Risks and Opportunities Due to Climate Change

As governments domestically and internationally move to regulate activities that contribute to climate change, organizations face regulatory risks and opportunities. Risks can include increased costs or other factors impacting competitiveness. On the other hand, regulatory controls over greenhouse gases and emissions also make way for organizations to develop new technologies.

The Company is cognizant of the fact that climate change has the potential to present physical and financial risks and opportunities to its operations, its investors and stakeholders. The changing weather patterns, availability of water resources and the recent locusts attack on agricultural crops may affect the product consumption patterns affecting farming productivity, resulting in reduced purchasing power of the end-customer. The potential risk to the Company's operating plants from natural disasters is also included in the Company's enterprise risk management system.

As a manufacturing concern, monitoring emission levels and their carbon footprint is of great importance to the company. EFERT acts responsibly by monitoring the climate changes and mitigating the effects of its environmental footprint across its operations, value chain, local communities and environment. The Company has been recognized both internationally and locally for the measures taken. The environmental performance section provides an overview of the Company's compliance with national and government regulations, such as National Environmental Quality Standards (NEQs) and its awards and recognitions in this area.

Ensuring sustainable and environment-friendly operations is thus an integral part of the Company's corporate strategy with the related risks being managed through its enterprise risk management program.

EFERT manages the risk by regularly making investments in environmental protection via tree plantation drives, lining of evaporation water ponds and holding awareness sessions for employees and local communities. Detailed information on our environmental impacts is available in the Environmental Performance section.

GRI 205: Business Ethics and Anti-Corruption Measures

EFERT’s culture is based upon the fair pursuit of profits, while remaining mindful of the impact of our corporate actions on our people and place of operations. Accordingly, the Company has zero tolerance toward corruption.

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. The Board of Directors of the Company has adopted a host of policies that set the standards of conduct for our actions, which are continuously monitored with the help of the Ethics and Compliance department within the Corporate Audit department. Such policies include:



Please refer to the Corporate Governance section of the Corporate Annual Report 2021 for further details on our policies.

The Company understands that corruption leads to distortion in the economic system and creates a social imbalance in society. Therefore, to ensure smooth functioning of economic systems, anti-corruption measures must be implemented within the Company and with its value chain partners. During the year, the Company has performed risk assessment analysis in relation to the anti-money laundering risk across the Group, covering all its operations and is in the process of implementing best practices to minimize the risk in its operations.

No significant risk related to corruption or incidents of corruption had been identified or reported in 2021.

There is a defined Board-approved governance framework in relation to charitable donations and sponsorships that require the prior approval of all donations by the Engro Foundation management and the approval of the CEO. Donations can only be made to the institutions defined in the framework and for the social causes/objectives defined therein.

The Ethics and Compliance department conducts annual training to refresh employees on company's policies and ethical values. New joiners receive detailed orientation at the time of joining and are required to read, acknowledge and sign the Code of Conduct declaration upon joining the Company.



GRI 202: Market Presence



At EFERT, we understand that our business and our communities are intrinsically linked. Our operating communities also include our homes where we live, work and raise children.

EFERT is dedicated to focusing on ways which contribute to the sustainable development of the communities where we operate, invest, hire employees and contractors, offer them competitive wages and develop our future workforce.

The Company regards its stakeholder engagement as an essential 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 for its value chain.

Ratios of Standard Entry-Level Wage by Gender, Compared to Local Minimum Wage at Significant Operational Locations

EFERT offers competitive compensation and benefits at each of the company's locations of operation. We are an equal opportunity employer and our recruitment, remuneration, or career development policies do not in any way discriminate on gender.

The standard entry-level wage model does not apply to the Company's management employees as these positions require a higher level of skills and knowledge.

In the case of our non-management and contractual employees, the compensation benefits are agreed upon and reviewed as part of the annual Collaborative Labor Agreements finalization. This process ensures that the compensation benefits are competitive and are well above the minimum wages required under local laws. In the case of contractual workers, we ensure that the subcontracted employees are compensated fairly and in accordance with the minimum wage requirement. The average wages of Company's non-management employees at entry-level are higher than the minimum wages required under local laws.

Hiring from Local Communities

EFERT ensures that it gives back to its local communities by investing in local communities development. As common practice, while hiring junior-level staff at our plant sites, preference is given to the local population to support their development.

We, however, believe that diversity strengthens the Company and brings in new perspectives. Our employment policies strive for a diverse workforce and aim to find the candidates best suited for an open position. The recruitment of employees is based only on their qualifications, skills and suitability for the open position for a successful future at EFERT in line with the corporate strategy and objectives. No senior management employees at locations of significant operations are hired based on location, domicile, gender, nationalities or ethnic minorities.

EFERT partners in job skills training programs and education support programs to develop its local communities. The TTC in Daharki, established with the help of the Company, is one such platform that serves as the center of our skills training program for local youth. The College offers a three-year diploma in associated engineering and short-term vocational training programs relevant to EFERT operations.

11. ENVIRONMENTAL PERFORMANCE

Management Approach And Evaluation

This section covers the management approach and evaluation of the following material topics about environmental performance:

- GRI 301: Materials;
- GRI 303: Water;
- GRI 306: Waste and Effluents;

- GRI 305: Emissions; and
 - GRI 302: Energy.
- Other disclosures for these topics including the materiality criteria are presented in the GRI Content Index or referenced therein if occurring elsewhere in the Sustainability Report.



Management Approach

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 extend 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. Our environmental management systems are based on 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.

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.

01

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.

02

The Corporate HSE department is responsible for overseeing HSE activities for the Company. Along with this, each division has its own assigned HSE personnel, which handles more business-specific localized requirements, including operational HSE-related matters.

03

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.



04

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 Series (OH&S Management System).

05

DuPont environment management systems drive our environmental performance and ensure 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.

06

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 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.

07

Our plant is also certified as "IFA Protect & Sustain Product Stewardship", ensuring high HSE standards throughout our processes.

08

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.

09

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 in global warming potential of EFERT overall emissions as CO₂ is 25 times less impactful as a greenhouse gas than methane. 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.

10

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.

GRI 301: Materials

The Company strives to sustain material health and promote material reuse to help establish a widely sustainable value chain.

The key inputs to the urea manufacturing process are:

	Units	2020	2021
Natural gas as fuel	MMSCF	31,429	30,050
Net Water Consumption	Million M3	13.6	12.4

Innovative and More Environment-Friendly Fertilizers

In relation to material health, the Company collaborates with research partners to continuously innovate its product portfolio to introduce more environmentally-friendly fertilizers in Pakistan.

Certain variants of coated fertilizers and inhibitors induced fertilizers are part of the Company's portfolio including Zabardast Urea, Neem Coated Urea and Ammonium Sulphate. These variants reduce environmental impact by minimizing "N" emissions and ensuring material health through their slow-release properties.

The Company also focuses on diversifying its portfolio by adding innovative fertilizers such as Engro Zarkhez Khas and Engro NP Plus, whose unique product formulation would improve crop yield and quality fruit production. These products have been especially designed with organic fillers and biostimulants that ensure balanced growth in terms of crop health and productivity. Please refer to the Company Overview section of the Corporate Annual Report 2021 for our product range and information about our products use and application.

As a leading supplier of phosphate-based fertilizers, the Company strongly advocates the use of these innovative and environment-friendly fertilizers over the traditional fertilizers, thereby ensuring balanced crop nutrition and promoting a healthy and clean environment.

Recycled Material Consumption

EFERT actively promotes the recycling of material to the extent allowable by its operations. Due to the nature of its production process, the inputs and raw materials are dissolved in the process and are not reclaimable or recyclable. A significant input material used in the production of fertilizers is gas. EFERT strives to ensure an efficient plant index to minimize gas waste. The feed

gas enrichment and flue gas recovery projects at urea plants have helped reduce gas waste by recycling back flue gas components and furnace fuel gas as feedstock into urea production units.

EFERT has appropriate water conservation systems that allow the reuse of water. The cooling water system built as a design feature of our plant cools the water used in production processes and treats them chemically allowing for reuse of water for further production, therefore, reducing the incremental water consumption.

Reclaimed Products and Packaging Material

EFERT strives to achieve the best-in-class plant efficiencies globally. The by-product from urea manufacturing process, i.e. urea fines are recycled for use in the company's Zarkhez plant operations. EFERT successfully reclaimed urea fines of 21,878 MT back into the production of specialty fertilizers. The data has been collected on the basis of production inputs to Zarkhez operations as available in the Company's ERP system.

The Company is also working on various initiatives with an increased focus on reusability of its packaging bags, by considering certain projects that would increase their life up to 2-3 years.

Recycling / Re-use of Material:

2021 Metrics	
Natural Gas Consumption (MMBTU/annum)	The feed gas enrichment and flue gas recovery projects at urea plants have helped minimize gas waste by recycling back flue gas components and furnace fuel gas as feedstock into urea production units.
Lubricant (Liter)	No recycling of any hazardous waste in 2021. However, around 2 tons of mix hazardous waste is present at specially designated hazardous waste yard, intended for disposal by a SEPA certified vendor.
Chemicals (KG)	No recycling in 2021
WPP Packing Bags (all variants)	115 MT WPP bags recycled in Jan 2021

EFERT has recently been recognized for its green office operations by WWF, truly demonstrating its resolve and commitment to sound environmental practices. WWF awarded seven wins to EFERT for its Zarkhez Plant, Daharki Plant, and the Head Office, including awards in the categories of paper decrement and for most innovative recycling.

GRI 303:

Water and Effluents

Key Performance Measures

	Unit	2020	2021
Water intake	Million M3/year	17.6	16.6
Water consumption	Million M3/year	13.3	12.4
Water effluent or discharge	Million M3/year	4.3	4.1

*Effluent is in accordance with local SEQs limit



	Unit	2020	2021
Water footprint	MT of water consumption / MT of urea	5.86	5.91

We recognize that water is a critical natural resource that is essential to the sustainability of our operations, as well as the communities and ecosystems in which we operate. Climate changes, deforestation, increased pollution, wasteful use of water, constrained supplies resulting from population growth and the resulting water scarcity are becoming risks for businesses in the form of non-availability of freshwater, health and safety issues as well as increasing costs.

In EFERT's urea production process, water is consumed mainly for the production of steam and cooling purposes. Water requirements are mostly met from canal water and tube wells. The water is therefore of groundwater quality and is treated before it is directed into plant operations.

The Company's Daharki site is also equipped with 16 evaporation ponds for effluent management.

Responsible water withdrawals, consumption and releases within the local ecology are important in terms of quality of discharge and water conservation. The Company holds these ideals close to its philosophy of protecting and preserving the environment and therefore, continuously strives to make optimal use of water resources through initiatives taken in the past and will continue to do so in the future as well.

Lining of Evaporation Ponds Ponds store SEQ and non-NEQS water		Saves contamination of underground water through reduced seepage
Water Recycling		<ul style="list-style-type: none">✓ Dedicated process condensate treatment units✓ Close circulation cooling towers to minimize water intake via multiple layers of chemical treatment

Following are the plant-wise metrics for water consumption at EFERT's Daharki facility:

	Unit	Plant I	Plant II	Daharki's manufacturing facility
Water intake	Million M3/year	7.7	8.9	16.6
Water consumption	Million M3/year	6.0	6.4	12.4
Water effluent or discharge	Million M3/year	1.6	2.5	4.1
Water footprint	MT of water consumption / MT of urea	7.8	4.8	5.91

EFERT's water footprint with respect to Plant II is amongst the best in urea manufacturing plants globally. Plant II is the Company's state-of-the-art plant equipped with the latest technological capabilities and with one of the best metrics globally in terms of production efficiencies and environmental footprint. The Company is also undertaking investments in a Long-Term Reliability (LTR) project to address the reliability concerns of its base plant (plant I), which will further improve the Company's overall water consumption footprint.



EFERT also invests in significant CSR initiatives to ensure safe and clean drinking water for its communities. Please refer to the Social Performance section of this report for further details.

Conservation & recycling of water:

Water withdrawal by source in million-meter cube/annum	2020	2021
Surface water-fresh water (<1,000 mg/L total dissolved solids)	6.6	4.1
Ground water-fresh water (<1,000 mg/L total dissolved solids)	11.0	12.5
Total water withdrawal	17.6	16.6

EFERT continuously monitors and evaluates its water use to drive facility-level conservation. Water consumption at plant sites and the native town is being critically monitored and stewarded by senior management as it is directly linked with the plants’ sustainability. EFERT has conducted studies to identify opportunities for reduced consumption and has been working on certain initiatives with its supply chain partners to minimize freshwater withdrawal.

EFERT maximizes water re-use, including re-use of wastewater for horticulture purposes at plant sites.

There is no major freshwater storage at the site, which can have a significant impact. Water is sometimes stored to manage canal outages and plant operations. During normal plant operations, around 25,000 MT of water is stored at plant treatment units.

Preserving & Maintaining Clean Water Quality

EFERT understands the vital role of fresh and clean water in the agricultural value chain, and in supporting life on the planet and therefore undertakes to consume water responsibly. As part of its sustainability strategy, the Company is working with the supply chain partners to reduce water-related impacts in the supply chain.

The Company monitors discharge water quality on regular basis-pH; conductivity; ammonia; urea; COD; BOD; SS, etc. EFERT ensures compliance with Sindh Environment Quality Standards’ (SEQs) limits, driven by local laws and regulations concerning effluent discharge during routine operations. Moreover, the Company has established an effluent treatment plant to treat residential colony waste and clean it before dumping it in the canal.

Safe Discharge of Effluent Water

The Company ensures safe discharge of water effluents in the main canal in accordance with SEQs. SEQs compliant water is stored separately from non-SEQs compliant water. However, at times due to increased

canal outages, effluent has to be stored in ponds for a longer duration which has to be managed through slight intermixing of both effluents. The Company is currently evaluating alternative solutions to this.

EFERT ensures that its water effluents comply with its site’s environmental permits and are continuously monitored and reported to the local environmental authorities.

Lining of Evaporation Ponds

Lining of the Company’s evaporation ponds prevents contamination of underground freshwater by restricting seepage into the ground. In order to avoid underground water contamination, EFERT has taken initiative to geo-membrane line evaporation ponds.

To date, 94 percent of the ponds have been lined saving underground water contamination with the remaining 1 pond lining expected to be completed by 2023.

Moreover, the lower flow of canal water sometimes leads to high pump-back pressure in effluent lines, requiring more days of the canal for disposal.

To manage this, the Company has invested in a new 20-inch line in the recent years to speed up effluent disposal and recovery of ponds for which work is currently under progress.

Water discharge by source in million-meter cube/annum	2020	2021
Surface water-fresh water (<1,000 mg/L Total dissolved solids) *	4.3	4.1
Total water discharge	4.3	4.1
*EFERT discharges water in the canal that is surface water.		

EFERT’s water-related targets about water discharge are designed to comply with the Sindh Environmental Protection Agency (SEPA) rules and regulations.

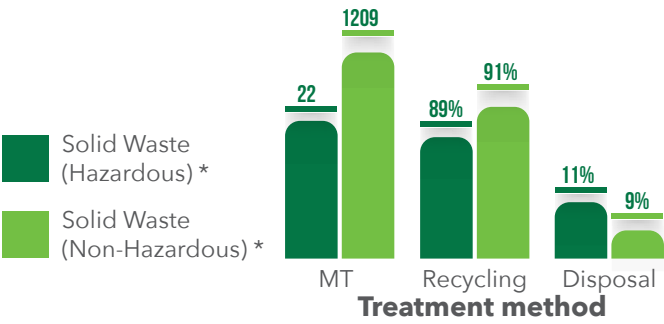


GRI 306: Waste

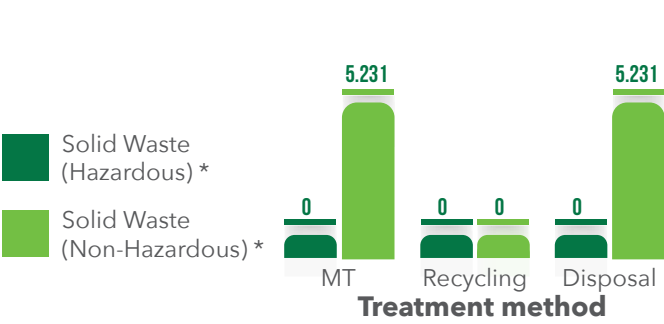
WASTE BY TYPE AND DISPOSAL METHOD



DAHARKI



ZARKHEZ



*All sorts of solid waste are handled by SEPA-approved vendors.



EFERT continuously strives to improve its processes to minimize the environmental footprint. Waste management strategies include reduced generation, effective treatment and disposal and recycling and recovery, where possible.

The Company has established appropriate policies and procedures to monitor the sources, types and amounts of all wastes produced. It ensures that waste generation of all kinds is precisely monitored such that there exist standard processes for the identification, recording and analysis of waste. Waste management is stewarded at the senior decision-making level, by the HSE Committee and its reuse or disposal plans are developed, keeping in view the most sustainable option for the Company and environment.

EFERT's priority is to recycle or treat waste, only unsuitable waste is disposed of in landfills, which is then sold to SEPA-approved vendors. Incinerations are carried out under controlled conditions and temperatures. The waste is accumulated at respective plant sites under the Company's standard operating procedures and when it reaches a certain defined level, its timely disposal is ensured.

EFERT implemented a five-year strategy during the previous year for its Solid Waste Reduction Plan, with a special focus on the reduction of 'single-use plastic' at the plant site. The evaluation and assessment exercise for this plan has been completed with a recycling initiative of 650+MT of hazardous waste to improve the Company's environmental impact based on the circular economy model.

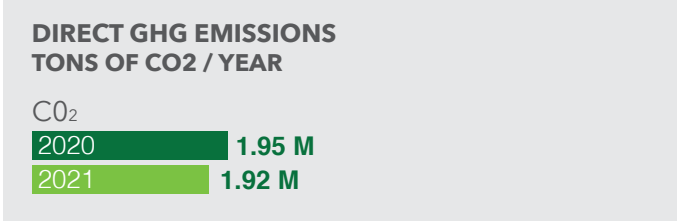
The Company has been conducting waste reduction drives for the past many years at the plant and its neighboring local community to emphasize the importance of keeping the environment clean and reducing waste, including "Hazardous Waste Segregation" and "WRAP - Waste Reduction Always Pays" programs.

Solid waste generated at site is handled and managed by EPA approved contractors and disposed / recycled in accordance with EPA guideline. The Company implements appropriate processes to prevent spills at plant sites. During the year 2021, no spills occurred.

EFERT treats waste handling very carefully and there has been no incidence of improper waste disposal/management leading to adverse impact on biodiversity and habitats around plant sites.

GRI 305: Emissions

Key Performance Measures

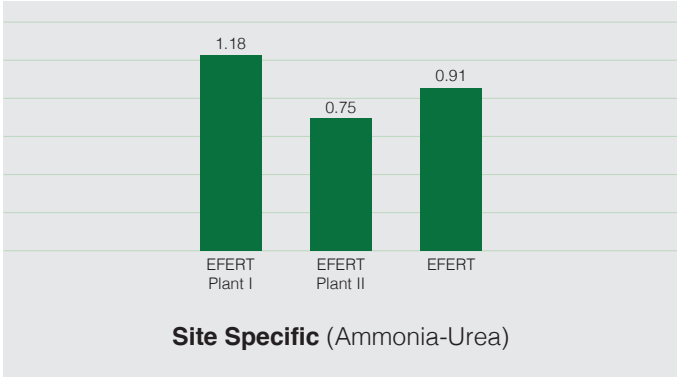


Like any other fertilizer manufacturing plant, EFERT’s urea manufacturing process involves Greenhouse Gas (GHG) emissions primarily being carbon dioxide (CO₂). These emissions are inevitable, in spite of all environmental protection efforts, since natural gas is used as feedstock and is also the main source of fuel in Urea production process. GHG emissions are directly proportional to the amount of carbon in the employed fuels, mainly natural gas EFERT's Co2 intensity ratio for current year is higher than last year due to plant turnarounds taken during the year to ensure reliable and efficient plant operations.

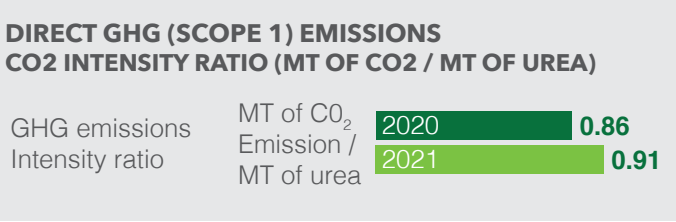
Plant wise Co2 emissions for EFERT's Urea manufacturing plants are as follows:

Direct GHG Emissions (tons of CO ₂ / year)	Unit	Plant I	Plant II	Daharki Plant
CO ₂	MT of CO ₂ / Annum	0.94	0.98	1.92
CO ₂ Intensity ratio	MT of Emission / MT of urea	1.18	0.75	0.91

Carbon Footprint (MT of Co2 Emissions / MT of Urea)



EFERT’s Plant II Carbon Footprint (CFP) is globally competitive having one of the lowest environmental impact in the region. As per PTAI Benchmark Survey conducted in 2020, EFERT’s Plant II was in top quartile for lowest carbon footprint amongst the fertilizer plants



worldwide. Plant I (or base plant) is a vintage plant technology that was imported by EFERT (formerly Esso) in 1964 – the largest foreign investment of Pakistan at the time. Being EFERT’s heritage plant, the Company continues to make significant investments and has adopted various innovative engineering solutions that maximize the base plant’s operational efficiencies and improve its environmental footprint. EFERT is committed to ensuring safe and reliable operations of its plants.

The Company's products provide essential nutrients for crop growth and provide for 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. EFERT collaborates with its partners for development of innovative products (with slow-release properties and additives) to improve their environmental impact. Please refer to the Materials section for further details.

EFERT regularly monitors its CO₂ emissions to be in compliance with SEPA limits at the plant sites to steward its CO₂ footprint at the Company level. The GHG figures do not include GHG emissions of the subsidiary or associated companies. The Company does not have any processes in place for the identification or measurement of emissions from its upstream or downstream value chain operations. However, keeping in view the supply chain impacts, EFERT is exploring the possibility for development of such systems. The global warming potential of the respective gaseous emissions has been sourced from the United Nations Framework Convention on Climate Change (UNFCCC). When assessing the potential impact of its emissions on the environment, EFERT uses the principles given in the operational guidelines for the ISO 14040 Life Cycle Assessment Standards.

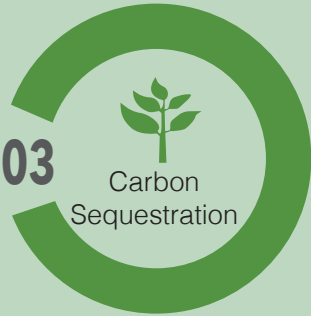
The Company has appropriate processes in place for stewardship of carbon footprint. Reduction of carbon footprint is one of the key projects in the Company's long-term sustainability strategy. In order to achieve that, the Company has installed a new CO₂ integration line connecting all three urea plants to minimize the CO₂ venting impact and reduce carbon footprint on site. The intergation line has been installed and is currently under commissioning phase. Presented below is an overview



- ✓ **Optimization:** Startup, shutdown and normal operation
- ✓ **Digitization:** Advance process controllers



- ✓ Feed gas enrichment unit
- ✓ ID fan resizing
- ✓ Heat recovery units
- ✓ Plant I and Plant II CO₂ integration
- ✓ High efficiency equipment



- ✓ Carbon recovery units
- ✓ One Million Trees Project

of our efforts towards reducing our carbon footprint. The Company does not have any significant indirect (Scope 2) emissions; CO₂ emissions arising from traveling of EFERT employees are insignificant in the overall context. Moreover, as the cost of determining the emissions in relation to the traveling of 1,382 permanent employees is expected to be much higher than the benefit it would provide to stakeholders, therefore this has not been determined.

Other emissions from urea manufacturing plants constitute inorganic pollutants like Nitrogen Oxides NOx, Sulphur Oxides SOx, and particulate matter. SOx emissions from the EFERT fertilizer manufacturing site are negligible as natural gas is categorized as sweet gas (low Sulphur content gas). Emission values during the reporting year for NOx and particulate matters are presented in the table below, which are based on independent laboratory analysis and engineering estimations. We continue to upgrade and invest in our production plants to limit any impacts on our communities and the environment. In this regard EFERT manufacturing, the Daharki site held extensive exercises for evaluating its air shed quality at Daharki plant to assess its operational impacts on ambient air. Emissions levels for both NOx and particulate matters are well within applicable local emissions limits set by SEPA.

Emissions / annum by Type	2020	2021
NOx (tons/annum)	867	754
Particulate Matter (PM) (tons/annum)	2,515	1,890

There were no emissions of ozone-depleting substances during the year. As part of its sustainability strategy, the company is committed to the non-use of ozone-depleting substances and has implemented a five-year reduction and monitoring plan on carbon and water footprint. Moreover, the Company is conducting an air monitoring study with one of its key lenders to ascertain the environmental footprint of the Company three kilometers across its Daharki plant premises. The exercise is being closely stewarded by senior

management and remediation action plan for highlighted operational inefficiencies is in progress.

For strategic initiatives undertaken so far, please refer to the chart on the next page.

Other processes supporting the Company's mission to reduce its carbon footprint are as follows:

- The HSE department ensures periodic energy audits to reduce CO₂ emissions across all sites. These audits help in the timely identification of sources of inefficiencies against which a rectification plan is developed and periodically stewarded by senior management.
- The Company strongly advocates its HSE policies to its employees and other stakeholders, including transporters and other downstream members of the value chain.
- The Company promotes the use of improved agricultural practices to minimize GHG emissions and other environmental impacts associated with the use of its fertilizers. The Company supports the minimization of GHG emissions and other environmental impacts from the global food supply, by encouraging stakeholders to enhance their understanding, adoption and promotion of 4R nutrient stewardship.
- EFERT’s increased focus to digitize and automate its operations this year contributed to a significant reduction in paper use across the Company. The Company digitized and automated its order-to-cash and procure-to-pay processes, from customer/vendor support to digital payment solutions, including online payments or collections to virtual operations.

STRATEGIC INITIATIVES OF EFERT SUPPORTING CFP REDUCTION

Supporting Carbon Footprint Reduction Through Import Substitution

EFERT is one of the largest local urea manufacturers of Pakistan serving up to 36% of the country's annual urea demand. Indigenous production of urea significantly reduces harmful gas emissions, which would have otherwise been incurred in the case of imports as importing urea emits ~0.016 kgCO₂ emission/ton/Km by sea. Moreover, EFERT uses natural gas to produce urea which is recognized as a more environment-friendly fuel than RLNG thereby helping the country in reduction of national carbon footprint - **Offset incremental CO₂ emissions equivalent to 9.2Mn trees required to maintain air quality.**

Reducing Carbon Footprint Through Efficient Plant Operations

EFERT seeks to operate its manufacturing plants most efficiently to reduce CO₂ emissions. With its technologically advanced state-of-the-art EnVen plant at its Daharki facility and its increased focus on governance and transparent internal control systems, EFERT is able to operate at significantly improved plant indices compared to its industry peers. EFERT continuously strives to improve these efficiencies further by constantly looking for opportunities/projects to create sustainable value.

As part of this drive, the Company has implemented Feed Gas Enrichment and CDR recovery unit from fuel gas projects, leading to sustainable plant operations and significant reduction of CO₂ emissions - **Saved incremental CO₂ emissions equivalent to 1.9Mn trees.**

Moreover, the Company is undertaking One Million Trees project drive as part of a self-motivated initiative to improve forest landscape.

In collaboration with the forest department, approximately 270,000 trees have been planted so far on 200 acres of land, whereas Phase Two for another 240 acres is being worked on.

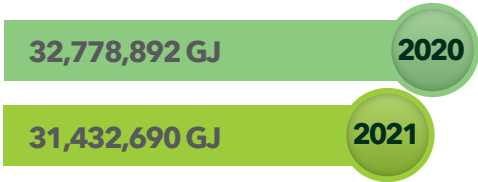
EFERT continues to invest in these projects. Currently, the company has several sustainability initiatives in progress including various plant efficiency and restoration projects that will improve operational efficiency and reduce carbon footprint; expected to potentially save incremental CO₂ emissions equivalent to 1.9mn trees.

GRI 302: Energy

Key Performance Measures

Energy Intensity Ratios

ENERGY AS FUEL CONSUMPTION



EFERT believes in conducting sustainable operations with a focus on reduced energy consumption by constantly reviewing its energy sourcing decisions and monitoring its operational efficiencies.

The Company's primary sources of energy are natural gas, steam and electricity. Natural gas is the key energy source that is used both as feedstock for urea manufacturing and also as a source for heating, electricity, and steam generation. EFERT's Daharki plant is self-sufficient for its electricity requirement being is generated internally. In the case of Head Office, marketing offices and Zarkhez plant, electricity and natural gas are purchased from public utilities. There are no local regulations with respect to energy policies.

EFERT has appropriate processes in place for measuring and monitoring energy consumption at each plant site. These are then combined with energy consumption data



for fuel consumed by our logistics business operations. Conversion factors have been used from Energy Information Administration USA. This does not include energy consumption by its upstream value chain activities.

The Energy Intensity Ratio measures the total energy consumption within the organization for each ton of value supplied to the customer. The overall energy intensity ratio was 10.53 GJ/MT urea as compared to last year's intensity ratio of 10.52 GJ/MT. This increase is on account of plant turnarounds taking to ensure reliable and efficient plant operations.

In view of EFERT's efficient operations, the Company was recognized for the operational excellence of its plant and secured the "Industry Stewardship Champion" Award from the International Fertilizers Association (IFA).

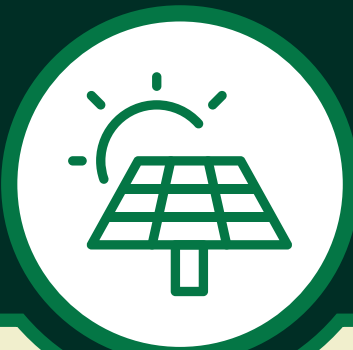


Conserve energy by continuously improving & monitoring our processes

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 continuously evaluating alternate and more efficient, and cheaper sources of energy that could be more viable for its business operations and the environment.



EFERT's Daharki plant is self-sufficient for its electricity requirement which is generated internally. EFERT further envisions meeting its sustainability goals by striving to procure its externally purchased electricity from renewable sources. As part of this vision, it is undertaking solar energy projects to fulfill its commitment to the preservation of nature and saving the environment for future generations. EFERT recently lead the industry by converting 60 warehouses to clean renewable energy.



The Company is constantly monitoring its plants efficiencies and exploring certain projects to further improve the plant's energy consumption profile. In this relation, the Company every two years engages PTAI (Phillip Townsend Associates) for a benchmarking study of its operations, including a review of energy utilization and operational excellence of its Daharki plants. Such activity was successfully conducted in 2017/2018 and then again in 2020. The benchmarking study analyses the plant efficiencies and energy consumption against comparable data of more than 100 plants globally.



EFERT, in line with its commitment towards affordable and clean energy, pursues optimal renewable sources of energy for its communities. Recently, EFERT successfully converted three of its RO plants in adjoining communities to solar power.

12. SOCIAL PERFORMANCE

Management Approach and Evaluation

Management approaches for the following material topics are covered in this section:

- GRI 401: Employment and labor relations
- GRI 402: Labor / management relations
- GRI 403: Occupational health and safety
- GRI 404: Training and education
- GRI 405: Diversity and equal opportunity
- GRI 407: Freedom of association and collective bargaining

- GRI 413: Local communities
- GRI 417: Marketing and labeling

Other disclosures for these topics are presented in the GRI Content Index or referenced therein if occurring elsewhere in the sustainability report.



Management Approach

As one of the largest conglomerates in Pakistan, EFERT has always been a purpose-driven organization that aspires to exceed expectations of business goals and endeavors to fulfill sustainable social goals.

EFERT undertakes CSR initiatives including social investments and business inclusive projects, combining financial and managerial resources to enrich lives and pave the way for sustainable living.

As an employer, we aim to be the employer of choice for a diverse and inclusive workforce. EFERT recognizes the importance of talent management in organizational sustainability and continuity. Our global talent investment philosophy is to provide competitive compensation and benefits, with the flexibility to choose programs that best meet our employees’ needs.

We also continue to increase our involvement in health, safety and the environment. We believe in empowering our business to deliver the best-in-class HSE performance based on international standards and developing a culture that fosters a safety mindset in every individual. All our investment decisions retain adequate provisions for implementing inherent safety features because we are custodians of the people coming to our workplaces.

The Company has a wide range of policies that define its sustainability initiatives.



As a purpose-driven organization, we believe in undertaking commitments for the greater good of society. The Company continues to make a positive impact in the fields of education, livelihood, health and infrastructure.

As such, the Company recognizes its responsibility and has implemented processes to monitor the social impacts of its CSR activities on its employees and the community and ensures its periodic stewardship and reporting to stakeholders

- CSR programs at the Company are managed primarily by the CSR division under Corporate Communications and Public Affairs department at the group level, under the guidance and approval of the Board of Trustees of Engro Foundation. Additionally, all CSR projects are discussed and agreed with the business teams and approved by the senior management and Management Committee of the Company.
- All CSR initiatives and programs are in accordance with the Company's vision and its core values and are guided by the Company's CSR policy and sustainability strategy.
- The Board of Trustees of Engro Foundation and the Board of Directors are empowered to approve social investment initiatives; this approval is granted based on need identification and a detailed assessment of each proposal according to underlying policies.
- The Human Resource (HR) Department has appropriate processes and policies governed by its Code of Conduct and its Leadership Competency Model. To ensure a workplace where employees feel safe, respected and appreciated, EFERT has competitive and transparent policies to attract, induct, develop, retain and motivate its talent. All HR policies and processes are reviewed and stewarded by its Management Committee. Moreover, to ensure that appropriate attention and due care is given to HR matters, the Board has also constituted a

sub-committee for HR matters, the Board People Committee (BPC). All HR policies and processes, including results of annual performance reviews, employee engagements are stewarded by the BPC.

- The HSE division of the Company manages the health and safety of its employees as well as that of its stakeholders and local communities. The division is also responsible for managing environmental considerations of its business operations and stewardship of the Company's strategic plan for sustainable value creation. The head of the HSE division independently reports to the CEO on these matters.
- EFERT has an HSE department at each plant site whose performance is stewarded by the respective plant heads and is also collated at the Company level along with the Head Office and commercial performance, which is stewarded at the central level by the HSE division and the Corporate HSE Committee. The HSE committee is comprised of all divisional heads and is chaired by the Company's CEO.
- The Company's Board of Directors has established a whistleblower system that allows employees, suppliers, customers and contractors to speak about any concerns they have regarding business ethics, safety, environmental performance, harassment, and other employment-related matters, or other possible breaches of compliance. There also exist other platforms for reporting critical concerns to senior management, including our customer hotline, Rehbar, and the irregularity reporting system.
- There are appropriate processes for measuring and monitoring the effectiveness of the Company's CSR initiatives, including its social impacts on society and local communities. Impacts are monitored against the Board-approved CSR budget plan. Whilst, for HR, effectiveness is gauged through the Company's performance appraisal system and annual employee engagement surveys.

EFERT ensures its employees are connected and subscribed to “Workplace from Facebook”, a digital platform that promotes a connected and positive culture even during remote working.



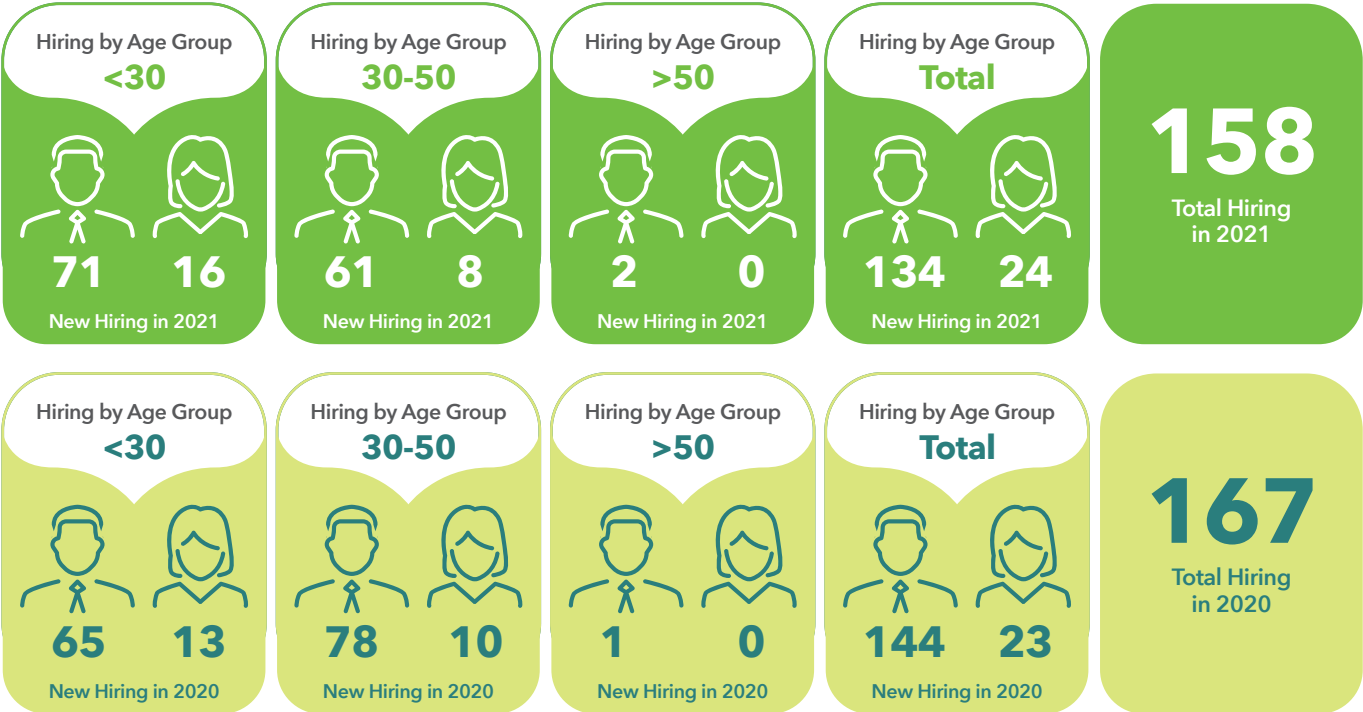


GRI 401: Employment

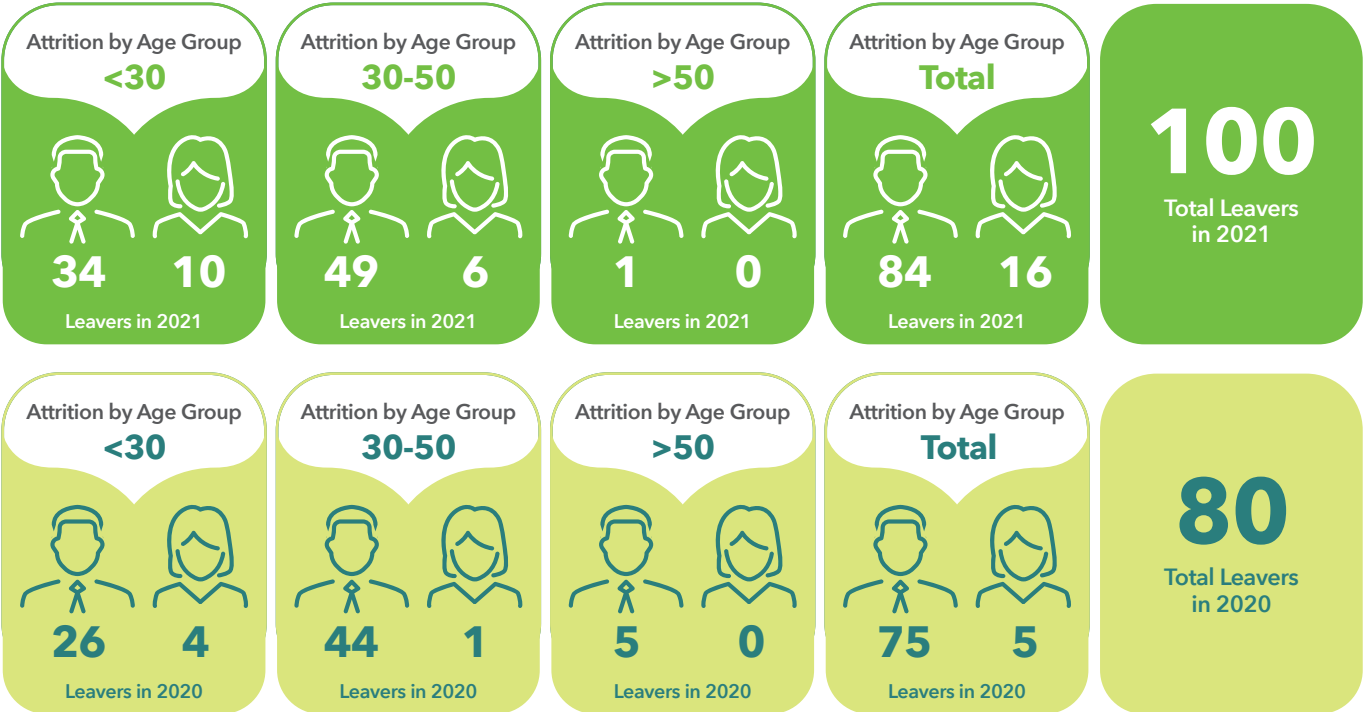
Total number of employees



HIRING

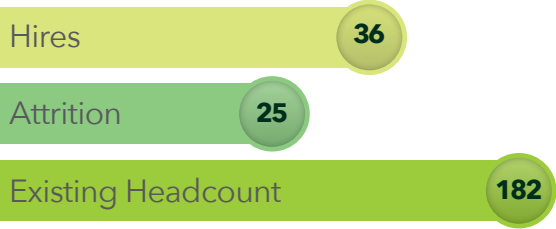


ATTRITION

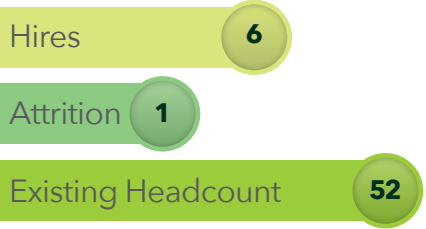


EMPLOYEE DATA BY LOCATION IN 2021

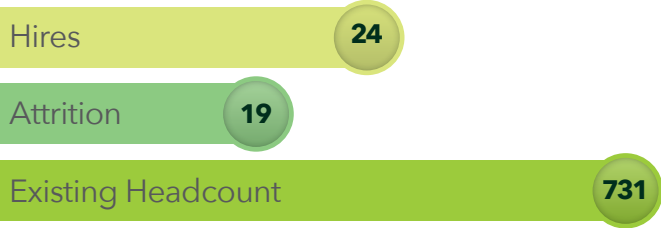
HEAD OFFICE



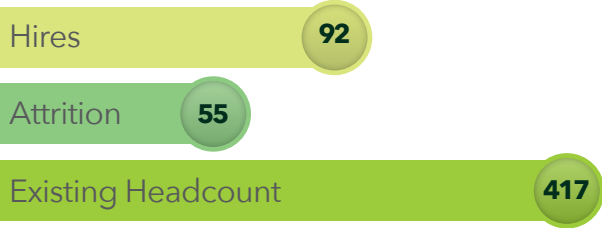
ZARKHEZ PLANT



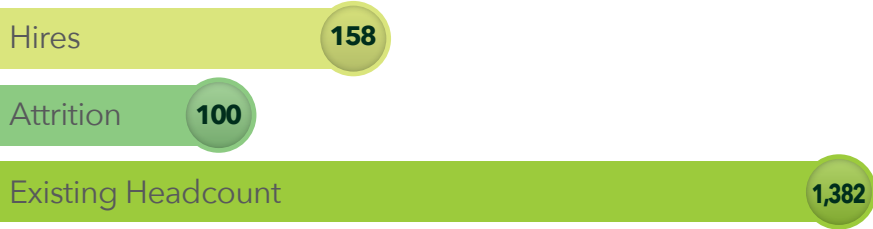
DAHARKI PLANT



ZONAL OFFICES



TOTAL



EMPLOYEE DATA BY CONTRACT TYPE IN 2021

MANAGEMENT EMPLOYEES

Total	913
Male	843
Female	(8%) 70

NON-MANAGEMENT EMPLOYEES

Total	469
Male	465
Female	(1%) 4

TOTAL PERMANENT EMPLOYEES

Total	1,382
Male	1,308
Female	(5.35%) 74

TRADE APPRENTICE (TA)

Total	156
Male	139
Female	(11%) 17

GRADUATE TRAINEE ENGINEER (GTE)

Total	15
Male	10
Female	(33%) 5

GRAND TOTAL

Total	1,553
Male	1,457
Female	(6.18%) 96

EFERT strongly believes in valuing our people. We must consistently treat each other with respect and strive to create an organizational environment in which individuals are fairly treated, encouraged and empowered to contribute, grow and develop themselves and help develop each other.

HR Governance Process

EFERT recognizes its people as being its most valuable asset and therefore, has always prioritized people development. We understand that satisfied and highly motivated employees personify the company's values, ensure continued excellence and lay 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 ecosystem.

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 for review and stewardship of all HR matters, including compensation, organization training and development of people. Management Committee is comprised of all divisional heads of the Company, including the Head of HR and CEO as the Chairman of the Committee.



Principles of EFERT's HR Policies

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



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

Performance Management



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

Compensation and Benefits



- Align rewards policies with the best companies in the market that compete for high-quality talent.
- Clearly link reward policies with performance and potential.

Diversity and Non-Discrimination



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

The BPC and Board approve EFERT's HR policies which are also periodically stewarded by the Board and Management Committee.

The most senior management position that is responsible for all HR matters is the Head of HR position, that reports directly to the CEO at the company level, and indirectly to the Chief People Officer (CPO), at the Group level. Certain people-level policies are also managed by the Engro Group's People division at the parent company. Additionally, each respective plant-based Admin department manages industrial relations at plant sites.

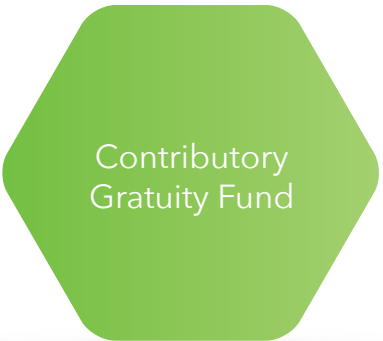
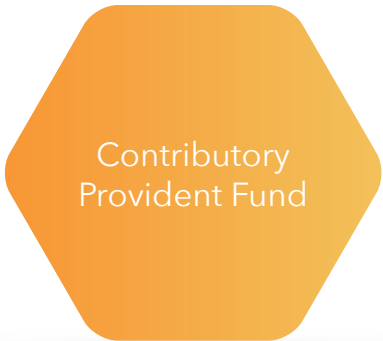
Recently, the HR function was re-modeled to improve HR functional services by inducting HR business partners in three major divisions to enable the HR function to serve better and be "fit-for-purpose", in line with its shared vision.

Employee Remuneration Policies and Processes

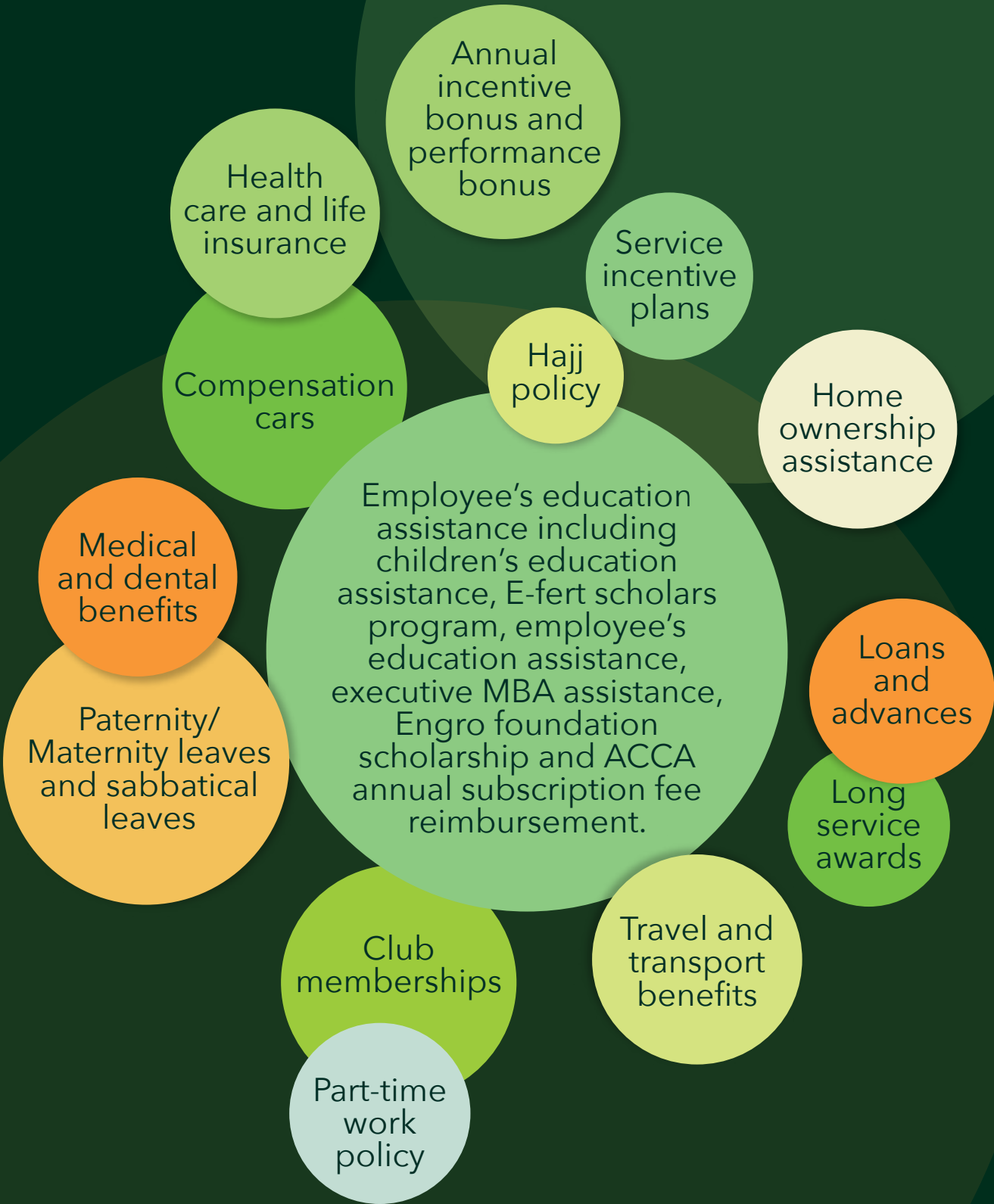
The Company's HR policies ensure competitive and appropriate compensation and remuneration for its employees based on their role, experience and performance. Remuneration for management employees is determined by relevant competitive markets and guided by company policies.

The Company maintains separate funded pension and gratuity schemes for its employees. Employees are eligible for these schemes based on the completion of their 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. The Company and employees, both, make monthly contributions to the fund at the rate of 10 percent of basic salary. Additionally, a service incentive plan is also maintained for a certain category of employees to reward them for their service of at least three years with the Company.

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



Other Permanent Employee Benefits



Streamlining Performance Pay Structure

Engro successfully implemented its Talent Strategy Paradigm focused on Pay for Performance and efficiently ran its yearly promotion, increments and appraisal cycles based on the revised structures designed and formalized along with McKinsey & Company. Through the revised structure, the following areas have been aligned:

- Restructured employees' grading structure by including broader bands and career streams.
- Harmonized salary structures across the group by aligning the rewards mix.
- Redesigned variable pay, effectively rewarding high performance.

POLICY ROADSHOW

Our rewards team introduced “Our Effort For You–Policy Awareness” campaign to create awareness around our HR policies. As part of this initiative, a series of sessions have been conducted to educate and remind employees about all available benefits. Each session has been designed and curated for the specific audience entailing all 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



EMPLOYEE CENTRAL

Employee Central, EFERT’s centralized employee benefits system was successfully launched with a clean interface that allows employees to easily access, learn about and apply for benefits. It also facilitates speedier and more efficient processing of employee requests.

ENGRO FERTILIZERS SCHOLARS PROGRAM

EFERT launched the ‘Scholars Program’ for children of its non-management employees, enabling them to secure education assistance for their children’s university education in top-ranked universities of Pakistan. This initiative provides access to a life-changing opportunity for children of our non-management employees highlighting the Company’s unswerving commitment in supporting its employees.



PARENTAL LEAVES

EFERT offers 15 days of paternal leaves and six months of maternity leaves. In FY2021, maternity leaves were availed by 7 employees.



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.

The Company also conducts an independent annual employee experience survey via a third party. Thus, consistent with last year, the Engro Experience Survey

was successfully rolled out across the Group this year capturing a healthy response rate.

The survey entailed questions focusing on five dimensions - pride, recommendation, job satisfaction, motivation and retention.

Overall Employee Engagement Score



People / Talent Development

People development is at the core of Engro's people philosophy, and is guided by the Group's central idea and leadership competencies framework.

EFERT recognizes the importance of talent management in organizational sustainability and continuity. The Company demonstrates its persistent commitment to harnessing human capital potential by investing in its most valuable asset, its people. This includes the following recent strategic initiatives:

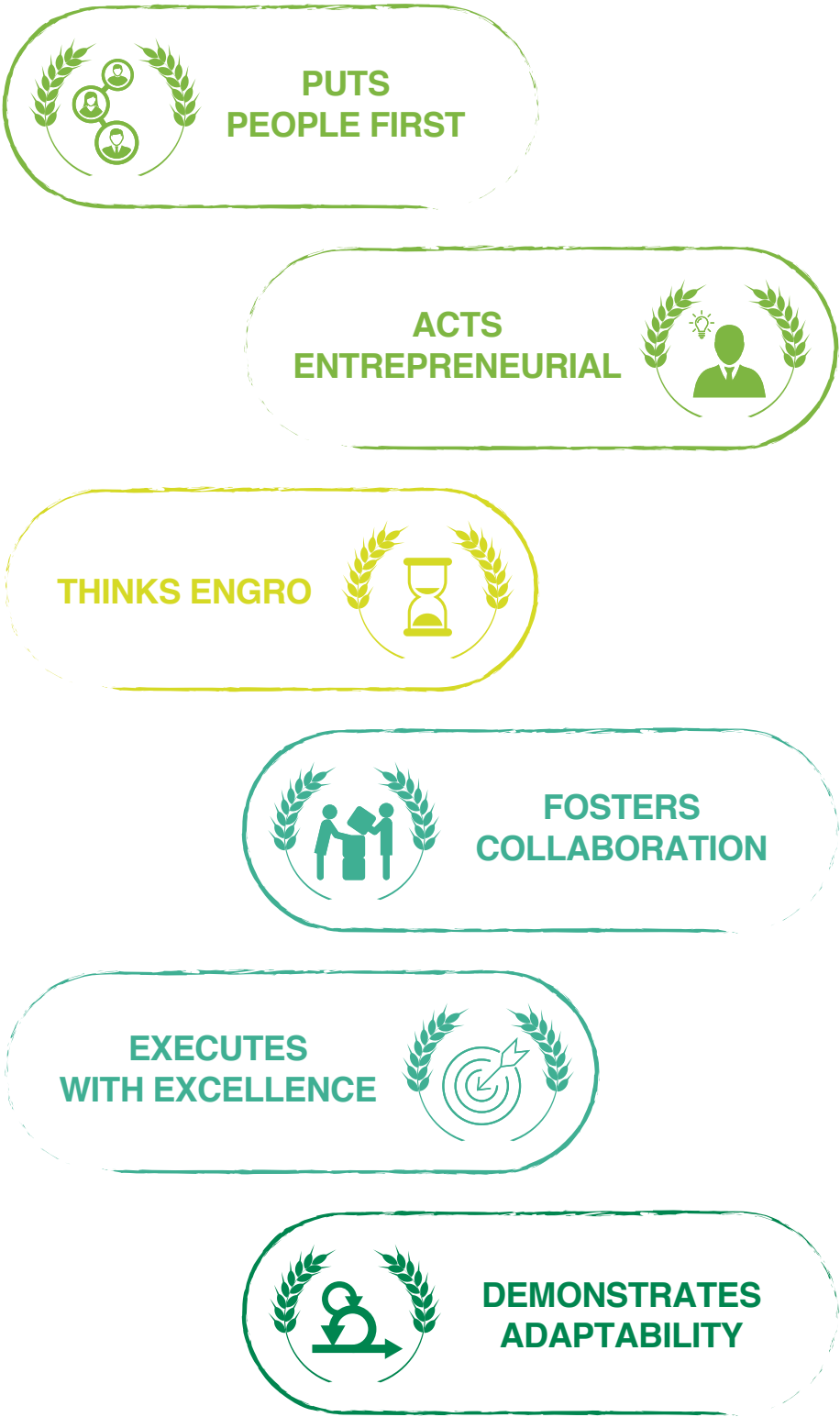


Succession Planning

EFERT has a clear succession planning policy and strategy to ensure seamless business continuity by building a talent pipeline for future leadership positions. Keeping people development at the core and recognizing that change is imminent, the focus is on skill enhancement through an indigenous learning architecture called the Transitional Training Model (TTM) for all current and future business needs to ensure readiness in times of dynamicity.

Career growth for employees has also been mapped keeping in view the individual's potential, experience, display of Engro competencies along with other factors. Each employee is provided training and development opportunities and is equipped with the necessary tools and resources to perform their jobs.

Leadership Competency Model at ENGRO



GRI 403: Occupational Health and Safety

As the Company continues to grow, it continues to increase its focus on health, safety and the environment. We believe in empowering our businesses to deliver the best-in-class HSE performance based on international standards and foster a safety-first culture. Our investment decisions retain adequate provisions for implementing inherent safety features since inception because we are the custodians of people coming to our workplaces.



Disclosure 403-1- Occupational Health and Safety Management System, Disclosure 403 -2 - Hazard, Identification, Risk Assessment, and Incident Investigation.


EFERT’s safety management system at Daharki Plants and its marketing operations are accredited with DuPont Level 4 rating, recognizing its adoption of global best practices on employee health and safety.

The Corporate HSE Committee is responsible for bringing excellence to the health, safety, and environment sectors. The HSE Committee is chaired by the Company's CEO, thus highlighting the focus and importance placed on HSE initiatives, actions and learnings for the Company.

EFERT has implemented an internationally accredited occupational health and safety system at all material locations, including the two plant sites and the Head Office operations. The system has been implemented based on regulatory requirements of the Environmental Protection Act 1997, Industrial Relations Act, National Environmental Quality Standards and the OSHA Guidelines for Health and Safety. Further, the system also addresses the risk management plans of the Company in relation to the health and safety of its employees and workers. The system covers all workers, including the workers who are not employees but whose work or workplace is controlled by the Company.


The Company follows DuPont PSM/ OSH management system. Multiple process risk management studies like PHA / SIL / LOPA / FMEA etc are followed along with high standards of design practices to make plants inherently safe for workers. For OSH matters, HRA and human factor analysis are performed to make sure people are protected and all hazards identified are addressed.

The HSE committee, in its objective to achieve and set the highest standards of HSE has laid out the following action plan and policies:




HEALTH

- Identify and evaluate health risks related to its operations that potentially affect its employees, contractors, or the public.
- Implement programs and appropriate protective measures to control such risks, including appropriate monitoring of its potentially affected employees. Carry out a pre-employment and periodic medical check-up of its employees.
- Provide or arrange for medical services necessary for the treatment of employee occupational illness or injuries and for handling medical emergencies.



SAFETY

- Institutionalize process and behavioral safety practices using the Process Safety Management (PSM) system.
- Keep abreast of the latest international codes, standards and practices and adopt the same where applicable.



ENVIRONMENT

- Implement an environment management system to identify aspects and impacts of our operations on the Environment.
- Engage with stakeholders to maintain a positive relationship and better understanding of environment-related matters and grievances.
- Comply with all applicable environmental laws, regulations and apply responsible standards where laws and regulations do not exist.
- Conserve natural resources & energy by continuously improving our processes and measuring performance.
- Improve continuously our processes to minimize pollution and waste.



EFERT Process Safety Management (PSM) Approach

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.

Integrated Management System (IMS)

The Company has also employed IMS with a vision to ingrain a continuous improvement cycle which enables the Company to continuously assess, envision, plan, and implement. Creating a safe working environment is not just about eliminating safety hazards, it is about implementing safety procedures and inculcating safe practices. It is about people, their attitudes, how they behave and how they think. People are the critical factor in making the workplace safe. Safety management is a means and methodology of changing behaviors leading to a mindset of safety. This change can occur only when everyone in the organization “owns” the culture of safety. The progression from a “reactive” approach to safety based on enforced compliance to an independent ability to take care of oneself as an interdependent “team” approach, illustrates the behavioral change that takes place as a culture of safety takes hold.

The Company’s safety systems are based on DuPont integrated world-class management systems and ISO integrated framework. These systems highlight the elements of leadership, management structure and capacity building. The following are the process and behavioral safety elements which ensure HSE excellence at EFERT:

- Management Commitment
- Policies and Principles
- Integrated Organization Structure
- Line Management Accountability & Responsibility
- Goals, Objectives, and Plans
- Safety Personnel
- Motivation and Awareness
- Effective Communication
- Training and Development

- Audits and Observations
- Incident Investigation
- Contractor Safety Management
- Process Safety Information
- Risk Assessment and Process Hazards Analysis
- Procedures and Performance Standards
- Management of Change - Facilities
- Management of Change -Technology
- Quality Assurance
- Pre-startup Safety Reviews
- Mechanical Integrity
- Management of Change - Personnel
- Emergency Preparedness and Contingency Planning

All workers, activities, and workplaces are covered by the management system. Contractor workers are required to follow the HSE management system while working at our plants. However, contractors are responsible for the health and safety of their workers.

One of the core values at Engro is maintaining people’s safety and health. 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 and reducing carbon emissions.

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. In addition, related KPIs for safety and occupational health are reviewed monthly by the HSE functional committee.

The Company’s safety, environment, occupational health, and industrial hygiene systems align with world-class DuPont management systems. The management system meets the requirements of the standards ISO9001: 2015 (Quality), ISO-14001 2015 (Environmental Management System), and ISO-45001 2018 (Occupational Health and Safety).



Disclosure 403 – 3 Occupational health services, Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety.

The manufacturing of urea is a clean and safe 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.

Various **“Health Awareness Programs”** have been launched in the current year and previously. 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.

During the year, there have been no reported cases of work-related ill-health.

Disclosure 403-5 Worker training on occupational health and safety, Disclosure 403-6 Promotion of worker health, Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships.

Cultivating the HSE-First Mindset

In 2021, following HSE campaigns were designed throughout the year at our Daharki manufacturing site with a prime focus to bring improvements in workplace safety aspects:

- Job Cycle Check - focused on aligning high frequency hazardous activities & SOPs by making fieldwork inherently safe.
- Effective Supervision - focused on training 1st line supervisors on effective supervision techniques and ensuring Safety perspective while job planning & supervising.
- ZERO Injury Drives - aimed with a target to keep the team focused by ensuring compliance to safety requirements of daily routine activities. The focus of these campaigns was to put collective efforts to improve behavioral & inherent safety at the site. This way we improved operational discipline by empowering people to lead various HSE initiatives.

With these programs, we strive to change the mindsets and behaviors of our employees, on a personal as well as professional front.

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 & 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 a 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 2021, the Company achieved the following under this program:

- 550 dealers and 158 farmers engaged in improving safety standards at their farms/warehouses/ dealer shops by displaying safety posters and essential safety equipment – Fire extinguishers, Farm PPEs, First Aid boxes.
- 53 HSE training sessions conducted for farmers on safe farm practices.
- 48 HSE training sessions held at Mandis for dealers and people associated with farming

process safety improvement

In 2021, various process safety studies were initiated focusing on aligning our systems with industrial best practices. Following are details of our process safety efforts:

- DuPont risk-based philosophy being implemented for the first time at DHK site where key threats were evaluated utilizing DuPont's revised approach.
- “Escape Evacuation & Rescue Analysis” study carried out at the site to assess suitability and sufficiency of all access and egress points, from the plant, during any toxic release emergencies. Plan for compliance is being developed.
- Buildings fire risk assessment carried out at site against NFPA codes and standards
- Benchmarking of hazard area classification against API & IEC standards, to improve site practices for installation & maintenance of electrical equipment installed in hazardous areas. Fire & gas detection study initiated for Plant-1 operating areas.

EFERT has also established a dedicated Community Advancement and Emergency Respose **(CAER) Committee** whose primary role is to provide guidance and training to all communities within a three-kilometer radius regarding the Emergency Response of their village in accordance with established HSE procedures and ensuring the social development of these villages.

In addition, our Occupational Health Program places significance on industrial hygiene and occupational medicine. These programs were accustomed to training 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. During the year, there have been no reported cases of work-related ill-health.

Worker trainings

Regular training is conducted covering aspects related to health and safety of employees and product quality. The training calendar includes the following HSE topics:

- Process safety and risk management
- Incident investigation and communication
- Safety training for line supervision
- Personnel safety management
- Health safety and environment fundamentals
- Process hazards analysis
- Work permit system
- Firefighting techniques
- Introduction of occupational health & industrial hygiene
- Environment management systems
- IMS (ISO-9001/14001/18001) training
- First aid and CPR training

Moreover, the HSE committee 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

Safety Day

Safety Day at the Company's plant site is held annually. The full-day engagement is intended to celebrate the Company's achievement of TRIR as well as to promote awareness on TRIR and its containment. The day features the CEO's message on safety, lessons learned from previous incidents and international case studies.

COVID-19 related HSE

In response to the COVID-19 emergency preparedness, the HSE medical and admin team developed strong protocols for the safety of the plant. Stringent measures and control layers were deployed at plant entry and exit with robust preventive disinfection protocols to prevent the disease spread.



Disclosure 403-9 Work-related injuries

	Daharki 2021	Zarkhez 2021
For all employees		
The number and rate of fatalities as a result of work-related injuries	0	0
The number and rate of high-consequence work-related injuries (excluding fatalities)	0	0
The number and rate of recordable work-related injuries	0	0
The main types of work-related injuries	0	0
The number of hours worked (in man-hours)	2.2 M	0.106 M
For all workers who are not employees but whose work and/or workplace is controlled by the organization:		
The number and rate of fatalities due to work-related injuries	0	0
The number and rate of high-consequence work-related injuries (excluding fatalities)	0	0
The number and rate of recordable work-related injuries	0	0
The main types of work-related injuries	0	Falling object and pinching
The number of hours worked (in man-hours)	5.2 M	1.13 M

During 2021, the Company successfully completed two mega plant turn-arounds with ZERO TRIR at the manufacturing sites.

Award-winning Focus on Environment, Safety and Governance

- During the year, the Company received a myriad of awards and accolades in its HSE operations.
- The Royal Society for the Prevention of Accidents (RoSPA) awarded Daharki plant with Gold Standard - Health & Safety Best Performance Award and Zarkhez Plant with Silver Standard - Health & Safety Best Performance Award
 - RoSPA also awarded Engro Fertilizers with "Fleet Safety Gold Award 2021"
 - Our Daharki facility won three prestigious awards from the British Safety Council:
 - International Safety Award 2021
 - Global Best in Manufacturing Sector
 - Best in Country
 - Our Daharki facility was also recognized with International Fertilizer Association's (IFA) industry Stewardship Champion Award 2021
 - NFEH & Fire Protection Association of Pakistan awarded Daharki site with Fire Safety & Environmental Management Excellence Award.

Our HSE Performance

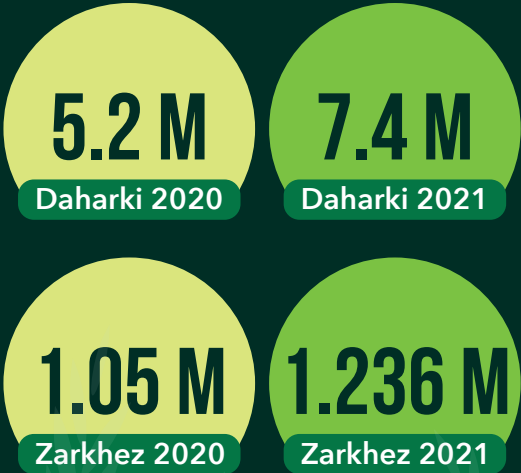
Total Recordable Injury Rate (TRIR)



Loss Workday Injury (LWI)



Total man-hours



Fatalities



Recordable Injuries





HSE related actions taken to combat and contain COVID-19 in our workplaces and surrounding communities:

COVID-19 presented one of the most significant challenges worldwide to health and safety, logistics, manufacturing and work efficiency, among other areas. Since the beginning of the pandemic, the Company has taken multiple steps that have ensured uninterrupted business operations. Strict adherence to SOPs has been implemented at our offices and plant sites to prevent the spread of the virus.

With the health and safety of our employees our highest priority, the company continues to operate a medical help desk facility and on-site quarantine facilities. Furthermore, many initiatives have been introduced to manage employees' morale, including special recognition for front-line staff, counseling sessions for emotional wellbeing and online platforms for social interaction.



GRI 404: Training and Education

The Management Committee is responsible for the review of compensation, organization, training and development matters of all employees. The committee is chaired by the Company's CEO.

TRAINING INITIATIVES:

Learning and Development with Accenture:
Training and development was a focus area for EFERT in 2021. To facilitate employees working from home and for diverse learning opportunities, online/digital programs were explored. EFERT teamed up with Accenture to ensure availability of world class training content online for its employees. A new management workstream for Learning and development was formed in this relation to help employees with the use of online platform and helping them identify suitable training courses based on their needs as well as monitor employee wise trainings status. Employees provided overwhelmingly positive feedback with a significant increase in training hours from last year.

First-time Manager–Developing Future Leaders
EFERT introduced a unique training program specialized for the professional development needs of its first-time managers. This is an end-to-end solution that uses technology to build fundamentals, reinforces critical concepts and facilitates learning through the experiences of peers and senior leaders. The program is used by top quartile organizations around the world and achieved a 92% satisfaction score.

Skills Labs for Young Engineers and Technicians
The instruments & engineering department displayed its commitment towards core skill enhancement by developing a hands-on skills lab facility. The facility is furnished with cut-models of equipment such as motor, transformer, control valve, circuit breakers, etc. Hands-on training on these models and simulators will enable young professionals to enhance their technical expertise.

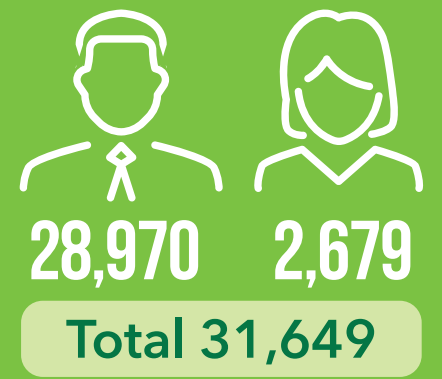
Culture and Engagements – Action learning projects:
A new learning initiative called "Action Learning Projects (ALP)" was launched during the year for EFERT Managers. Cross functional teams were brought together to work on key organizational thematic projects. Around 89 employees were engaged in these projects. These projects involved application of leadership development program and enhanced entrepreneurial skills of employees with presentations to senior management. The project was well appreciated by all employees

Capability and development – Learning & Development Initiatives:
Powerful presence for high impact: Organized learning program for Manager-cadre employees to equip 51 employees with right set of skills required for showcasing a strong presence at workplace. The participants rated the training with a satisfaction score of 97%,

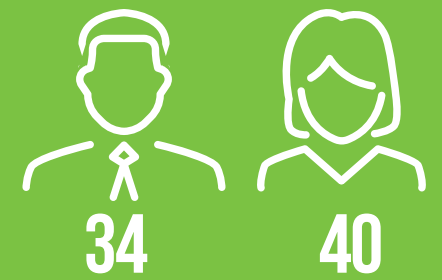
Culture of Change: An intervention to equip over 37 supervisors (in DHK) with the right set of tools that will help in enhancing the ongoing culture of inclusion for all. This gender sensitization training received a 100% satisfaction score.

Several other employee learning initiatives were undertaken during the year which received positive feedback.

Total hours of training



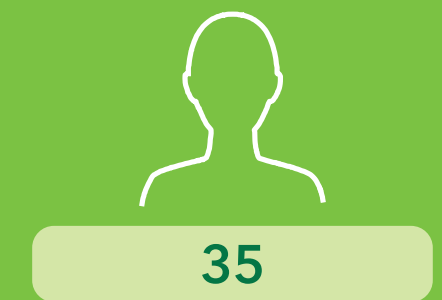
Average hours of training by gender



Average hours of training by employee category



Other management employees



Engro Learning Center: The Company has entered into a partnership with the University of Agriculture, Faisalabad (UAF), to establish the “Engro Learning Center”, including a model farm at the UAF campus.

This is a first-of-its-kind initiative by any industry player in Pakistan, where an organization is working with academia to leverage research, innovation and demonstration of ‘seed-to-harvest solutions’ for the capacity building of young farmers and agrarians. This partnership will bring UAF expertise and EFERT experience together to test and leverage new technologies and effectively showcase EFERT’s products to the farming community through model farms.

These initiatives align with our vision to transform the agricultural landscape of Pakistan while also building the capacity of our young and upcoming agrarians.

Agricultural Internship Program: EFERT’s first-ever internship program for agri-based interns was recently introduced. The program targeted a potential candidate base of around 150 students who went through a recruitment testing pipeline. Of these 150 applications, 19 candidates were awarded the opportunity to experience field-based internships at EFERT.

Maintaining diversity and promoting equal gender opportunities, two female interns were also inducted as part of this field-based Agri Internship program.

Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews

EFERT recently rolled out a new performance management system for its management cadre employees. The new performance management system ensures that the performance appraisals are transparently maintained and includes quality checks by the HR department.

Giving performance feedback is part of EFERT’s culture, where line managers have been trained to provide timely and relevant feedback to their employees.

Performance reviews are also annually performed for all permanent employees present at a certain cut-off date according to the related policy.

All employee performance reviews have been performed and completed.



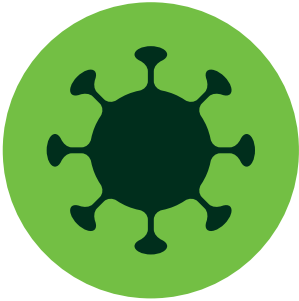
GRI 402 - Labor / Management Relations

GRI 407 - Freedom of Association and Collective Bargaining

EFERT values the diversified skillset of its labor workforce. The Company gives equal importance to efficiency in productivity as well as complying with laws and regulations and international charter and conventions with regards to human rights, diversity and equal opportunity.

EFERT strives to provide a decent and productive workplace for its workers to show case their talents and earn their living. The Company ensures that appropriate focus and time is dedicated to labor-management and

active participation with stakeholders to timely finalize the labor arrangements. Recognizing this, the Company also has a specialized department called the “Industrial Relationship” department to address its labor concerns and manage the related risks with respect to labor management.



Workforce wellbeing during the pandemic
Despite the global pandemic, the Company has been successful in ensuring business continuity in its operations by taking stringent measures for the health and safety of its employees. The Company successfully operated remotely and ensured compliance with all COVID-19 SOPs.



402-1 - Minimum notice periods regarding operational changes

Sufficient weeks’ notice is provided to employees prior to the implementation of significant operational changes that could substantially affect them.

For collective bargaining agreements, provisions are specified after significant consultation with all labor unions and other involved parties. The timeline for such processes stretches to four to five months. The related provisions are incorporated in the CLA agreements.



Freedom of Association and Collective Bargaining

The Company respects the freedom of association rights of entitled employees. There were no cases in which freedom of association or the right-to-collective-bargaining were seriously endangered or breached. However, we are not aware of the breach, of the right to collective bargaining for suppliers due to the non-availability of reliable data.

Our employees enjoy the right of freedom of association without any interference from the Company.



Maintaining High Standards of Labor and Management Relations

The Company takes pride in being labor law compliant Company and always endeavors for the welfare of its employees. It recognizes the important role that the HR function plays in the growth and success of any company.

Better industrial relations management is essential for us. It has maintained industrial peace which is essential for our growth and success over the years. The Company also understands the importance of Collective Labor Agreements (CLAs), which are timely concluded to promote the welfare of employees. The Company strives to resolve any collective and/or individual grievances harmoniously. **This has benefited the Company in the form of continuous and uninterrupted production throughout the year of 2,105 KT during 2021 (2020 : 2,264 KT).**

The Company does not indulge in any form of child labor, forced labor or slavery and strictly complies with local regulations concerning legal minimum age requirements for work permits.

We are aware, that non-compliance with minimum human rights regulations by supply chain partners may have material impact and we support and encourage our supply chain partners to abide by human rights laws and adopt the best available practices in this area.



GRI 405 - Diversity And Equal Opportunity

Board Oversight on Diversity and Equal Opportunity

EFERT welcomes individuals from all walks of life and celebrates **diversity, equality and inclusion** in the workplace. As a diverse and engaged organization, EFERT has taken active measures to introduce policies promoting diversity and inclusion. As part of this vision, EFERT has allocated a seat to a female director on its board of directors.

The leadership at EFERT plays a fundamental role in encouraging all women to progress within their careers and deliver value across all locations, divisions and levels. The goal is to foster gender diversity at all levels within the Company.

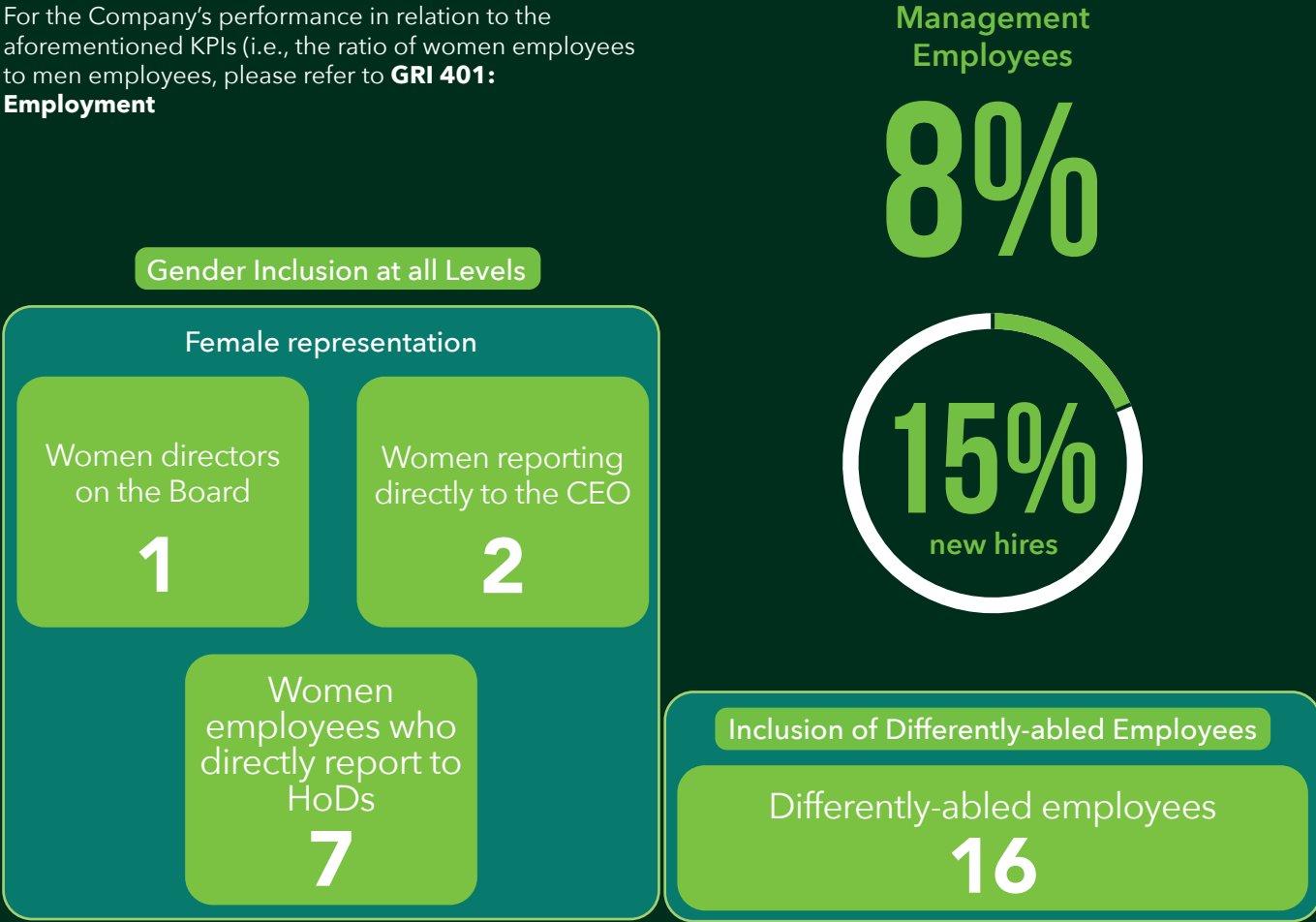
The Board has defined measurable KPIs in this regard which includes:

- The proportion of female employees to the total number of management employees; and
- The proportion of female hires to the total number of hires during the year.

For the Company's performance in relation to the aforementioned KPIs (i.e., the ratio of women employees to men employees, please refer to **GRI 401: Employment**

The Board monitors progress against the said KPIs periodically.

During 2021, the Company has been able to achieve significant headway in this regard and closed the year with female permanent employees representing 8 percent of the workforce and 15 percent of new hires being females. The Company aims to build on this momentum in the future and elevate its status as one of the most diversity fostering entities in the country.



Management Initiatives and Responsibilities

The Company has a documented HR management policy that encompasses the following principles:



A varied workforce is of great value to us. Consequently, we do not tolerate any discrimination based on the race, ethnicity, religion, views, disability, age, or sexual identity of employees.

At EFERT, we take pride in providing everyone an equal opportunity at employment and growth. To proactively infuse the concept of diversity and promote an encouraging environment, the following initiatives have recently been launched:

- Creation of a conducive environment by developing a diverse talent pool, including gender diversity and transforming our hiring practices. Gender-inclusive policies have been developed
- A three point framework for gender diversity has been created, capturing the areas of a gender-inclusive culture, recruitment and retention of women
- Gender sensitization sessions have been conducted
- Organization-wide role mapping exercises were conducted, with priority given to female candidates for new hiring

Pioneers in Promoting Diversity in the Agriculture Industry

At EFERT, we turn dreams into reality through our inclusive culture and gender-friendly policies welcoming women from all walks of life to break barriers and empower them to work.

EFERT led the industry in its gender diversity drive by opening avenues for women in unconventional roles and hiring women from various socio-economic backgrounds as trade apprentices graduate trainee engineers, workshop supervisors, warehouse in-charges and in field-oriented roles.

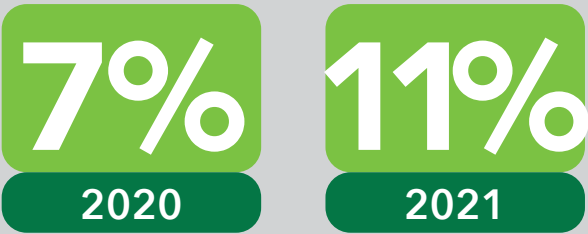
Notable Diversity and Equal Opportunity Actions

- The Finance department launched EFERT Finance Women Forum and successfully addressed concerns raised therein.
- The platform “Women of Impact” was rolled out for professional development of women to bring greater focus on career growth and development of women. The core team from various divisions was formed to mentor the women on their professional career development.
- **Hired women in unconventional roles**
 - First-ever woman hired as a Warehouse Coordinator at Zarkhez Plant.
 - First-ever woman hired as an independent shift engineer at Base Plant Daharki.
 - First-ever woman hired for a field-based role as an Area Sales Manager Hyderabad in the the commercial division.
 - 9 warehouse in-charges,11 additional trade apprentices (NMPTs), 3 in field-oriented roles in commercial division.
 - The Trade Apprentice 2021 batch now includes 11 percent women apprentices which is an exponential increase of 83 percent from the previous year.
- **Break ke Baad**
 - An initiative to encourage professional, experienced women to rejoin the workforce after a career-break, Engro centrally established a 12-month long job contract which allows women to relaunch their careers to improve gender diversity by leveraging experienced talent that is now on a break. Women who have returned to work have previously dealt with a wide range of emotions, including illness, sorrow, relocation, and childrearing. These women return to work more resilient than ever, ensuring that they will remain unmoved in critical situations.



Trade Apprentice
2021 Batch:

Proportion of women
to total apprentices



Recognition and Awards

EFERT secured the first runner up position in the category of "Leadership Commitment" at the prestigious **UN Women 2021 Asia-Pacific WEPs Awards**. The UN platform recognized the Company for its extraordinary efforts in advancing gender equality and economic empowerment of women in Pakistan.

Moreover, EFERT also made a mark at the **Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Conference and Awards, 2021** by winning ten awards in different categories and was recognized as the **Most Inclusive Organization of Pakistan**. The Company won seven best practice awards in Vision strategy and business impact, D&I Structure and implementation, Recruitment, Benefits, D&I communications, Sustainability, and Learning and development. Two progressive awards were presented for Job design, classification, compensation, and Leadership and accountability.

The Company was also recognized for its diverse and inclusive workplace culture at the **CFA Society Pakistan Annual Excellence Awards 2021** and won the **Gender Diversity at Workplace Award**.

The Company remains absolute in its commitment to promote this agenda through the implementation of more robust initiatives.

Disclosure 405-2 Ratio of Basic Salary and Remuneration of Women to Men

EFERT is a propagator of equal pay and equality in all respects for both types of gender. Accordingly, there are no remuneration-related policies that discriminate on the basis of gender.

Board Oversight on Non-Discrimination

A Company's objective is to provide impartial employment and work ethics framework to employees to provide freedom from all forms of discrimination and harassment at the workplace. It is aimed at encouraging employees to treat each other with the same respect and courtesy as we do our family and friends. The Company does not tolerate harassment, discrimination, or abuse of authority of any kind at the workplace, regardless of employee seniority or work relationship. In this regard, the Company also maintains a "Non-discrimination and Harassment Policy", accessible and viewable to all employees at the Company's policies portal.

A whistle-blower policy, Speak-Out!, is also maintained, which allows not only employees but also suppliers, customers and contractors to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment, and any other employment-related matters or other possible breaches of compliance.

EFERT classifies a safe workplace as a critical concern to be addressed. If any of our employees feel that they have been a victim of sexual harassment, they can immediately report to the Sexual Harassment Committee of the Company or reach out to the Ethics and Compliance department at speakout@engro.com.

During FY2021, there were no incidents of discrimination reported.

The goal is to provide an environment free from all forms of discrimination and harassment at the workplace.



GRI 413: Local Communities

EFERT recognizes that a strong foundation for growth is only laid if the growth encompasses the development of the communities in which we operate. Building on this philosophy of inclusive growth, our company has continued to work on engaging communities through sustainable growth initiatives.

Community engagement and infrastructural development are the key components of our social investment strategy that endeavors to improve the general standard of living and play its part in revamping the agri-landscape of Pakistan. We take pride in designing and implementing efficiency-enhancing policies that tend to the needs and values of people residing in our target communities. Keen assessment and optimal delivery are key to our sustainable social interventions.



We aspire to positively impact Pakistan with a focus on, but not limited to:



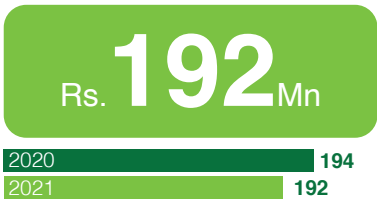
This vision is demonstrated by our CSR division (including Engro Foundation) which strives to improve the lives of people living in low-income communities with impact investments.

Social Fairness: Local Communities Contributing Positively to Stakeholder Interest

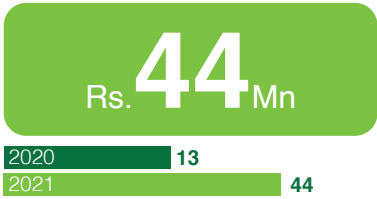
EFERT views social fairness in the highest regard and therefore works towards ensuring sustainable business operations that protect the value chain and contribute to all stakeholder interests. In the case of EFERT, investments in local communities primarily cover geographical areas adjoining its primary manufacturing plant i.e. Daharki, Sindh.

STATEMENT OF CHARITY ACCOUNT

Community & Welfare & Infrastructure



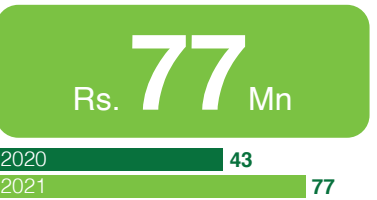
General



Environment



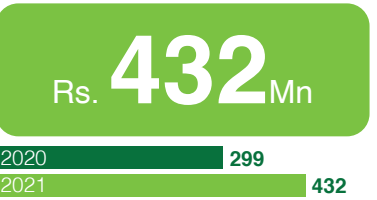
Education



Healthcare



Grand Total



During 2021, multiple initiatives were initiated at ensuring sustainable operations that protect the value chain and contribute to all stakeholder interests.

Healthcare Initiatives

Health projects continue to provide essential services to surrounding communities.

Artificial Limbs Facility

EFERT has established a state-of-the-art Permanent limbs facility at Daharki.

315

Patients
treated
in 2021



Engro Anti-Rabies Facility

- Groundbreaking event by ECORP President and CEO
- The Company completed construction of the Dog Bite facility in just six months and a total of 533 patients have been treated till December 31, 2021.



Snake Bite Facility

The facility continued its operation despite COVID-19 crisis.

6,039

Patients
treated
in 2021



Other Healthcare Initiatives

Hepatitis Treatment and Vaccination



2,928
vaccinations
(first dose)

2,549
vaccinations
(second dose)

700
patients
treated

1,500
Animals
vaccinated

In appreciation of EFERT's efforts, the government appointed one permanent veterinary doctor at Katcha



Livestock Vaccination in Katcha Area

Sahara Clinic

The clinic provides OPD service (free of cost) to the local community



Revamp of
Sahara clinic

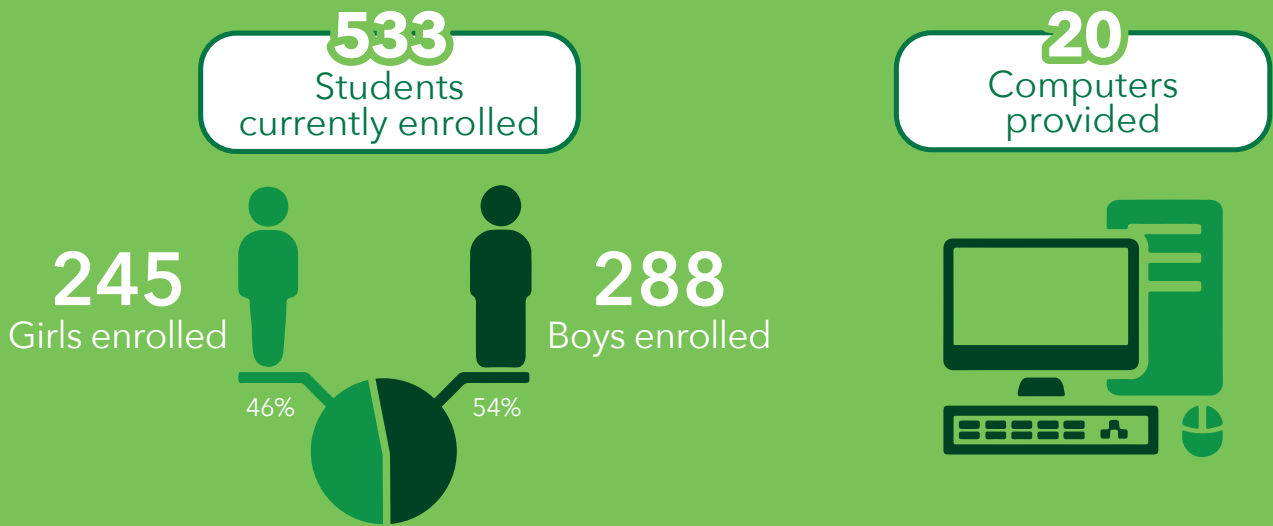
5,805
patients
attended to

Education Initiatives

EFERT strongly believes that education is one of the most critical catalysts for change, and as a result, education has always been amongst the top priority of our CSR strategy.

Sahara School

Established a computer lab and also upgraded school and added new playing area for young students.



Technical Training College

EFERT established the vocational Technical Training Centre (TTC) to provide vocational courses to local communities to empower and facilitate them. A three year diploma is also being offered in the Associated Engineering (DAE) in Chemical and Mechanical Technologies.

TTC students secured top 11 electrical and 14 chemical positions in recent years.

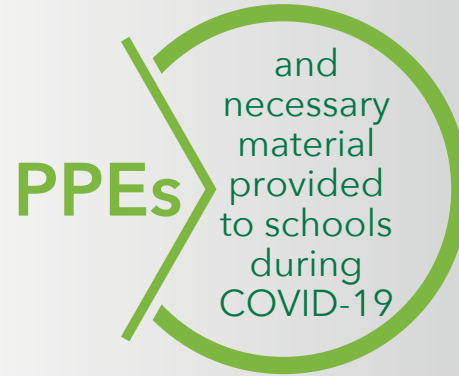


Other Education Initiatives

Engro
adopted
schools



1,625
students
are
currently
enrolled



1700+

boys and girls
are studying
in these schools



Infrastructural
improvements
undertaken

1 Katcha girls
school
upgraded from
primary to
middle school
education

1 Katcha boys
school
upgraded from
middle to high
school
education

13 Operational
schools

Katcha schools



Community Engagement Initiatives

Continuing its commitment towards uplifting the community, EFERT has taken the following initiatives:

Environment Sustainability and Stakeholder's Engagement

- Initiated 17 livelihood projects. Supports marginalized individuals from the community, facilitating them in initiating independent small-scale livelihood programs.
- These projects have employed **50 people**.
- The program supports various micro-enterprises (retail shops, food, stall, or even poultry farms).



Distribution of 50 sewing machines with gift packs to widows of CAER villages.



Clean Water Projects



Flood Relief Campaign at Katcha

- Distributed food items to 200 families



Recently the Company was awarded the Corporate Social Responsibility Award 2020 by Annual National Forum for Environment and Health (NFEH) in the following three categories:

1 Sports

2 Livelihood

3 CSR projects sustainability

Tree Plantation

- Planted trees on a 200-acre land.

Organized Livestock Vaccination Drive with the Contribution of Livestock Department of Sindh at Katcha Areas



Sahara Arts & Craft Center



Infrastructure Development



Infrastructure Improvement

- Daharki Railway Station renovated
- General public waiting area renovated
- General public toilet revamped
- Solar lights installed at railway stations



Distribution of Ration Bags

- The administration team distributed **200 ration bags** in the Jing colony.



Initiatives Specific to COVID-19

EFERT demonstrated that it stands hand-in-hand with the nation in the fight against COVID-19, and remains committed to providing support and assistance to people in the communities in which it operates.

Hussain Dawood (HD) Pledge: To support the country during these times, the Chairman of Engro Corporation and Dawood Hercules Corporation, Mr. Hussain Dawood announced a PKR 1 billion pledge focusing on four verticals:

- Prevention: testing and diagnostics
- Patient care and facilities
- Protecting front line staff
- Livelihoods and sustenance

Till date, EFERT has made the following contributions under the HD pledge to expand testing capacity and promoting quality healthcare:

- PKR 95 million to Indus Hospital to expand COVID-19 testing capacity across Sindh;
- PKR 23 million to Shaukat Khanum Hospital for testing COVID-19 patients; and
- PKR 4.8 million to Sehat Kahani for promoting quality remote healthcare.



Initiatives in the Surrounding Communities: The company has taken multiple steps to prevent the spread of COVID 19 in the surrounding communities. These initiatives include:



Patient Care and Facility

- 176 beds facility at TTC
- Free of cost medical services for the general public
- Boarding and lodging arrangements for those who were isolated
- Severe cases were shifted to hospitals from this isolation facility

Prevention: Testing / Diagnostics

- Established COVID-19 testing facility with the help of Indus Hospital at TTC Daharki
- Free tests for public
- 3,000+ PCR tests conducted
- 6,000+ antibody tests conducted



Protecting Community & frontline staff

- 40,000 face masks distributed
- 8,000 PPEs kits distributed to Doctors and paramedic staff
- 1,500 sanitizers and 35 temperature guns distributed at public places, courts, and adopted schools
- Disinfection tunnels and 40 handwashing stations installed at public areas
- Daily disinfection of public spaces for **five months**
- Awareness campaign about COVID-19 for the general public

Livelihood & sustenance

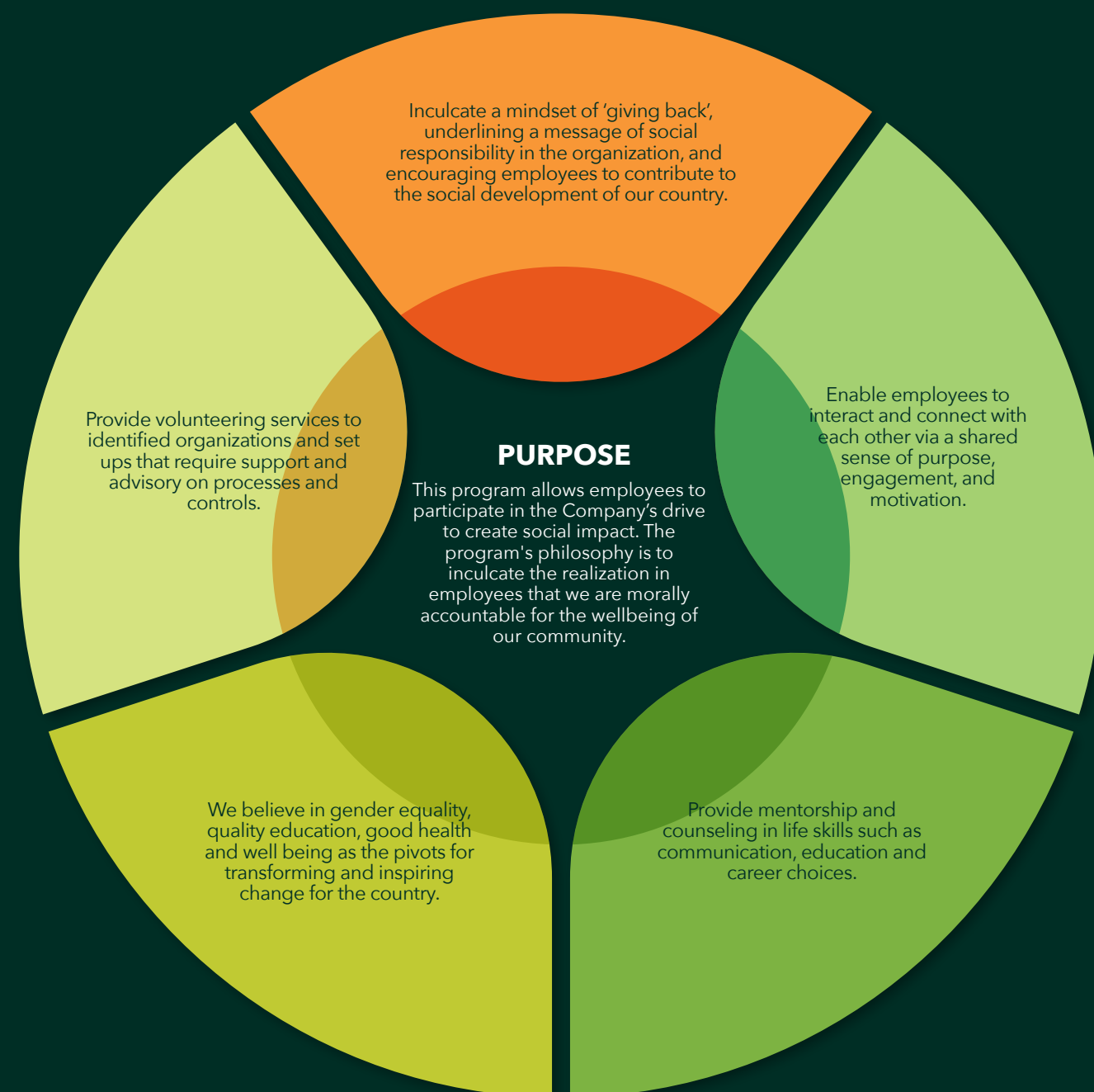
- Distributed 2,000 food ration bags to widows and those who were out of their jobs during COVID 19
- Engro community volunteered and distributed 500 additional ration bags to underprivileged families

In recognition of COVID-19 related initiatives, the National Forum of Environment and Health (NFEH) recognized the Company at the 17th Environmental Excellence Awards on Best Performance during COVID-19 for carrying out the following initiatives to support the local community.



Role of EFERT's People in Sustainability

Employees at EFERT actively contribute towards Company's CSR activities. In this regard, a unique initiative "Engro Ehsaas" was launched in 2019.



The program engages employees in various activities reflecting EFERT's commitment to serving our community. Following the resurgence from COVID-19, the program is growing with a focus on regular engagement with those in need.

Pandemic Recovery Plans And EFERT's Fight Against COVID-19

The World Health Organization declared COVID-19 a global pandemic. In response to the virus and the growing number of cases in Pakistan, the Government of Pakistan provided directions and implemented a country-wide lockdown during 2020.

Later, as the COVID-19 situation improved, the Government gradually eased the lockdown to support the economic revival. However, manufacturing, transportation, distribution, and selling of essential commodities, including fertilizers, seeds, and pesticides, remained permitted during the lockdown.

The COVID-19 outbreak gravely affected the lives of people and businesses globally and forever changed the way the world functioned. Companies and corporations had to navigate through unfamiliar territories and adjust to a new normal of transacting and carrying out their daily activities safely.

Being a provider of essential commodities, the Company's financial position and performance were temporarily affected by the pandemic. EFERT's practical and structured recovery plan for COVID-19 was developed and implemented with timely actions, seamless implementation of the Company's BCP, EFERT witnessed a complete turnaround and recovery.

The logistics department was one of the few departments that were hit hard due to the wave of the virus. However, it did not stop our logistics departments from maintaining seamless operations. SOPs were created and strictly implemented to ensure the Safety and Health of staff. Multiple handwash stations have been installed, social distancing measures put in place, face masks are provided to our truck drivers, and personal protocols are strictly followed. In addition, regular disinfection is carried out at logistics and SD departments to prevent the spread and transmission of the virus.

EFERT ensured business continuity while adopting safety protocols to ensure the health and safety of Engro employees and the community. The Company has a documented Disaster Recovery Plan (DRP) and BCP, which describes business continuity and recovery strategies and related procedures for the Company in scenarios such as natural disasters, including epidemics and pandemics. In addition, there are policies and procedures in place so critical business processes can be managed with minimal interruption. EFERT also quickly adapted to the new norms of working and led the industry in automation by digitizing various sections and virtually managing the process.

COVID-19 has changed the way of living across the world. It is essential to keep up with the times and find solutions to maintain normalcy in our lives. EFERT strives to set an example for the rest of the country and thus began its transition to this new world with great valor.

EFERT's Role in Nation's Fight Against Pandemic:

EFERT remained cognizant of its strategic role in Pakistan's agricultural landscape during these challenging times and, for this purpose, rose to combat the nation's fight against the pandemic; Mr. Hussain Dawood, Chairman of Dawood Hercules Corporation and Engro Corporation pledged a contribution in services, kind, and cash of PKR 1 billion for short, medium and long-term. The pledge focuses on disease prevention, protecting and enabling healthcare practitioners and frontline workers and enabling patient care and facilities. As part of the pledge, the Company extended financial assistance of PKR 95 million to The Indus Hospital to expand their COVID-19 testing capacity across Sindh to strengthen the health sector. Furthermore, under these testing times, free of cost Sindh Screening Program was launched by Engro Fertilizers to ensure testing facilities across rural Sindh, especially in cities like Larkana, Nawabshah, Jamshoro, Sukkur, Tharparkar, and Badin that had seen rising number of COVID-19 cases.

To further alleviate the impact of COVID-19, Engro expanded its 60-bed quarantine facility to 176 beds at the TTC in Daharki, a dedicated facility for the general public of Daharki city and surrounding villages.

The HSE department at Daharki carried out fit-testing for masks worn by medical staff, per OSHA recommendations, and conducted specialized training of medical staff.

EFERT fully recognizes the financial burden of the cost that COVID-19 tests can place on our employees. Therefore, EFERT provided COVID-19 outpatient medical assistance to all employees on direct contract with EFERT.

The Company recognizes that our women farmers play a crucial role in providing for their families and communities.

EFERT recognizes the contribution these women make and therefore conducted an impact survey to understand the difficulties they were facing in these uncertain times, not just in their capacity as farmers but as indispensable members of their households. We were happy to conclude that these women were well aware of the severity of this virus and thus prioritized their families' wellbeing, by taking precautionary measures to avoid its spread.



GRI 417: Marketing and Labeling

The Company's supply of fertilizer products is regulated by national and international chemical and product-related standards. The Company is fully committed to complying with such regulations and follows, the strictest standards when making decisions based on its policies and procedures. Statutory regulations always comply.

Disclosure 417-1 Requirements for Product and Service Information and Labelling

We are cognizant of our role in the nation's fertilizer supply with over 36 percent market share in the country. Therefore, we strive to set the industry standard across the fertilizer industry.

Having the right product quality, with the declared physical and chemical features, provides the basis for crop nutrition solution offerings. Thus, the Company follows the standards set by the Pakistan Standard and Quality Control Authority. The Company also adheres to the Provincial Fertilizer Control order under the Punjab Fertilizer Act, 2018 and the Sindh Fertilizer Act, requiring the printing of information about the net weight of the bag, the chemical name of the fertilizer, chemical composition, manufacturer, marketer, and price. Relevant health and safety information is also mentioned on our product packaging, we have dedicated staff trained on labeling per applicable laws and regulations.

The Company also adheres to laws, standards, and voluntary codes related to advertising, promotion, and sponsorship. The voluntary standards include but are not limited to fair competition, ethics, social norms, cultural values, and honest disclosure of

benefits and features of the product. Regular compliance reviews are also undertaken regularly by the Company's senior management.

During the year, the Company has also taken measures, pledged to invest and worked closely with the taxation authorities initiative of implementing a Track & Trace System which shall ensure transparency in revenue collection. New tracing devices shall be appended to the Company's fertilizer bags during the production process.

All products were in compliance with the labeling requirements specified by the laws and regulations.

We have in place standards for marketing our products to ensure that they meet our customers' expectations. The company monitors and carries out regular reviews of all business aspects and processes to ensure that they conform to its commitment to sustainability. We aim to produce only quality products that correspond to international standards and are accompanied by the required labeling information. The product marketing lies with the marketing division within the Company's Commercial department.

Disclosure 417-2 Incidents of Non-compliance Concerning Product and Service Information and Labeling

Disclosure 417-3 Incidents of Non-compliance Concerning Marketing Communications

There were no incidents of breaches against applicable law and voluntary codes of practice in relation to the labelling of products and services.



13. INDEPENDENT ASSURANCE STATEMENT

BSD Consulting-an ELEVATE Company performed an independent review of Engro Fertilizers Limited (EFERT) Sustainability Report 2021 (the report). The report was prepared in accordance with Global Reporting Initiative's (GRI) Standards: Comprehensive option and was also guided by the Integrated Reporting (<IR>) framework. Furthermore, the Sustainability Accounting Standard Board's (SASB) Chemical Industry Standard, Sustainable Development Goals (SDGs) and the Global Compact Principles (GC) have been considered in the disclosure of data. The objective of the critical review is to provide EFERT's stakeholders with an independent opinion about the quality of the report and the adherence to the AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact, as well as an evaluation against principles and elements of the Integrated Reporting (<IR>) framework and associated with multi-capital concept.

Independence

We work independently and ensure that none of the BSD staff members maintained or maintains business ties with EFERT.

Our Qualification

BSD Consultant is part of ELEVATE, a global firm specialized in sustainability advisory and assurance and a licensed as assurance provider by AccountAbility. The review process was conducted by professionals with experience in independent assurance and sustainability reporting.

Responsibilities of EFERT and BSD

The management of EFERT has prepared the report and is responsible for all its content. BSD was responsible for the independent review and expressed an independent conclusion on the report, with the focus on the sustainability performance disclosed in the Sustainability Report section. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance placed on the report by any third party is entirely at its own risk.

Scope of Assurance

The scope of our work covers information included in the EFERT's Sustainability Report 2021 and information referenced in the Content Index and contained in the Annual Report 2021. The report disclosure's period is January 1st, 2021, through December 31st, 2021. The work considered the requirements of the International Standard on Assurance Engagement (ISAE) 3000-(Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", being co-reviewed by Nadeem Safdar & Co, Chartered Accountants.

It was task of BSD to express an opinion in relation to the review scope, which includes the following aspects:

- Review of qualitative and quantitative information (sustainability performance data) reported and referenced in the report.
- Evaluation of the disclosure in the report to check adherence to the GRI's Universal and Topic Specific Standards.
- Evaluation against principles and elements of the Integrated Reporting (<IR>) framework and the associated multi-capital concept
- Adherence to the principles of Inclusivity, Materiality and Responsiveness and Impact.
- Adherence of the review process to the International Standard on Assurance Engagement (ISAE) 3000-(Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" to provide limited assurance on sustainability performance data included in the report.
- Review of the Sustainable Development Goals (SDGs) linkage with GRI Standards General and Topic Specific Disclosures reported in the SDG Index.

Limitation and exclusions

The verification of financial figures and sustainability performance data was not in the scope of the engagement.

Methodology

The methodology applied was a desk review of the report and the following approach was applied during the review process:

- Critical review of the report's draft version and the GRI Content Index to check consistency and adherence to GRI's Universal and Topic-Specific Standards.
- Evaluation of report's adherence to GRI Standards in accordance: Comprehensive option.
- Analysis against the Integrated Reporting principles, content elements and the concept of the six capitals.

- Analysis of the report against AccountAbility's Principles of Inclusivity, Materiality, Responsiveness and Impact
- Elaboration of three adjustment reports and review of adjustments made
- Final review of the report content.
- Elaboration of the Independent Review Statement.

The work was planned and carried out to provide limited, rather than reasonable assurance and we believe that the desk review of the report completed by BSD provides an appropriate basis for our conclusions.

Opinion

GRI Standards in accordance option:

The report declares being in accordance with the GRI Standard: Comprehensive option. After the review process, we confirm the "Comprehensive" application level. During the review process, recommendations to complete the disclosure items have been made by BSD and have been implemented accordingly.

Analysis against <IR> framework Principles and Capitals:

BSD has evaluated the application of IIRC Guiding Principles, Content Elements and Capitals referenced in the Annual Report. We consider that the Framework elements and principles have been applied. While the details provided in sections on Risk Management, Resource Allocation and Governance excel, we consider that information on Intellectual Capital and Future Outlook needs to be more expressive in future reports. Also, the principles of Connectivity and Conciseness remain as challenges for the next editions and more references could be used to avoid duplication of data in two reports.

Main Conclusions regarding the AccountAbility Principles:

BSD reviewed the report to analyze adherence to the AccountAbility's Principles of Inclusivity, Materiality, Responsiveness and Impact. For this report, relevant considerations of this analysis were the following:

- EFERT has developed a list of material issues based on stakeholder engagement process held during the operation and all material topics have been addressed in comprehensive manner by the Company.
- Although the list of material topics considers the most relevant impacts of the business, we recommend developing specific engagement processes for the next report's development.
- The Company has responded to the current context of Covid-19 by providing assistance to clients and to the community and introducing specific protocols and subsidies for employees.
- With reference to environmental impacts, first baseline data has been provided in the report. We recommend to further analyze the carbon footprint in the value chain and determine concrete improvement goals for indicators related to the topics of Energy, Emissions, Materials and Water and Effluents.

Final Conclusion

Based on the scope of our work and the assurance procedures we performed using the ISAE 3000-(Revised) -"Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", we conclude that nothing has come to our attention that causes us to believe that the information referring to sustainability performance in EFERT's Sustainability Report 2021 is not fairly stated in all material aspects.

São Paulo, May 05, 2022



Beat Grüninger,
Partner, BSD Consulting – an ELEVATE company



Islamabad: May 05, 2022



Nadeem Safdar, FCA
Managing Partner
Nadeem Safdar & Co. Chartered Accountants
ICAP Membership No. 2396

14. APPENDICES

The SDG Compass And EFERT's Contribution

Accountability & Transparency

UN Sustainable Development Goals Driving the Strategy



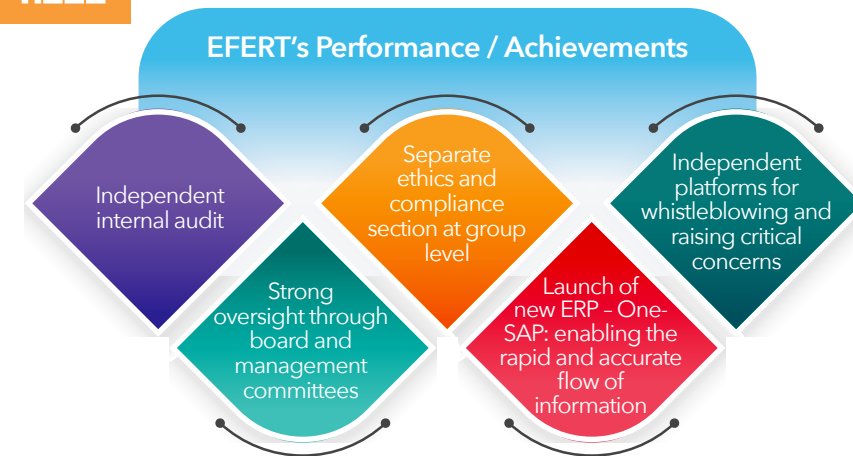
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal:
Strong focus on ethical values and corporate governance

Target:
Ongoing



Make cities and human settlements inclusive, safe, resilient and sustainable



Socioeconomic Transformation

UN Sustainable Development Goals Driving the Strategy

Goal:
Invest **1%** of Profit before tax towards social causes

Target:
Ongoing

- Leading Agri-industry in Innovation
- Continue to invest in innovative products that boost crop yield and promote healthy fruit production
- Investing in farmers development to support Agri value chain



End poverty in all its forms everywhere



End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Ensure healthy lives and promote wellbeing for all at all ages



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Reduce inequality within and among countries



Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation



Encourage and promote effective partnerships, mobilizing experience, knowledge, and technology or financial resources.

Strategic areas of focus

Continue to positively impact communities in the fields of education, livelihood, health and infrastructure.

Upgrade technological development of the industrial sector by encouraging innovation and increased development spending

Helping our farmers grow

Social Investments

Medical Infrastructure

Permanent Limbs facility, Ant-rabies facility, Snakebite facility and Sahara Clinic.

Community Engagement Initiatives:

- 17 livelihood projects, distribution of sewing machines,
- flood relief campaign at katcha,
- Sahara Arts & Craft and others

Customer Relationship Management System

- "Hamsafar" Orders self-booked by the dealers constituted well over **90%** of total revenue
- EFERT pioneered the concept of Electronic Bank guarantee in Pakistan
- **Shaandaar Kissan Program** -Launch of a digital platform for the development of farmers
- Collaboration with Product specialists to promote better crop management
- Launch of Engro Zarkhez Khaas and NP Plus: value-added products that improve crop yield and boost productivity

Educational Infrastructural Investments

Engro adopted schools, Sahara and TTC. Also infrastructural improvements to Katcha schools

Clean Environment

- 2 new RO plants installed
- Trees plantation at **200** acres of land

Infrastructure Renovation

Renovation of the railway station, public waiting areas, solar lights installation at public places, installation of sewerage/ connection lines

COVID-19 Initiatives

- Hussain Dawood Pledge
- 200 ration bags distributed
- 176 beds facility at TTC
- Frontline staff support and provision of PPEs and COVID-19 kits

- **1,527** Farmer advisory sessions
- **38,318** Farm visits to provide specialist guidance
- **51,000+** free of cost soil samples tested
- Investment in farmer subsistence programs
- Warehouse receipt financing program launched for the farmers
- Mobile soil testing laboratories for the farmers
- Shandaar Kissan program -Providing seed to harvest solutions to **3000+** selective farmers
- PAVE project - Improving lives of smallholders farmers - **4400+** lives influenced



Awards and Recognitions



Environmental Conservation

UN Sustainable Development Goals Driving the Strategy



Ensure sustainable consumption and production patterns



Ensure availability and sustainable management of water and sanitation for all



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal: Target:

Lining of 1 evaporation pond	2023
Evaluation of Alliance for Water Stewardship (AWS) mode of DHK site	2023
Continue stakeholder engagement with local community through CAER program	Ongoing
Execute ENCOP-3 noise reduction project DHK-site	2023

Strategic areas of focus

Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle and significantly reduce their release to air, water, and soil in order to minimize their adverse impacts on human health and the environment

Substantially reduce waste generation through prevention, reduction, recycling, and reuse

Achieve the sustainable management and efficient use of natural resources

Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally



Take urgent action to combat climate change and its impacts



Strengthen the means of implementation and revitalize the global partnership for sustainable development

EFERT's Performance / Achievements

- GHG emissions intensity ratio of 0.91 MT CO2/ urea MT
- Strategic initiatives: CO2 emissions neutralized by 12.9Mn trees
- The lining of 90% of evaporation ponds was completed
- Investment in 20-inch line to speed up effluent disposal
- 85% of waste recycled
- Consistent reduction in water footprint over the years
- The energy intensity ratio of fuel gas of 10.53 GJ / MT
- Process safety studies related to Blast Resistance Control Rooms and Modernized Safe Heavens at Site
- Risk assessment workshops (HAZOP / LOPA and Inherently safety Program
- 270,000 Trees planted so far on 200 acres of land
- Significant reduction in paper usage through various digitization initiatives
- Establishment of a dedicated Community Awareness Emergency Response Committee providing HSE training to all communities present within 3kms



Awards and Recognitions



Annual Environment Excellence Award – Daharki & Zarkhez Plant



Sustainable, Agriculture & Forestry Award



8 Green Office Awards



Green Leaf Runner-Up Award

Wins in Occupational Health and Safety



Platinum Award in Occupational Safety and Health



Annual Fire Safety Excellence Award



- International Safety Award Merit
- Country Best Joint Award
- Overall Country winner in International Safety Awards



Health and Safety Silver Award



Community Advancement Award

10 wins in Global Diversity and Inclusion:

- Second position overall with recognition for best practices in:
- Structure;
 - Recruitment and development;
 - Learning and Education;
 - Sustainability
- 3 progressive awards for:
- Benefits;
 - Assessment, measurement and research; and
 - D&I communications.

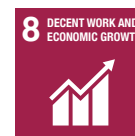


Striving for Corporate Excellence

UN Sustainable Development Goals driving the strategy



Ensure healthy lives and promote well-being for all at all ages



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all



Achieve gender equality and empower all women and girls

Goal: Target:

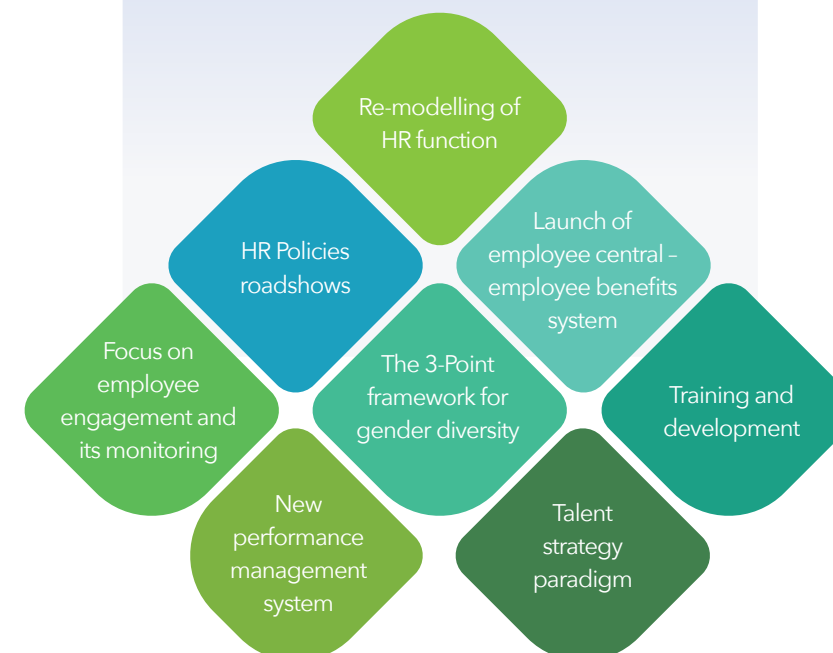
Zero lost workday injury & Fatality	Ongoing
Roll out DuPont Risk based program at DHK site	2023
Execute Asbestos replacement project (11% reduction of 2021 baseline)	2023
Continued focus on talent development and engagement	Ongoing
Improve diversity and inclusion	Ongoing

Strategic areas of focus

Occupational Health and Safety
People development and engagement

EFERT's Performance / Achievements

Zero lost workday injury,
TRIR 0.00 at Dahark, 0 at Zarkhez



GRI Index

The Following table has been provided to facilitate readers in locating content within the document and specifies each of the GRI Standards used and lists all disclosures included in the report.

Complete disclosure
 Partial / Incomplete disclosure

GRI Standard	Disclosure	Disclosure Status	Reference
GRI 102: General Disclosures			
102-1	Name of the organization		Pages 1- 2
102-2	Activities, brands, products, and services		Please refer pages 48 – 59 of the Corporate Annual Report 2021
102-3	Location of headquarters		Please refer page 17 of the Corporate Annual Report 2021
102-4	Location of operations		Please refer pages 42-43 of the Corporate Annual Report 2021
102-5	Ownership and legal form		Please refer pages 18 - 19 of the Corporate Annual Report 2021
102-6	Markets served		Please refer pages 42 - 43 of the Corporate Annual Report 2021
102-7	Scale of the organization		Please refer pages 44 - 47 of the Corporate Annual Report 2021
102-8	Information on employees and other workers		Please refer pages 44 - 47 of the Corporate Annual Report 2021
102-9	Supply chain		Pages 19 -20
102-10	Significant changes to the organization and its supply chain		Pages 19 -20
102-11	Precautionary principle or approach		Page 5
102-12	External initiatives		Please refer pages 82 – 85 of the Corporate Annual Report 2021
102-13	Membership in associations		Please refer pages 82 – 85 of the Corporate Annual Report 2021
Strategy			
102-14	Statement from senior decision-maker		Please refer pages 190 – 191 of the Corporate Annual Report 2021
102-15	Key impacts, risks, and opportunities		Please refer pages 128 to 137 of the Corporate Annual Report 2021
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior		Please refer pages 64 –69 and 122- 125 of the Corporate Annual Report 2021
102-17	Mechanisms for advice and concerns about ethics		Page 11 – 18. For more details, please refer page 122 – 125 of the Corporate Governance in the Corporate Annual Report 2021

GRI Standard	Disclosure	Disclosure Status	Reference
GRI 102: General Disclosures			
Governance			
102-18	Governance structure		Please refer pages 108 – 121 of the Corporate Annual Report 2021
102-19	Delegating authority		Please refer pages 108 – 121 of the Corporate Annual Report 2021
102-20	Executive-level responsibility for economic, environmental, and social topics		Page 18
102-21	Consulting stakeholders on economic, environmental, and social topics		Page 25 - 31
102-22	Composition of highest governance body and its committees		Please refer pages 112 and 117 of the Corporate Annual Report 2021
102-23	Chair of the highest governance body		Please refer pages 108 – 112 of the Corporate Annual Report 2021
102-24	Nominating and selecting the highest governance body		Please refer pages 108 – 121 of the Corporate Annual Report 2021
102-25	Conflicts of interest		Please refer pages 65, 110 and 125 of the Corporate Annual Report 2021
102-26	Role of highest governance body in setting purpose, values, and strategy		Pages 11 – 16. For more details, please refer pages 108 -121 of the Corporate Annual Report 2021
102-27	Collective knowledge of highest governance body		Please refer to pages 108 -121 of the Corporate Annual Report 2021
102-28	Evaluating the highest governance body's performance		Pages 13 – 15. For more details, please refer pages 108 -121 of the Corporate Annual Report 2021
102-29	Identifying and managing economic, environmental, and social impacts		Pages 13 – 15, 21 – 22
102-30	Effectiveness of risk management processes		Please refer pages 128 – 137 of the Corporate Annual Report 2021
102-31	Review of economic, environmental, and social topics		Pages 5 – 10, 13 - 15
102-32	Highest governance body's role in Sustainability Reporting		Pages 11 - 18
102-33	Communicating critical concerns		Please refer to pages 124 - 125 of the Corporate Annual Report 2021
102-34	Nature and total number of critical concerns		Page 16. For more details, please refer pages 124 - 125 of the Corporate Annual Report 2021
102-35	Remuneration policies		Page 69. For more details, please refer pages 109-110, 151 and 267 of the Corporate Annual Report 2021
102-36	Process for determining remuneration		Page 69. For more details, please refer pages 109-110, 151 and 267 of the Corporate Annual Report 2021
102-37	Stakeholders’ involvement in remuneration		Page 69. For more details, please refer pages 109-110, 151 and 267 of the Corporate Annual Report 2021
102-38	Annual total compensation ratio		Sensitive and proprietary information
102-39	Percentage increase in annual total compensation ratio		Sensitive and proprietary information

GRI Standard	Disclosure	Disclosure Status	Reference
GRI 102: General Disclosures			
Stakeholder engagement			
102-40	List of stakeholder groups		Pages 25 - 28
102-41	Collective bargaining agreements		Page 87
102-42	Identifying and selecting stakeholders		Pages 25 - 28
102-43	Approach to stakeholder engagement		Page 25 - 28
102-44	Key topics and concerns raised		Pages 25 -28
Reporting practice			
102-45	Entities included in the consolidated financial statements		Page 1 -2. For more details, please refer page 294 of the Corporate Annual Report 2021
102-46	Defining report content and topic boundaries		Page 1 -2
102-47	List of material topics		Page 32 - 33
102-48	Restatements of information		Pages 1- 2. This is the first time that the report is being published. No restatements in the financial statements.
102-49	Changes in reporting		Page 1 -2. This is the first time that the report is being published. Therefore, not applicable.
Material Topic: Economic Performance			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Page 33
103-2	The management approach and its components		Page 34
103-3	Evaluation of the management approach		Page 34
103-1	Explanation of the material topic and its Boundaries		Page 33 - 34
GRI 103: Management Approach 2016			
201-1	Direct economic value generated and distributed		Please refer page 242 of the Corporate Annual Report 2021
201-2	Financial implications and other risks and opportunities due to climate change		Page 44
201-3	Defined benefit plan obligations and other retirement plans		Please refer pages 332 - 337 of the financial statements of the company for other disclosures in relation to defined benefit obligations and other plans (note no. 37 of Consolidated Financial statements) included in the performance review section of the Corporate Annual Report 2021
201-4	Financial assistance received from government		Please refer page 313 - 314 for the details of receivables outstanding (note no. 11 of Consolidated Financial Statements) included in the performance review section of the Corporate Annual Report 2021

GRI Standard	Disclosure	Disclosure Status	Reference
Material Topic: Market Presence			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Page 33
103-2	The management approach and its components		Page 34
103-3	Evaluation of the management approach		Page 34
103-1	Explanation of the material topic and its boundaries		Page 33 - 34
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Page 46
202-2	Proportion of senior management hired from the local community		Page 47
Material Topic: Indirect Economic Impacts			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Page 33
103-2	The management approach and its components		Page 34
103-3	Evaluation of the management approach		Page 34
GRI 203: Indirect Economic Impacts 2016			
203-1	Development and impact of infrastructure investments and services supported		Page 93 - 100
203-2	Significant indirect economic impacts, including the extent of impacts		Page 35
Material Topic: Anti-Corruption			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Page 33
103-2	The management approach and its components		Page 34
103-3	Evaluation of the management approach		Page 34
GRI 205: Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption		Page 45
205-2	Communication and training about anti-corruption policies and procedures		Page 45
205-3	Confirmed incidents of corruption and actions taken		Page 45. No significant incident, disclosure provided in the report.

GRI Standard	Disclosure	Disclosure Status	Reference
Material Topic: Materials			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Page 33
103-2	The management approach and its components		Page 48 - 49
103-3	Evaluation of the management approach		Page 48 - 49
GRI 301: Materials 2016			
301-1	Materials used by weight or volume		Page 50. Sensitive proprietary information related to plant efficiencies. The information has been partly disclosed to the extent possible.
301-2	Recycled input materials used		Page 50
301-3	Reclaimed products and their packaging materials		Page 50
Material Topic: Energy			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Page 32 - 33
103-2	The management approach and its components		Pages 48 - 49
103-3	Evaluation of the management approach		Pages 48 - 49
GRI 302: Energy 2016			
302-1	Energy consumption within the organization		Pages 61 - 62
302-2	Energy consumption outside of the organization		Pages 61 - 62
302-3	Energy intensity		Page 61
302-4	Reduction of energy consumption		Page 61
302-5	Reductions in energy requirements of products and services		Sensitive, proprietary information related to plant efficiencies.
Material Topic: Water			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Pages 32 - 33
103-2	The management approach and its components		Pages 48 - 49
103-3	Evaluation of the management approach		Pages 48 - 49
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource		Pages 51 - 53
303-2	Management of water-discharge related impacts		Pages 51 - 53

GRI Standard	Disclosure	Disclosure Status	Reference
GRI 303: Water and Effluents 2018			
303-3	Water withdrawal		Pages 51 - 53
303-4	Water discharge		Pages 51 - 53
303-5	Water consumption		Pages 51 - 53
Material Topic: Emissions (GRI 305)			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Pages 32 - 33
103-2	The management approach and its components		Pages 48 - 49
103-3	Evaluation of the management approach		Pages 48 - 49
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions		Page 57
305-2	Energy indirect (Scope 2) GHG emissions		Page 58. Indirect emissions are considered to be not material
305-3	Other indirect (Scope 3) GHG emissions		Page 58. Indirect emissions are considered to be not material
305-4	GHG emissions intensity		Page 57
305-5	Reduction of GHG emissions		Page 57
305-6	Emissions of ozone-depleting substances (ODS)		No such emissions as also disclosed in the report.
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions		Page 58
Material Topic: Waste			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Pages 32 - 33
103-2	The management approach and its components		Pages 48 - 49
103-3	Evaluation of the management approach		Pages 48 - 49
GRI 306: Effluents and Waste 2016			
306-1	Waste generation and waste related impacts		Pages 55 - 56
306-2	Management of significant waste related impacts		Pages 55 - 56
306-3	Waste generated - Waste by type and disposal method		Pages 55 - 56
306-4	Waste diverted from disposal		Pages 55 - 56
306-5	Waste directed to disposal		Pages 55 - 56

GRI Standard	Disclosure	Disclosure Status	Reference
Material Topic: Employment and Labor Relations			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Pages 32 - 33
103-2	The management approach and its components		Pages 63 -64
103-3	Evaluation of the management approach		Pages 63 -64
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover		Pages 66 - 67
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Pages 68 - 73
401-3	Parental leave		Page 71.
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes		Page 88
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees		Pages 89 - 92
405-2	Ratio of basic salary and remuneration of women to men		Page 92
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Pages 87 - 88
Material Topic: Health and Safety			
103-1	Explanation of the material topic and its boundaries		Pages 32 - 33
103-2	The management approach and its components		Pages 63 -64
103-3	Evaluation of the management approach		Pages 63 -64
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system		Pages 75 - 84
403-2	Hazard identification, risk assessment, and incident investigation		Page 75
403-3	Occupational health services		Pages 79 - 80

GRI Standard	Disclosure	Disclosure Status	Reference
GRI 403: Occupational Health and Safety 2018			
403-4	Worker participation, consultation, and communication on occupational health and safety		Pages 79 - 80
403-5	Worker training on occupational health and safety		Pages 79 - 80
403-6	Promotion of worker health		Pages 79 - 80
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Pages 79 - 80
403-8	Workers covered by an occupational health and safety management system		Pages 79 - 80
403-9	Work-related injuries		Pages 81 - 82
403-10	Work-related ill health		Pages 81 - 82
GRI 417: Marketing and Labelling			
417-1	Requirements for product and service information and labeling		Page 110
417-2	Incidents of non-compliance concerning product and service information and labeling		Page 110
417-3	Incidents of non-compliance concerning marketing communications		Page 110
Material Topic: Training			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Pages 32 - 33
103-2	The management approach and its components		Pages 63 -64
103-3	Evaluation of the management approach		Pages 63 -64
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee		Page 85
404-2	Programs for upgrading employee skills and transition assistance programs		Pages 85 - 86
404-3	Percentage of employees receiving regular performance and career development reviews		Page 86
Material Topic: Local Communities			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries		Pages 32 - 33
103-2	The management approach and its components		Pages 63 -64
103-3	Evaluation of the management approach		Pages 63 -64

GRI Standard	Disclosure	Disclosure Status	Reference
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs		Pages 93 - 101
413-2	Operations with significant actual and potential negative impacts on local communities		Pages 93- 101

UNITED NATIONS GLOBAL COMPACT - TEN PRINCIPLES

Principle	Statement	Page Number (s)	GRI Standards Disclosure
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Pages 87- 88 Pages 93- 101	413-1, 413-2, 402, 407
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	Pages 87- 88 Pages 93- 101	402-1, 407-1
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Pages 87- 88	102-41, 402-1, 407-1
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	Pages 87- 88	401, 402, 407
Principle 5	Businesses should uphold the effective abolition of child labor.	Pages 87- 88	407
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Pages 46, 47, 85, 86, 89-92 For GRI standard 102-8, please refer pages 46 - 47 of the Corporate Annual Report 2021	102-8, 202-1, 202-2, 401-1, 401-3, 404-1, 404-3, 405-2
Principle 7	Businesses should support a precautionary approach to environmental challenges.	Pages 44, 48-50, 52-53, 57, 58,59, 61, 62	201-2, 301-1, 302-1, 303-3, 305-1, 305-2, 305-3, 305-6, 305-7
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	Pages 50, 52, 53, 55, 56, 57, 58, 61, 62,	301-1, 301-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Pages 50, 53, 56, 57, 58, 59, 61	302-4, 302-5, 305-5
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Pages 11-18, 45 For GRI standard 102-16, please refer pages 64 - 69 and 122-125 of the Corporate Annual Report 2021	102-16, 102-17, 205-1, 205-2

SASB CONTENT INDEX

Topic	Disclosure	Page Number (s)
	Chemical Industry Standard	
Greenhouse Gas Emissions	RT-CH-110a.1. Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	57
	RT-CH-110a.2. Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	57-59
Air Quality	RT-CH-120a.1. Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	58
Energy Management	RT-CH-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	61-62
Water Management	RT-CH-140a.1. (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	51-53
	RT-CH-140a.3. Description of water management risks and discussion of strategies and practices to mitigate those risks	51-53
Hazardous Waste Management	RT-CH-150a.1. Amount of hazardous waste generated, percentage recycled Businesses should undertake initiatives to	55-56
Community Relations	RT-CH-210a.1. Discussion of engagement processes to manage risks and opportunities associated with community interests	93-109
Workforce Health & Safety	RT-CH-320a.1. (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	81-82
	RT-CH-320a.2. Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	75-84
Management of the Legal & Regulatory Environment	RT-CH-530a.1. Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	11-18
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1. Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	75-80

SUSTAINABLE DEVELOPMENT GOALS

SDGs		Page Number (s)	GRI Standards Disclosure
	End poverty in all its forms everywhere	Pages 7, 35, 46, 93-101	202-1, 203-2, 413-2
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Pages 6, 35, 93-101. For GRI standard 201-1, please refer page 242 of the Corporate Annual Report 2021	201-1, 203-1, 203-2, 413-2
	Ensure healthy lives and promote well-being for all at all ages	Pages 9, 35, 55- 57, 58, 79-82	203-2, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 403-8, 403-9 102-27, 404-1
	Ensure inclusive and quality education for all and promote lifelong learning	Pages 7, 85-86, 99-102	102-27, 404-1
	Achieve gender equality and empower all women and girls	Pages 9, 46, 66-67, 71, 85-86, 89-100. For GRI standards 102-22, 102-24 and 201-1, please refer pages 112, 117, 108-121 and 242 of the Corporate Annual Report 2021	102-22, 102-24, 201-1, 202-1, 203-1, 401-1, 401-3, 404-1, 404- 3, 405-1, 405-2
	Ensure access to water and sanitation for all	Pages 8, 51-53, 55-56	303-3, 303-4, 303-5, 306-1, 306- 2, 306-3, 306-4, 306-5
	Ensure access to affordable, reliable, sustainable, and modern energy for all	Pages 8, 61-62, 93-100. For GRI standard 201-1, please refer page 242 of the Corporate Annual Report 2021	201-1, 203-1, 302-1, 302-2, 302- 3, 302-4, 302-5
	Promote inclusive and sustainable economic growth, employment, and decent work for all	Pages 7, 35, 47, 50-53, 61-62, 66-71, 79-82, 85-92. For GRI standards 102-8 and 201-1, please refer pages 44-47 and 242 of the Corporate Annual Report 2021	102-8, 102-41, 201-1, 202-1, 202-2, 203-2, 301-1, 301-2, 301-3 302-1, 302-2, 302-3, 302-4, 302- 5, 303-5, 401-1, 401-2, 401-3, 402-1, 403-8, 403-9, 403-10, 404- 1, 404-2, 404-3, 405-1, 405-2, 407-1
	Build resilient infrastructure, promote sustainable industrialization, and foster innovation	Pages 10, 93-100. For GRI standard 201-1, please refer page 242 of the Corporate Annual Report 2021	201-1, 203-1
	Reduce inequality within and among countries	Pages 7, 35, 89-92	203-2, 405-2
	Ensure sustainable consumption and production patterns	Pages 10, 50, 55-56, 57-58, 61-62, 110	301-1, 301-2, 301-3, 302- 1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-6, 305- 7, 306-1, 306-2, 306-3, 306-4, 417-1
	Take urgent action to combat climate change and its impacts	Pages 10, 44, 57-58, 61-62	201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4
	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	Pages 10, 55-56, 57-58	305-1, 305-2, 305-3, 305-4, 305- 5, 305-7, 306-3, 306-5