ENGRO CORPORATION LIMITED

GIFTS AND BUSINESS ENTERTAINMENT POLICY

(THE "POLICY")

Policy Owner:	Chief Internal Auditor & Compliance Officer
Approver:	Board of Directors

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1	December 2009	Initial approval
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GIFTS AND BUSINESS ENTERTAINMENT POLICY

1. Purpose & Scope

Engro Corporation Limited (Company) is committed both to maintaining the course of highest integrity and to avoiding even the appearance of impropriety in the conduct of its affairs. These commitments have obvious significance for the bestowing of favors upon individuals, whether in the public or private sector, who are in a position, directly or indirectly, to benefit the Company.

The Company's business interests are best served when its relationships are free of influences such as gift-giving or receiving. Only in this way can the Company sustain constructive ongoing relationships with those doing business or seeking to do business with the Company. Therefore, the Company discourages the practice of giving or receiving gifts that is inconsistent with this policy. It is, however, recognized that doing away entirely with the giving or receiving of gifts is not practical and hence occasional exchanges of gifts that are within the limits defined in the policy may be permissible. Obviously, good business judgment must be exercised in all such cases and a declaration of all such exchanges must be made on Engro's Gift Portal.

2. Policy in Respect to Gifts

a) Gifts of cash on Company's behalf or between employees are strictly prohibited.

b) Exchange of non-cash gifts will be moderate, infrequent and appropriate to the occasion. An employee cannot receive/give a gift from/to the same entity/individual more than 3 times in the same calendar year (including gifts received at occasions such as New Year, Eid.), excluding edible/perishable items after which he/she must either politely decline or surrender the gift(s) to Ethics & Compliance.

c) An employee may only accept or give gifts upto a cumulative value of PKR 60,000 (thrice the amount of the gift threshold) in a calendar year.

d) The above will apply to both, giving and receiving of gifts and be in line with the Company's Ethics/Conflicts of Interest Policies, will reflect good business judgment, will comply with the applicable laws and be sensitive to the applicable codes of conduct.

e) All gifts received must be declared on Engro's gift declaration portal on Successfactors within 5 working days of receipt of physical gift.

f) Giving and receiving gifts in the form of commissions, abnormal loans, shares in profit, free travel tickets or hotel/other accommodation, membership in clubs/health facilities at no charge or at unreasonably low charge, repairs and improvements at unreasonably low prices, and such other facilities are strictly prohibited.

g) Central Procurement Function (CPF) and Group Treasury Department will not accept or give gifts to any 3rd party. This will also be applicable to specific functions that are largely responsible for onboarding of 3rd parties/vendors (i.e. Legal or Administration).

2.1 Value of Gifts

a) Gifts of nominal value may be received or given by employees on an infrequent basis in accordance with the cultural norms where it is considered that doing away such gifts could impair our relations with others. Nominal value would imply items having a value not exceeding Rupees 20,000/- or equivalent for gifts received / given within or outside Pakistan.

b) For exchange of gifts with foreign and local dignitaries, the limit is set at PKR 30,000.

c) Any edible/perishable item received as a gift should be distributed amongst the staff/employees.

d) Once declared on Successfactors, Ethics & Compliance will assess the value of all gifts received by employees.

2.2 Gifts Exceeding Nominal Value

a) Gifts exceeding nominal value should be returned reminding the party of the Company's Gift policy or where this may be considered to be against the cultural norms and be deemed as a lack of courtesy, the same may be accepted and subsequently surrendered to the E&C.

b) If it is not feasible to return the gift, the Company will arrange their auction at any Company / function and donate the sale proceeds to Engro Foundation.

2.3 Gifts Within the Company

The Company does not in general subscribe to Company gift presentations to its employees. Therefore, Company gift presentations to employees will be limited to service and performance awards under the approved programs and to gifts to outgoing/retiring employees.

a) Gifts to colleagues within the company: Exchange of gifts between employees, value limits stated above in this policy will apply in case of all direct line supervisors in the chain. For all others value of gift will be determined by social norms.

b) Gifts to outgoing/retiring employees: Gifts may be given to outgoing/retiring employees as a token of appreciation for their service to the organization. The value of such gifts should be reasonable and modest, reflecting the organization's values and ethical standards. Gifts may be given to outgoing employees only if they have been with the company for at least 3 years. The maximum allowable value is given below against each band:

- M2 and below : maximum value of PKR 20,000
- M3 and M4: Maximum value of PKR 40,000
- L1 and above: Maximum value of PKR 100,000

c) Farewell for outgoing/retiring employees: Farewell events such as lunches or dinners may be held for outgoing/retiring employees to recognize their contributions to the organization if they have served in the company for at least 3 year. The maximum allowable budget for any farewell:

i. Should not exceed PKR 5,000/head with a cap of Rs 100,000 per farewell (excluding taxes). In case of amount exceeding Rs 100,000, prior approval from President / CEO will be required. The number of invitees be considered appropriate.
ii. Be in line with the department's budget and
iii. Be approved as per LOAM.
iv. For Executives:
- Above limits will apply for these farewells.
- Only 2 farewells can be held; 1 by the business/employees and another by Group/EXCOM.
- The ancillary expenses for such farewells should not be extravagant e.g. media utilization and location should be appropriate, etc.

3. Exceptions to the Policy

a) Employees (including Executives) may accept routine gift items such as calendars, diaries, pens, items having company logos or other give aways items consistent with cultural norms and local practices, or on special occasions such as new year, Eid, birthdays or weddings or similar customary rituals as long as the gifts are of moderate value, within the allowed threshold of PKR 20,000 from people having business relationships with the Company.

b) Giving of corporate gifts by CEOs and EXCOM:

i. President and the subsidiary CEOs may give corporate gifts to important stakeholders once in a calendar year on a specific occasion e.g. New Year, Eid, etc. The gift value for each item cannot exceed PKR 10,000.

ii. EXCOM members may also do the same, with the approval of President ECORP.

iii. Gifts may only be given to recipients where it is beneficial for Engro's business relationships.

iv. In interest of Engro's brand and to ensure fairness, consistency, and avoid unwarranted duplication in the distribution of gifts to the same external stakeholders of E-CORP and group companies, a centralized monitoring mechanism shall be implemented.

c) Any gifts given or received by all the employees or particular categories of employees within the group companies are exempt from this policy e.g. gift baskets given to all employees on Eid, New Year, etc.

d) Any exceptions to the Policy may be granted on a case to case basis only by the approval of the President /CEO with an intimation to Ethics & Compliance.

4. Company's Policy in Respect of Entertainment

a) Employees may entertain / accept entertainment, consistent with local practice, of moderate value, to / from people having business relationships with the Company. Entertainment should generally be on an infrequent basis and appropriate to the level of the individual.

b) Employees should not give or accept extravagant entertainment.

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