



enabling Pakistan

sustainability report 2023

# منزل سے آگے بڑھ کر منزل تلاش کر

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# about the report

This Sustainability Report provides an overview of Engro Corporation Limited's (PSX: ENGRO) sustainability efforts and performance. The principal activity of the Company is to manage its investments in subsidiaries, associates, and joint ventures which are engaged in manufacturing and trading of fertilizer, manufacturing, and marketing of chlor-vinyl products, providing critical telecommunication infrastructure, processing and packaging of dairy products, power generation, coal mining, foods, LNG and bulk chemical handling terminal and storage businesses. Unless otherwise indicated, the "Company," "we," "our," "us" and "Engro" are used in this report to refer to Engro Corporation and its businesses.

The report details how Engro's core values and governance model incorporate sustainable practices to have an impact on the economy, environment, and society which are crucial considerations for business operations, stakeholders' interests, decision-making processes, and a sustainable future. The non-financial information disclosed in this report reflects the consolidated operations of Engro Corporation and its businesses based in Pakistan and in which we have management control. Due to the nonavailability of verifiable data, this report does not concern itself with the effects of our activities beyond business operations.

## organization details

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

## reporting period

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



## reporting content

This report is aligned with the following sustainability frameworks:

- World Economic Forum (WEF) Stakeholder Capitalism Metrics (WEF Core metrics)
- UN Sustainable Development Goals (SDGs)
- The Ten Principles of the United Nations Global Compact (UNGC)



## report methodology and data collection

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

This report supplements our corporate annual report which details Engro's financial position and performance during the reporting period. Engro strives to ensure accurate reporting throughout this Sustainability Report.



## reporting audience

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



## external assurance

The report has been externally reviewed by an independent reviewer to provide limited assurance conclusion under International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" on the selected metrics reported in the Sustainability Report, aligned with World Economic Forum (WEF) - Stakeholder Capitalism Pledge (Core) Metrics. The Independent Limited Assurance Report is included in this Sustainability Report.



## feedback

For any suggestions or questions, please contact:  
Corporate Communications  
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Phone: +92 21 111 211 211





# about engro corporation

## vision

To be the premier Pakistani enterprise with a global reach, passionately pursuing value creation for all stakeholders.

## mission

Unlocking Pakistan's potential through globally competitive, inclusive solutions to today's most pressing issues.

Envisioning value creation for a multitude of stakeholders, Engro has strategically invested in a diverse portfolio of businesses across the verticals of petrochemicals, agricultural outputs, telecommunication infrastructure, trading and energy and related infrastructure over the course of over 50 years. Committed to addressing Pakistan's energy crisis through leveraging the country's resources and bolstering the agri-food sector by empowering farmers with essential tools and capabilities, Engro exemplifies a dedication to national development.

Recognizing the crucial link between social prosperity and sustainable business growth, Engro operates under an inclusive business growth philosophy across all its ventures. This ethos ensures that the company's success is intricately intertwined with the advancement of society. Central to Engro's approach is its unwavering commitment to investing in a better tomorrow for Pakistan, a principle that underpins every business endeavor undertaken by the organization.

From advancing the agricultural sector and optimizing the food value chain to providing sustainable energy solutions, Engro has consistently demonstrated its dedication to uplifting the entire nation over its extensive history spanning more than 50 years.



At Engro, we never forget what we stand for, and each Engro employee...

## core values

Operating in diverse industries and spread over geographical landscapes, Engro employees are knit into one big family, united by a drive for success, passion for Pakistan, and the same core values. Our values form the basis of everything we do – from open communication to fostering an environment of trust and guaranteeing the well-being and safety of our people.

### health, safety & environment

...cares deeply about environmental impact and the safety of people



### ethics & integrity

...has impeccable character and lives by the highest standards of integrity and accountability

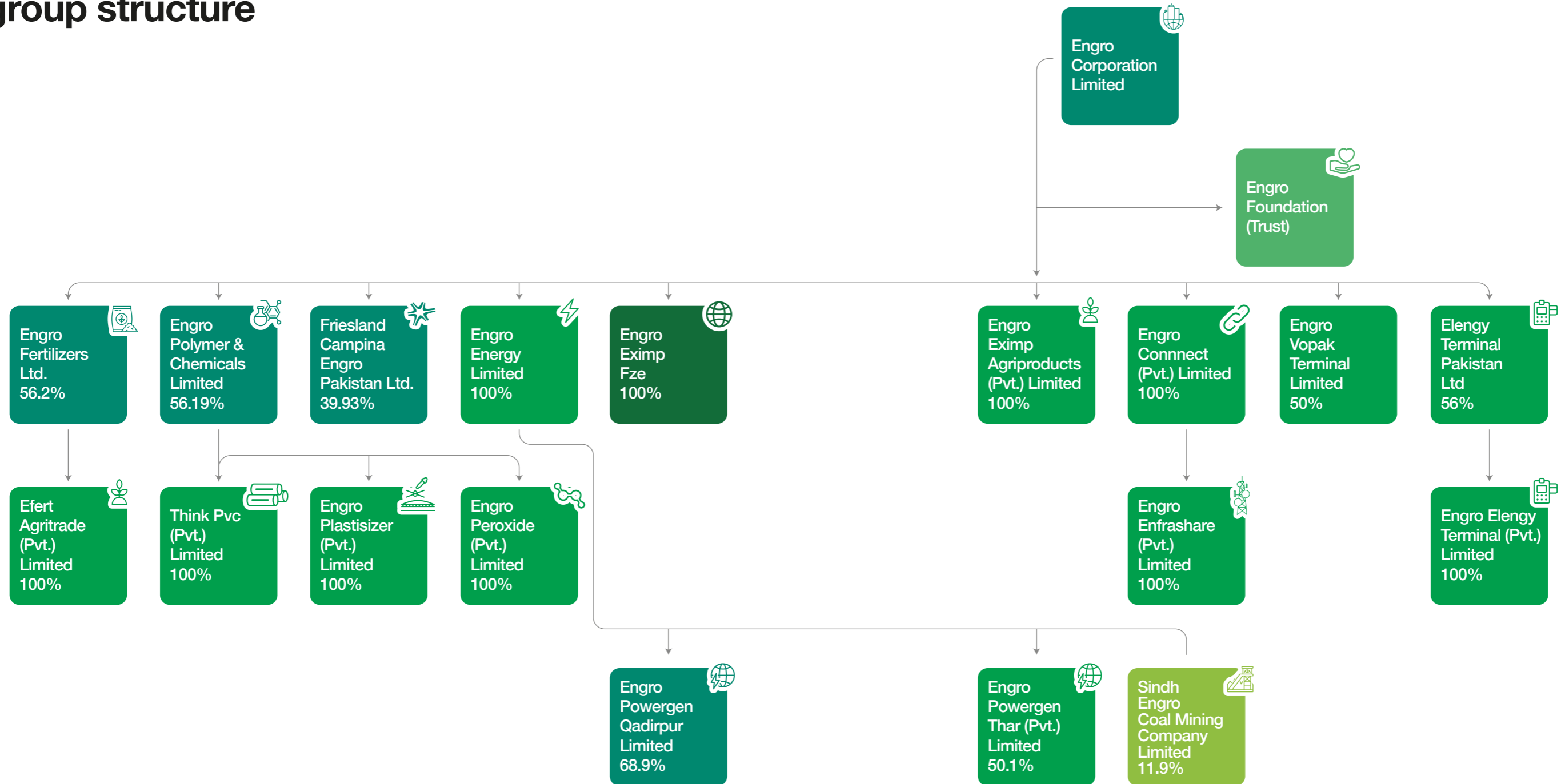


### community & society

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



# group structure

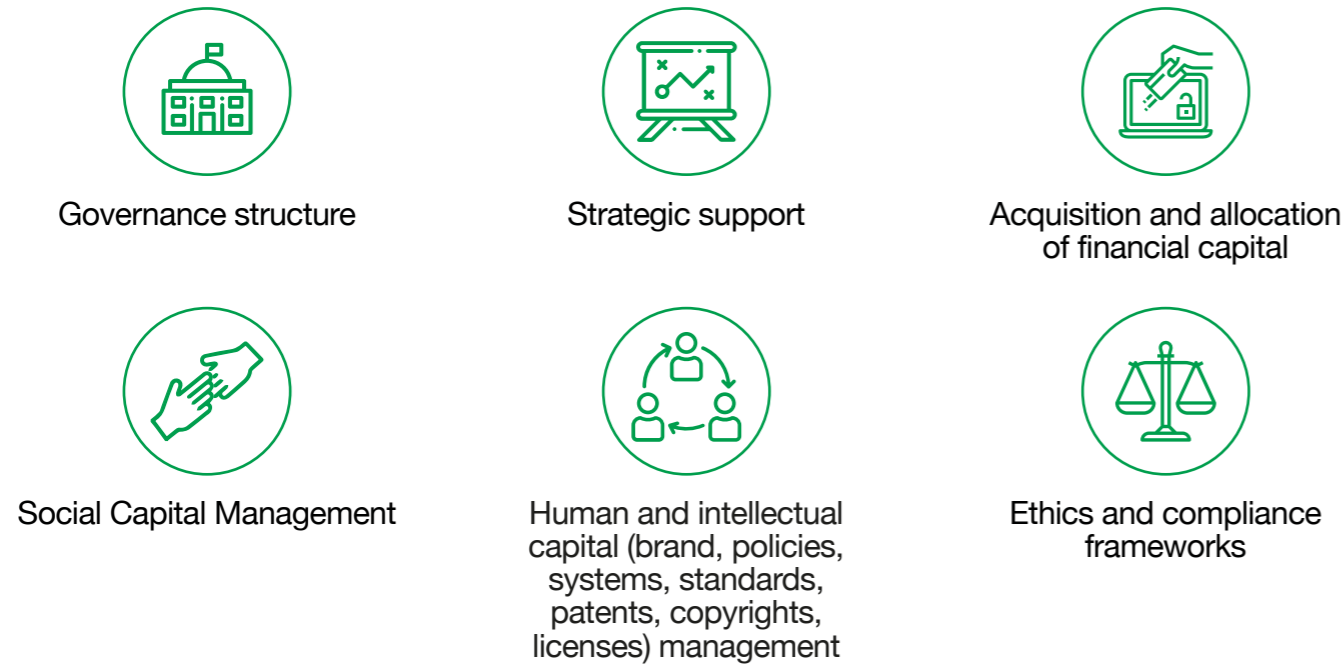


**Note:** The above companies include all the active business entities under Engro Corporation. For details on our Group companies, refer to our Annual Report and our websites.



# our business model

Engro's integrated business model is the core essence of our structural stability, operational effectiveness and business growth. The separate value creation business models of each subsidiary are integrated with Engro Corporation's business model leveraging support to the subsidiaries on the following six pillars:



The value creation business models of all subsidiaries have been developed on a common theme, which is as follows:

- Take input from six forms of capitals; financial, human, natural, social & relationship, manufactured and intellectual capitals. The inputs from these capitals are derived in a responsible manner with the realization of the fact that the cost of these capitals is jointly shared by Engro, our society and environment
- Engro business engines (activities and processes) transform these inputs into the outputs (products and services provided by Engro) in a way to:
- Create and maximize value (outcome) for all capitals and stakeholders in the short, medium and long term

We believe that while we aspire to deliver value and achieve excellence in our core businesses, the seeds we sow through our diverse outreach today will pave the way for meaningful success tomorrow. We ensure that our business model is geared towards creating sustainable value for a wide spectrum of stakeholders.

# engro's integrated business model:

## engro corporation

Engro Corp is the holding company of all Engro group companies. Engro Corp explores investment opportunities in business ventures and forms a corporate model of the business by establishing new subsidiaries and/or conducting corporate restructuring of existing Engro Corporation group companies



## engro group companies

Engro Corporation group companies extend their own business strategies at a functional level and execute and implement the same in alignment with strategy driven by Engro Corporation group companies enjoy independence and autonomy in financial, operational, business, and performance management, and take consent from Engro Corporation on strategic matters (above a certain threshold)



# engro corp's role in group companies affairs

## governance

- oversight of group companies business performances
- executive committee of Engro Corp consists of its President & CEO, Chief People Officer, Chief Information & Transformation Officer, Chief Financial Officer, Chief Legal Officer, Head of Government Relations, and CEOs of its direct subsidiaries
- all Engro Corp subsidiaries' CEOs report to President & CEO of Engro Corp

## strategy

- formulation of corporate-level strategy
- visionary direction, support, and guidance on subsidiary-level business strategies

## financial capital

- financial capital allocation
- corporate-level portfolio management
- debt raising activities
- new investment opportunities and project expansion outside and in-between existing portfolios

## social capital

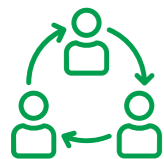
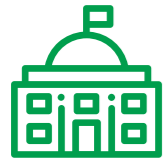
- corporate philanthropy
- inclusive business and shared value creation
- community investment and corporate impact venturing
- leveraging external donor funding
- social contribution acquisition from subsidiaries & onward channelization

## human & intellectual capital

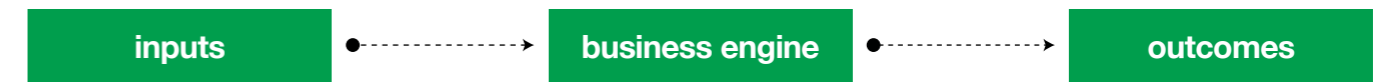
- effective succession planning, strategic business partnering
- future ready workforce, diversity, equity, & inclusion, and employee experience
- engaging talent and leadership development
- setting up wide standards and policies, and common brand identity of 'One Engro'
- group's public relations and brand management (patent, license of Engro brands)

## ethics & compliance

- providing legal and company secretariat support
- shareholder audits, review companies' internal audits, and group-wide corporate ethics & compliance management



# business model of group companies



## inputs



### financial

- shareholder's investments and funding from financial institutions
- corp provides support for financial access
- engro corp. subsidiaries use and manages it for business



### human

- competencies, capabilities and experience
- motivations to innovate
- ability to lead, manage, and collaborate
- corp manages top talent & executive management, rest is managed by engro corp. subsidiaries



### natural

- raw materials & natural resources
- investment in core environmental management
- risks and mitigation strategies



### social

- key stakeholder and community relationships
- stakeholder trust and willingness to engage
- shared norms, common values and behaviors
- organization's social license to operate
- engro foundation manages and implements social interventions



### manufactured

- buildings
- equipment
- infrastructure
- innovation
- engro corp subsidiaries access directly and use them



### intellectual

- intellectual property (patents, copyrights, software, rights and licenses)
- tacit knowledge, systems, procedures and protocols



# business engine



## engro fertilizers (EFERT)

- urea and other fertilizers manufacturing



## engro polymer & chemicals (EPCL)

- manufacturing, marketing and distribution of quality chlor- vinyl allied products



## engro eximp agriproducts (EEAP)

- rice & other grains procurement, processing and sales
- processing and packaging of rice and other edible grains



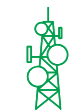
## engro vopak (EVTL)

- chemicals oil and gas products storage and warehousing
- safe storage and supply of stored products



## engro elengy (EETL)

- LNG regasification unit
- RLNG



## engro enfrashare (ENFRA)

- connectivity solutions through built-to-suit towers and
- colocation infrastructure sharing and energy equipment



## engro FZE

- International commodity trading



## engro energy (EEL)

- mining of lignite coal & electricity generation from coal and other hydrocarbons
- electricity

# outcomes



## financial

- financial growth
- investment growth
- return for investors & other stakeholders
- contribution to GDP



## human

- effective succession planning
- future ready workforce
- diversity and inclusion
- employee experience



## natural

- managed environmental footprints
- increased efficiency of resource utilization. (reduce, reuse and recycle)
- eco-systems and bio-diversity protection



## social

- contribution to key CSR thematic areas for communities
- inclusivity and shared value



## manufactured

- efficient, economic, safe and ergonomic manufacturing facilities
- excellence in processing, storage and distribution



## intellectual

- collaborative partnerships
- improved brand reputation and penetration

# awards & recognitions

## engro corporation

- ▶ Most Outstanding Company (Industrial sector) in Pakistan at Asiamoney 2023 Asia's Outstanding Companies Poll Awards for 5<sup>th</sup> consecutive year
- ▶ Top spot (Small/Mid-Caps sector) at Asiamoney 2023 Asia's Outstanding Companies Poll Awards for 2<sup>nd</sup> consecutive year
- ▶ Inaugural Best for ESG in Pakistan Award at Asiamoney 2023 Asia's Outstanding Companies Poll Awards
- ▶ 2<sup>nd</sup> position (National Enterprises) at Business Sustainability Awards 2023 by UNGC Pakistan
- ▶ PSX Top 25 Companies Award for 4<sup>th</sup> consecutive year
- ▶ E-commerce Manufacturing Excellence Award at Asian Technology Excellence Awards 2023
- ▶ Award by National University of Sciences & Technology (NUST) for highest number of technical internships in last 5 years

## engro fertilizers

- ▶ Runner-up for Best Overall Safety Program & Culture' at EHS Daily Advisor – US Safety Standout Awards 2023
- ▶ RoSPA Gold and RoSPA Fleet Gold awards (Manufacturing and E-logistics divisions respectively) for 3<sup>rd</sup> consecutive year
- ▶ Gold Award (Integrated Reporting) by South Asian Federation of Accountants (SAFA).
- ▶ ISO/IEC – 17025 lab accreditations (Zarkhez plant)
- ▶ 3<sup>rd</sup> position at Employer of Choice at Gender Diversity Awards 2023 by International Finance Corporation (IFC) and International Business Council (IBC) for 2<sup>nd</sup> consecutive year
- ▶ PSX Top 25 Companies Award for 5<sup>th</sup> consecutive year
- ▶ Amir S Chinoy Corporate Excellence Award at Management Association of Pakistan's 38<sup>th</sup> Corporate Excellence Awards for 4<sup>th</sup> consecutive year
- ▶ Best ESG Campaign for ESG Awards 2023 held by UNICEPTA (Manufacturing division)
- ▶ Environment Health & Safety Award (finalist) at Safety Culture Award (Business Awards UK)
- ▶ Best Corporate Report 2022 (Chemical & Fertilizer sector) by ICAP and ICMA
- ▶ Most Preferred Employer (Manufacturing sector) at Best Place to Work Pakistan Awards 2023
- ▶ 1<sup>st</sup> position for Best Practices in Occupational Safety, Health, and Environment (Chemical, Petrochemical, Processing and Allied sectors) at OSHE Awards by the Employers Federation Pakistan

## engro polymer & chemicals

- ▶ Best Presented Annual Report at South Asian Federation of Accountants (SAFA) Awards
- ▶ Diversity Award at BIZNET 2023
- ▶ Single Region Account Response Rate Award from Customer Gauge Survey for 2022
- ▶ PSX Top 25 Companies Award
- ▶ 3 CSR Awards at 11<sup>th</sup> Annual CSR Summit & Awards
- ▶ Best Corporate Report Award by ICAP and ICMA Pakistan
- ▶ AA long-term rating and A1+ short-term rating (PACRA upgradation)
- ▶ Top 10 Best Practice Case Studies Award by ILO United Nations Project on Women Empowerment

- ▶ Highest Account Response Rate on NPS Survey
- ▶ Top 5 'Most Inclusive' Companies at GDIEB awards
- ▶ Highest annual VCM production (224 KT)
- ▶ 1,000+ days without blackout and no VCM unplanned shutdown
- ▶ 1.8 MW of energy conserved post Zero Gap Technology membranes installation
- ▶ 1<sup>st</sup> energy audit completed with reduction in losses/leakages

## engro vopak & elengy terminals

- ▶ 26 years of strategic partnership with Royal Vopak of Netherlands
- ▶ 'Outstanding Sustainability Achievement-Operating Terminal' amongst 19 terminals (AME division)
- ▶ 9,531 safe days with the completion of 26 years of safe operations
- ▶ 0 LTI and 0 TRIR since 2011

## engro energy

- ▶ Recognized by Govt of Pakistan for commitment towards shared prosperity

## sindh engro coal mining company

- ▶ National Energy Globe Award 2022 for Thar Million Trees (TMT) Project
- ▶ 75 Leadership Development Awards' for commitment to socio-economic development
- ▶ China-Pakistan Economic Corridor (CPEC) Award for outstanding contributions to Sino-Pak economic partnership

## engro powergen qadirpur

- ▶ 10 million safe man-hours without lost workday injury
- ▶ PSX Top 25 Companies Award
- ▶ 5<sup>th</sup> position at Best Corporate and Sustainability Report Awards 2022 (Fuel and Energy sectors) by ICAP
- ▶ Silver Award (Energy sector) for Annual Report 2022 at SAFA BPA Awards

## engro powergen thar

- ▶ Outstanding 92% ranking in NEPRA Annual HSE Rating
- ▶ China-Pakistan Economic Corridor (CPEC)
- ▶ 5-S System Certification
- ▶ International Safety Award 2023 (Distinction)
- ▶ ISO 50001 certification for Energy Management
- ▶ China-Pakistan Economic Corridor (CPEC) Award for outstanding contributions to Sino-Pak economic partnership

## engro enfrashare

- ▶ 5 years of providing accessible and affordable connectivity across Pakistan





# chairman's message

Dear shareholders,

On behalf of the Board of Directors of Engro Corporation it is my privilege to present to you our Sustainability Report for 2023.

When we pen this message every year, it has become common practice to remark on how the period that passed was punctuated with challenges and uncertainty. The previous year was no different; global events continued to affect our lives in 2023, ranging from regional conflicts to climate-related challenges to economic crises. As an organisation, however, one event impacted us more than others: the loss of our Vice Chairman, Shahzada Dawood.

While words cannot express this loss, we look for strength in Shahzada's contributions, which we will passionately remember as an organisation. The Board would like to dedicate this message to his efforts and celebrate the bold leader that Shahzada was. His contributions were as varied and multifaceted as his personality, but Shahzada's participation in 2 domains really shaped the Engro enterprise: (i) fostering a problem-solving mindset and (ii) prioritising human development.

On the first count, Shahzada participated in building a resilient Engro Corporation by driving out-of-the-box thinking. He served on the Board of Engro Corporation from 2003 to 2023; during this time, he made several contributions that aided the organizational problem-solving effort and encouraged employees to think beyond conventional limits. In any discussion at the Board, Shahzada's contributions often reshaped the conversation by bringing in a perspective that few others would think of. His foresight also introduced transformative opportunities to Engro Corporation: he led us to embrace Stakeholder Capitalism Metrics, secure membership with the World Economic Forum, and foster connections with international platforms such as the Milken Institute, Virgin Unite, Wall Street Journal, and Partners Group. These efforts highlighted his vision for international collaboration as a key driver of future success.

On the second count, Shahzada's passion for human development inspired him to initiate Learning Circles across the enterprise; in his memory, these have been renamed to the Shahzada Dawood Learning Circles (SDLC). His zeal to democratise knowledge gave Engro Corporation access to influential speakers such as Bill Gates (Gates Foundation), Bob Sternfels (McKinsey), and Reuben Jayasinghe (Amazon). As a Trustee of Engro Foundation, he further advocated human development programs across our value chains, emphasising initiatives like the Sahara Community School at Daharki and farmer trainings across the agricultural value-chain.

These efforts of Shahzada's have reinforced the Organization with the necessary mindset and behaviours to achieve our goals. Engro Corporation will always remember him for his profound contributions to our cause and as we move ahead, we

will continue being guided by his inspiring can-do attitude to focus on Engro Corporation's strategic priorities: (1) building global opportunities and (2) investing in human development.

On the first pillar of building global opportunities, Engro Corporation has undertaken several initiatives. In 2023, Engro Corporation was represented at the World Economic Forum's Annual Meeting in Davos; our delegation participated in dialogues on pressing issues of economic, social, and geopolitical stability and built meaningful connections with global organisations to encourage collaborative investments. Additionally, Engro Corporation's admirable stewardship of Engro Eximp FZE enabled it to become profitable in its second year of operations – the UAE-based trading company traded more than 30 product categories across 40 countries and will be a key player in Engro's export strategy. We will continue to focus on global opportunities, while driving the growth of our businesses in Pakistan; we are heartened that our listed companies at home have been recognised with prestigious PSX awards and that their financial performance has demonstrated the resilience of our business model. To further enhance productivity, we are committed to adopting AI in our business and manufacturing processes, keeping pace with the world as it races towards new technologies. We do this with the belief that these businesses can also be integrated into the global supply chain.

We also aim to invest in human development as a core part of Engro's human capital philosophy. The bedrock of this philosophy is Character and Good Manners (CGM), which we believe is the best foundation for any organisation's success. Great companies are built on the back of thousands of micro-interactions between teams; when people commit to collaboration and growth through the lens of CGM, it is our conviction that organisations perform better. For this reason, we evaluate people not only on what their objectives are but also on how they achieve them. As a result of this, Engro Corporation has earned a high internal engagement score (83%) despite battling a bleak macroeconomic outlook. Engro Corporation was also the recipient of the second Most Preferred Employer award and recognised as the runner-up for Best Investor Relations and Gender Diversity at the CFA Awards, highlighting our commitment to excellence.

CGM and human development also form the frame of reference for corporate philanthropy through Engro Foundation. In 2023, Engro continued investing in its various human development programs, most notably in farmer development in the chili agricultural value chain. With this philanthropic capital, more than 5,000 farmers, including 500 female farmers, were trained on the best crop management practices in rural Sindh. The spillover impact of these programs can be enormous as a ripple effect of productive farming practices can be created across nearby agricultural lands. Programs that uplift farm and farmer productivity will remain core to Engro Corporation's investing philosophy.

In enabling Engro Corporation to work towards its mission, the Board would like to express its profound gratitude to Ghias Khan for his service as President and CEO. Under his leadership, Engro has achieved historic performance milestones, most notably the setup of our digital infrastructure vertical through Engro Enfrashare, completion of the Thar project, and the establishment of Engro Eximp FZE in Dubai to enter regional trade. Ghias is also credited with rolling out the Company's Central Idea, leading our HR Transformation, and implementing Engro Corporation's current operating model. As he moves on to new adventures, we thank him for his service and wish him all the best.

Ahsan Zafar Syed has been appointed as President and CEO Designate of Engro Corporation to ensure an effective leadership transition. He is a stalwart of Engro, having served the enterprise for over 30 years in various capacities, most recently as the CEO of Engro Fertilizers. The Board looks forward to working with Ahsan to continue perpetuating Engro's impact.

None of the achievements of the past year would have been possible without the support of our Board. I would like to recognise them for their unwavering support in guiding the Organisation towards its long-term direction. The consistent support of our stakeholders, including the Government, regulators, service providers, partners, customers, and our people, also continues to be appreciated. And we would especially like to thank our shareholders for your continued trust and confidence in us as stewards of your capital.

Recognising that the future holds both challenges and opportunities, we are committed to progressing by embracing upcoming shifts, especially in the domains of information technology and AI. We plan to apply these as we build global opportunities and prioritise human development, pursuing our roadmap to the future. Engro Corporation is ready to navigate the path ahead with resilience, integrity, and a relentless pursuit of excellence.

Thank you again for your support, and may Allah bless you all.



**Hussain Dawood**  
Chairman

# president's message

Dear Stakeholders,

Assalam-o-Alaikum!

I am delighted to present Engro Corporation's Sustainability Report 2023, highlighting our sustainability-related programs, commitments, and performance. This report is aligned with World Economic Forum's Stakeholder Capitalism Metrics, a global framework that promotes transparency with investors and stakeholder engagement.

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

2023 proved to be one of the most challenging years in Engro's recent history, not due to economic headwinds, but due to the irreplaceable loss of our Vice Chairman, Mr. Shahzada Dawood and his son, Suleman Dawood. Their departure profoundly impacted our Organization. Despite this loss, we draw strength from Shahzada's enduring contributions and commit to passionately pursuing his vision. He will be remembered for his bold vision, tireless efforts, openness to new ideas, zest for life, and humility.

From a financial standpoint, Engro Corporation achieved significant milestones in 2023. Consolidated revenues grew by 35% to reach Rs. 482 billion, and consolidated Profit After Tax (PAT) increased by 43% to cross Rs. 66 billion before accounting impact due to the adjustment on account of thermal energy assets. After incorporating the accounting impact, the adjusted consolidated PAT was recorded at ~Rs. 36 billion, translating into EPS of RS. 38.60. Robust profitability is largely attributable to the resilient portfolio that we have constructed over time. Our portfolio is well positioned to weather macroeconomic headwinds and capitalize on growth opportunities.

The global fertilizer market remained volatile, raising concerns about an uninterrupted supply for farmers. Despite this, the Pakistani fertilizer industry not only ensured a steady supply but also offered fertilizers at a notable 40% discount compared to international prices. The domestic fertilizer industry collectively saved ~\$2.3 billion in foreign exchange, with Engro Fertilizers contributing \$835 million through record urea production of 2.32 million tons. It is essential to emphasize that within the fertilizer sector, Engro Fertilizers faces a significant disadvantage as it is given gas at significantly higher prices than its peers, despite being one of the most efficient urea producers in the country. Until uniform gas prices are established, there will be instability in the market with multiple price points, providing the middlemen an

opportunity to profiteer at the expense of farmers. During 2023, Engro Fertilizers posted a Profit After Tax (PAT) of Rs. 26 billion versus Rs. 16 billion in 2022.

In 2023, the PVC business in Pakistan faced a multitude of challenges. The local market contracted due to a weakened construction sector, influenced significantly by high construction costs and elevated interest rates. Additionally, global PVC prices remained subdued, affected by high interest rates and weak economic sentiment in major PVC-consuming markets. Moreover, energy prices in Pakistan increased by 51%, further impacting Engro Polymer & Chemicals Limited's profitability. Despite these formidable challenges, Engro Polymer and Chemicals Limited maintained a commendable 89% market share in the local market. The company not only navigated these obstacles but also spearheaded import substitution, totalling USD 92 million. Moreover, it achieved a historic export volume of 44,000 tons, generating foreign exchange revenue of USD 26 million.

In the Energy vertical, the Board approved restructuring and reorganization of the Company's thermal energy assets. Discussions are underway with Liberty Power Tech Limited for a potential sale, and we are committed to keeping all stakeholders informed about the progress in this matter.

Engro Eximp FZE, Engro's trading arm, has successfully penetrated global trading markets, yielding revenues surpassing \$400 million. The company is strategically positioned to facilitate trade for related parties and third-party businesses. Our well-structured business plan instills confidence in the prospects of this enterprise.

Engro Enfrashare continued its growth, expanding to 3,952 tower sites and achieving a significant 56% market share in the independent tower company segment. The company is dedicated to increasing shareholder value. In this endeavor, Enfrashare has secured a noteworthy 30% share in the total colocations market, even with a 9% share in the overall tower market. The company is proactively working on energy optimization, enhancing contract terms, and being selective in managing its order book.

Engro Vopak experienced a 64% surge in LPG marine imports by acquiring new customers, while the chemical segment witnessed a decline due to disruptions in the operations of key customers. On another front, the LNG Terminal accounted for 13% to 15% of Pakistan's total gas supply throughout the year.

FrieslandCampina Engro Pakistan (FCEPL) sustained its growth momentum, reaching a record-breaking topline of Rs. 100 billion. The surge in revenue was propelled by factors such as expansion of our retail presence, sustained volumes, favourable pricing dynamics.

In acknowledgment of our exemplary corporate governance and business performance, Engro and its listed subsidiaries were honored with the esteemed Pakistan Stock Exchange Top 25 Companies awards. Additionally, we received notable recognition for our outstanding investor relations, being named the top

company in the Industrial sector, as well as excelling in the small/mid caps sector and Environmental, Social, and Governance (ESG) standards in Pakistan, acknowledged by Asia Money.

Our commitment to sustainability secured us the second position in the 'National Enterprises' category at the Business Sustainability Awards 2023, hosted by the United Nations Global Compact (UNGC) Pakistan. Further, our e-commerce endeavors were recognized with the E-Commerce Manufacturing Excellence Award at the Asian Technology Excellence Awards 2023.

None of our remarkable business achievements would have been attainable without the exceptional dedication and talent of our team. I express my deepest gratitude to everyone for their relentless hard work, which has enabled us to achieve groundbreaking success.

Engro is steadfast in its commitment to human development, understanding that our people constitute our greatest strength. In our pursuit of retaining top-tier talent, we have implemented a comprehensive talent development program aimed at grooming individuals for key roles. Additionally, we have enriched our

graduate trainee programs to ensure a robust pipeline of fresh talent. We are optimistic that, as always, our graduate programs will contribute significantly to our fresh talent pool.

In our dedication to fostering diversity in the workplace, we have enhanced our policies and infrastructure, striving to create a conducive environment for everyone. These efforts have not gone unnoticed. In 2023, we received esteemed recognition, including the 'Recognizing Gender Diversity at Workplace' award from the CFA Society and the 'Women Leaders' Development Award' from OICCI. Furthermore, Engro was honored as a runner-up for the 'Most Preferred Employer' trophy in 2023.

As one of the most blessed conglomerates of Pakistan, we remain committed to addressing pressing issues and contributing to the country's economic well-being. We are hopeful that with progressive economic reforms, the country will embark on a path of economic growth - this time a more sustainable and inclusive path.

I extend my gratitude to our Chairman and the Board of Directors for navigating us through a challenging year. We look forward to collaborating with all our stakeholders to enable growth not just for Engro, but for Pakistan.

Yours sincerely,



**Ghias Khan**  
President & CEO





# truth, trust, and transparency

principles of governance





board of directors



# principles of governance

At Engro, our Board of Directors hold the ultimate responsibility for setting direction and approve all significant matters in good faith and in best interest of the Company and its stakeholders.

## internal control framework

### responsibility

The Board is ultimately responsible for Engro's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive.

### framework

The Company maintains an established risk-based control framework comprising clear structures, authority limits, and accountabilities, well understood policies and procedures for review processes. All policies and control procedures are documented. The Board establishes corporate strategy and the Company's business objectives. Divisional management integrates these objectives into divisional business strategies with supporting financial objectives.

### review

The Board meets quarterly to consider Engro's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators. The Board Audit and Risk Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

There is a Company-wide policy governing appraisals and approval of investment expenditure and asset disposals.

### audit

Engro has an Internal Audit function. The Board Audit and Risk Committee annually reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Board Audit and Risk Committee.

The Board Audit and Risk Committee approves the audit program, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the Board Audit and Risk Committee, Chief Executive, and the divisional management.

### directors

As at December 31, 2023, the Board comprises of one executive director, five independent directors and three non-executive directors (including one casual vacancy on the Board). The Board has the collective responsibility for ensuring that the affairs of Engro are managed competently and with integrity.

A non-executive Director, Mr. Hussain Dawood, Chairs the Board and the Chief Executive Officer is Mr. Ghias Khan. Biographical details of the Directors have been provided in Annual Report 2023.

A Board of Directors' meeting calendar is issued annually which schedules the meetings of the Board and the Board Audit and Risk Committee. The full Board met 08 times, including meetings for longer term planning, giving consideration both to the opportunities and risks of future strategy.

All Board members are given appropriate documentation in advance of each Board meeting. This normally includes a detailed analysis of businesses and full papers on matters where the Board will be required to make a decision or give its approval.

# board composition

The Board of Directors reviews all significant matters of the Company. These include its strategic direction, annual business plans and targets, and decision on long-term investments and borrowings. It is committed to maintaining high standards of Corporate Governance. The Board was elected on April 26, 2021. It comprises of 10 directors, including the Chief Executive Officer, and possesses a diverse mix of gender, knowledge, and expertise to enhance its effectiveness.

The Board consists of 2 women directors and 7 men directors and 1 casual vacancy, categorized as follows:

- 4 Independent Men Directors
- 1 Independent Woman Director
- 2 Non-Executive Men Directors
- 1 Non-Executive Woman Director
- 1 Executive Director
- 1 Casual Vacancy

Following are the names of the personnel who, at any time during 2023, were Directors on the Board of the Company:

1. Mr. Hussain Dawood
2. Mr. Abdul Samad Dawood
3. Ms. Sabrina Dawood
4. Mr. Muhammad Abdul Aleem
5. Ms. Henna Inam
6. Mr. Khawaja Iqbal Hassan
7. Mr. Ghias Khan
8. Mr. Rizwan Diwan
9. Mr. Shabbir Hussain Hashmi (Appointed on August 21, 2023)
10. Mr. Mazhar Hasnani (Appointed on August 18, 2023, and resigned on December 29, 2023)
11. Mr. Shahzada Dawood (Ceased on June 18, 2023)
12. Ms. Dominique Russo (Resigned on August 15, 2023)

In 2023, the Board held 08 meetings to cover its complete cycle of activities. It has established 3 committees to assist it in carrying out fiduciary duties. These committees, along with their membership details, are as follows:

Board Audit & Risk Committee	Board Finance & Investment Committee	Board People Committee
5 meetings held in 2023	5 meetings held in 2023	7 meetings held in 2023
Mr. Shabbir Hussain Hashmi Mr. Muhammad Abdul Aleem Mr. Rizwan Diwan Ms. Henna Inam	Mr. Abdul Samad Dawood Mr. Shabbir Hussain Hashmi Mr. Muhammad Abdul Aleem Mr. Rizwan Diwan Mr. Khawaja Iqbal Hassan	Ms. Sabrina Dawood Ms. Henna Inam Mr. Khawaja Iqbal Hasan

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

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



# ethics & compliance

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

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

Ethical conduct is a core part of Engro's culture and its human capital philosophy. The bedrock of this philosophy is Character and Good Manners (CGM), which we believe is the best foundation for any organization's success. Great companies are built on the back of thousands of micro-interactions between teams; when people commit to collaboration and growth through the lens of CGM, it is our conviction that organizations perform better.

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

## code of conduct

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

- ◆ Statement of Ethics and Business Practices
- ◆ Policy governing Conflicts of Interest (Col)
- ◆ Insider Trading Policy
- ◆ Whistleblower Policy – “Speak Out”

- ◆ Statement of Internal Control System
- ◆ Gifts and Business Entertainment Guidelines
- ◆ Transactions/contracts with related parties
- ◆ Statement of Competition policy

The company also has centralized portals for all employees where they are mandatorily required to:

- 1- Disclose on actual/perceived Col
- 2- Disclose any gift received

These portals are managed and handled by the E&C team.

## Speak up at Engro

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

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

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

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

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

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

- ◆ Employees are encouraged to raise their concerns with line managers. We believe that dialogue and discussion are essential to building and preserving good relations amongst employees. Employees who have work-related concerns, or feel that they have been treated unfairly, are free to speak with their immediate supervisors, without fear of retribution. However, if they are not comfortable in doing so, they can use the Speak Out email to raise their concerns.

- For investors, the Company’s contact details are disclosed in “Company Information” section of the annual report and on its website under “Investor relations” section to facilitate shareholders /other investors’ and timely resolve their complaints, if any. As mentioned earlier, the Speak Out platform is available for any other complaints.
- Our external stakeholders such as business partners, including our suppliers, contractors and vendors, customers, and local communities are also encouraged to utilize the Speak Out platform.

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

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

Total cases reported (substantiated) across Engro companies pertaining to corruption & bribery were 04 in 2023 and 02 in 2022.

Relevant and appropriate action is taken to deal with confirmed and substantiated cases to remediate negative impact and prevent future occurrence where possible.

Our commitment letter to UNGC is a further testament to our commitment to promoting ethical and anti-corruption practices.

**trainings & awareness**

Given the importance of the subject, E&C conducts in person Awareness Roadshows covering code of conduct, anti-corruption speak out platform, workplace harassment, anticorruption practices and conflict of Interest policy for all Engro companies. These sessions also impart key learnings from sanitized cases to promote forward-looking approach for continuous improvement. Additionally, two group wide employee engagement activities and several awareness communications were shared during 2023.

Trainings sessions/roadshows		No. of Attendees		Learning Hours	
2023	2022	2023	2022	2023	2022
45	45	1800	1804	5400	4510

In addition to employee trainings, E&C is also engaged in conducting awareness sessions for our business partners. These sessions primarily focus on anti-corruption and our dealings with 3<sup>rd</sup> parties.

Furthermore, as per statement of compliance with listed companies (code of corporate governance) regulations, 2019 given in our annual report 2023 all Directors have duly obtained training under the Directors' Training Program or are exempted from the Directors' Training Program.

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



# approach to stakeholder engagement

As Engro, we believe that effective stakeholder engagement is paramount in creating long-term value for our businesses. A strategic approach to stakeholder engagement helps build trust, develop strong partnerships, and incorporate stakeholder perspectives in our strategies which can contribute to company's growth and success.

As a conglomerate with businesses in diverse industries that have multidimensional value chains, our operations have impacts that extend beyond our employees and investors to include a multitude of stakeholders. Engro Corporation and all its subsidiaries' stakeholder engagement approach focuses on the identification of relevant and important stakeholders by considering those groups or individuals who can be significantly affected by our business activities and outputs, or whose actions can be expected to significantly affect our ability to create value over time. These groups are mapped and profiled for consultation based on various factors such as influence, proximity, responsibility, dependency, willingness to engage and representation. Broadly, our key stakeholder groups include – shareholders and investors, government and regulators, customers / consumers, employees, lenders and insurers, local communities and vulnerable groups, civil society organizations and NGOs, and suppliers and vendors etc.

Engagement with these stakeholder groups, at multiple levels, is an ongoing process managed through the relevant departments and employees using a variety of communication methods. 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 consultation and engagement strategy with key stakeholder groups is covered in more detail in the table that follows. Feedback from stakeholders is documented and periodically reviewed and incorporated in decisions and process improvement. In addition to these engagement meetings, the Company provides other platforms to enable stakeholders to provide their feedback. Our contact information and Speak Out details are available on our website should any stakeholder wish to reach out to us regarding any concerns. Any concerns or feedback brought to light through these engagements is documented and responded to in a timely and appropriate manner.





### Customers/ Consumers

#### how we engage

Our consumers are end-users of products and services provided by our businesses. Each company engages with its respective customer using relevant means of communication which may include:

- Meetings
- Conference and events
- Business support services including visits, telephone calls and emails
- Surveys/questionnaires
- Website
- Digital platforms
- General correspondence

#### effect and value

- Our continuous engagement enables us to understand our customer needs and expectations to develop the right products and to ensure continued excellence in our services



### Shareholders

#### how we engage

Regular engagements are part of:

- Annual general meeting
- Stock exchange announcements
- Board meetings
- Corporate briefings
- Annual and quarterly financial statements
- Notices to shareholders
- Press releases
- Roadshows
- The Company 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
  - Investor hotline to maintain healthy investor relations and timely responding to shareholder queries

These interactions provide an opportunity to engage with shareholders, address their concerns in a broader forum, and provide updates on the Company's performance and activities



### Lenders & insurers

#### how we engage

Engagement is maintained through:

- Regular meetings
- General correspondence
- Annual and quarterly financial statements and other compliance documents
- Any other documents (as required)

#### effect and value

To build confidence and transparency with regards to the Company's operations for continued access to funds, and continuity of relationship to obtain effective solutions for the banking needs of the Company



### Government and Regulators

#### how we engage

The Company has a separate Government Regulations and Regulatory Affairs division (GRRRA) to manage engagements with government and regulatory bodies. Engagement is managed through:

- Meetings
- Data submissions to ensure compliance (where applicable)
- Events and seminars

#### effect and value

Ensure all legal and regulatory requirements are complied with

Ensure continuation of exchange of knowledge and discussion on various policy matters



### Employees

#### how we engage

Company maintains open and regular communication with employees through various channels such as:

- Townhalls
- Employee engagement sessions
- Training and learning circles
- Employee surveys
- Performance appraisal and talent development sessions
- Systematic support for health, safety and wellbeing
- Feedback sessions
- Internal web portal
- Digital platforms
- Internal newsletters and emails

#### effect and value

- To boost employee motivation and satisfaction, resulting in improved productivity
- To provide employees self-development and growth opportunities



### Suppliers and Vendors

#### how we engage

Engagement with suppliers is maintained through:

- Meetings and visits
- General correspondence
- Digital platforms
- Training events
- website

#### effect and value

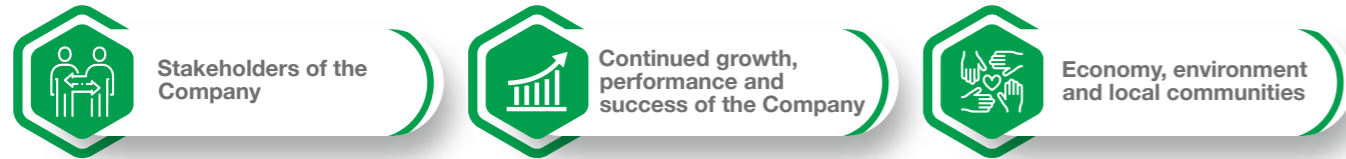
- To ensure our suppliers and vendors deliver on their promises while adhering to applicable and recognized best practices





# materiality assesement

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



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

## stakeholder engagement



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

## internal impact assessment



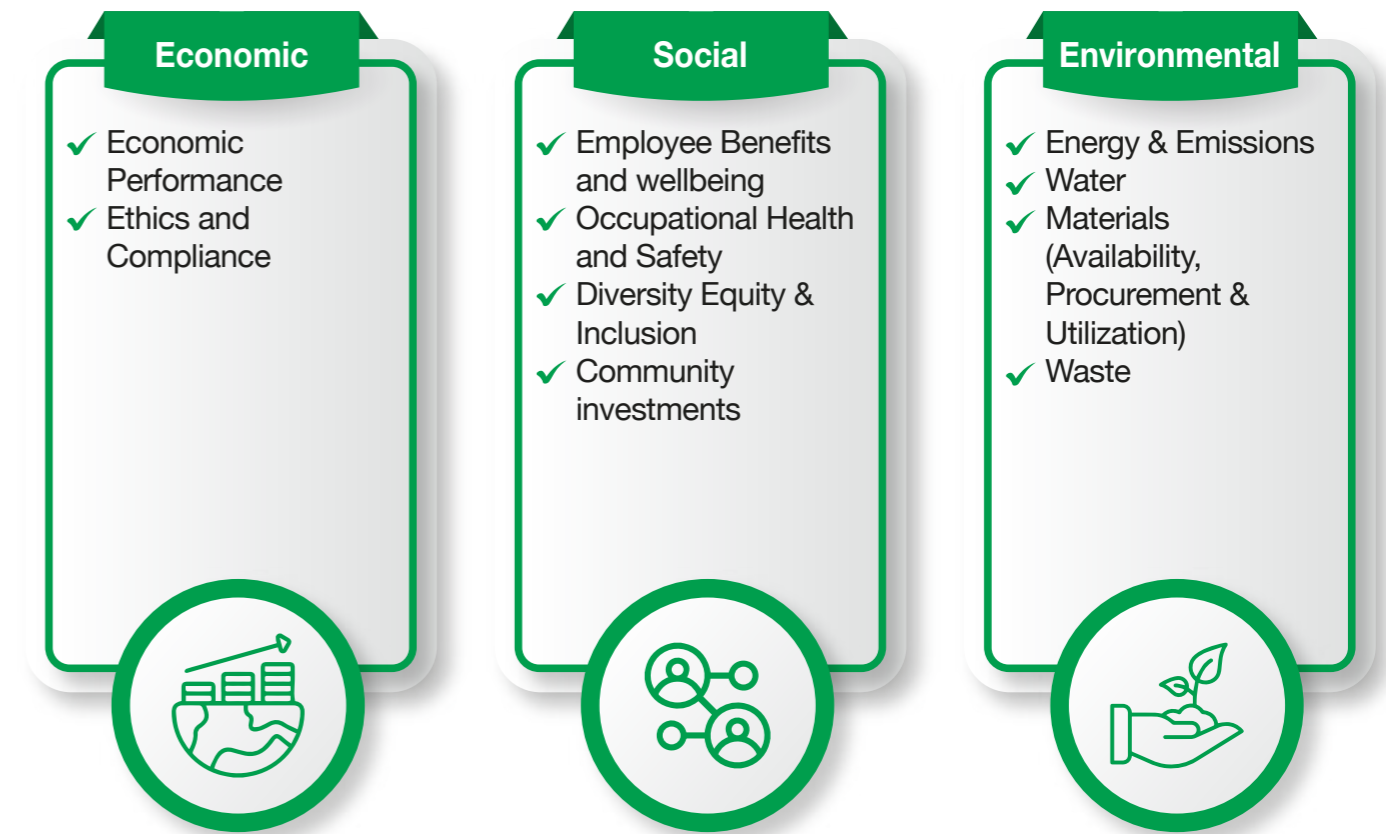
An internal impact assessment is conducted on quantitative and qualitative factors related to the Company's business operations that either have an impact on the Company or that are impacted by the company's business operations within a broader social, economic, and environmental context. These factors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

## prioritization



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

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



# our greatest assets

people



# people

**Total number of employees 2023** **3,514**

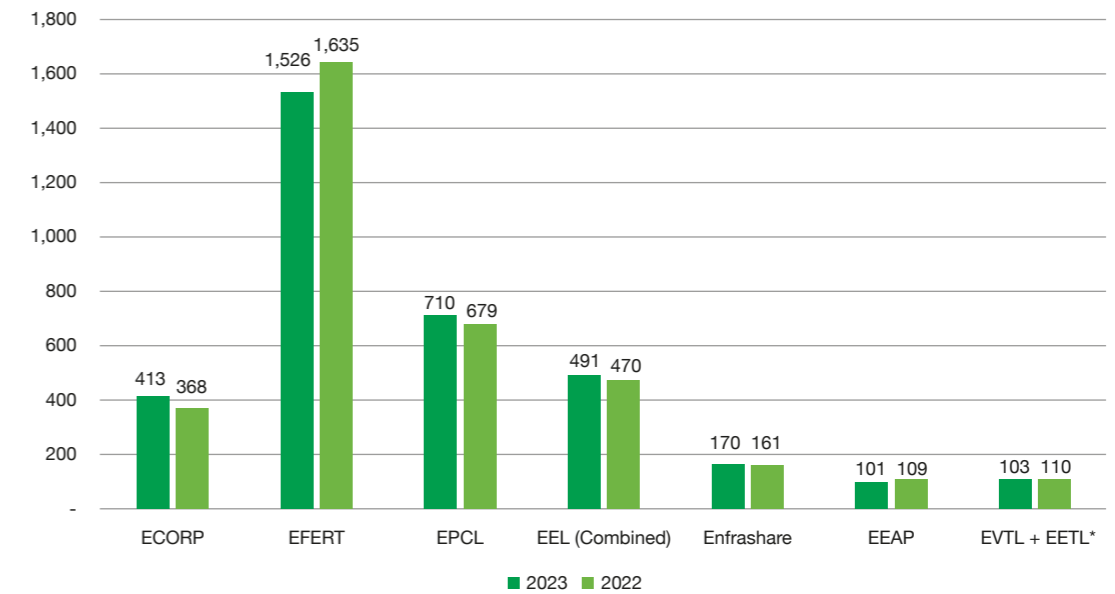


**Total number of employees 2022** **3,532**



\*NMPT category is only at EFERT

company-wise employee count



\*EVTL and EETL have a common management and the human resources are shared between the two organizations. Therefore, their employee data is presented as combined for both companies.

## hiring

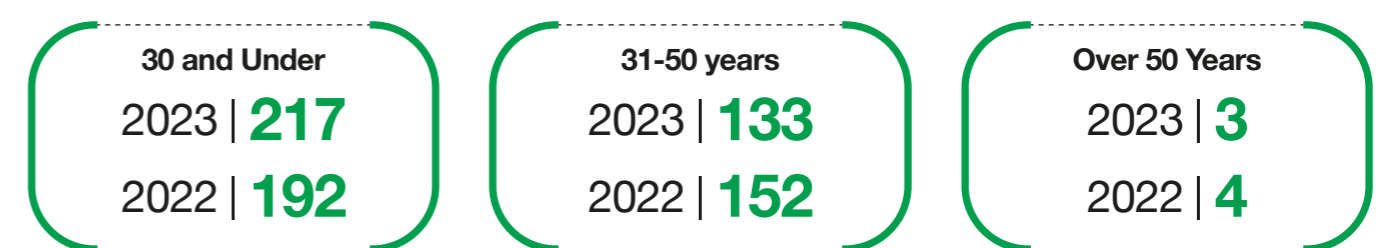
These numbers include permanent employees only



### hiring by gender



### hiring by age group





## turnover

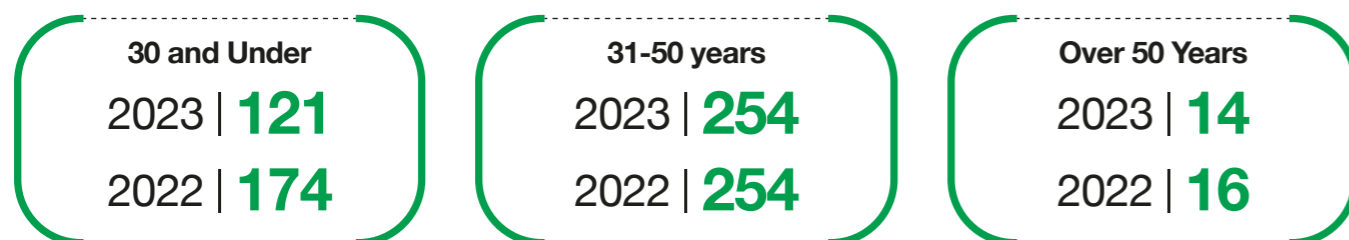
These numbers include permanent employees only



### turnover by gender



### turnover by age group



Engro recognizes the challenges posed by Pakistan's economic conditions, which have contributed to a notable trend of skilled professionals seeking opportunities in the Middle East. The region's economic landscape, characterized by higher salaries and more stable job prospects, has attracted talent away from Pakistan, including some of our valued employees.

As part of our commitment to sustainability, we acknowledge the importance of retaining skilled individuals within the Country. To address this challenge, Engro is implementing strategies to enhance employee engagement, provide competitive compensation packages, and create meaningful career advancement opportunities.

By investing in our employees and creating a supportive work environment, we aim to mitigate the impact of external economic factors on our workforce, contributing to the sustainable development of both our organization and the communities in which we operate.

## diversity at engro

### diversity by gender for key employee categories

#### permanent employees

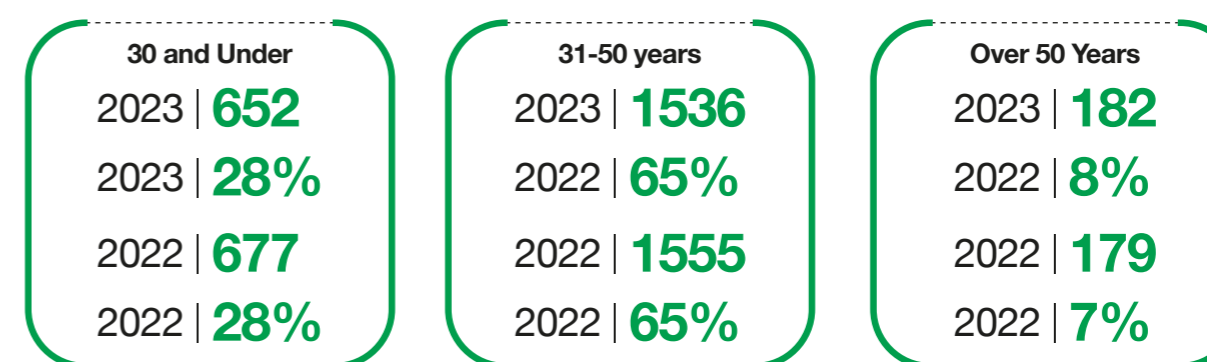


#### contractual employees

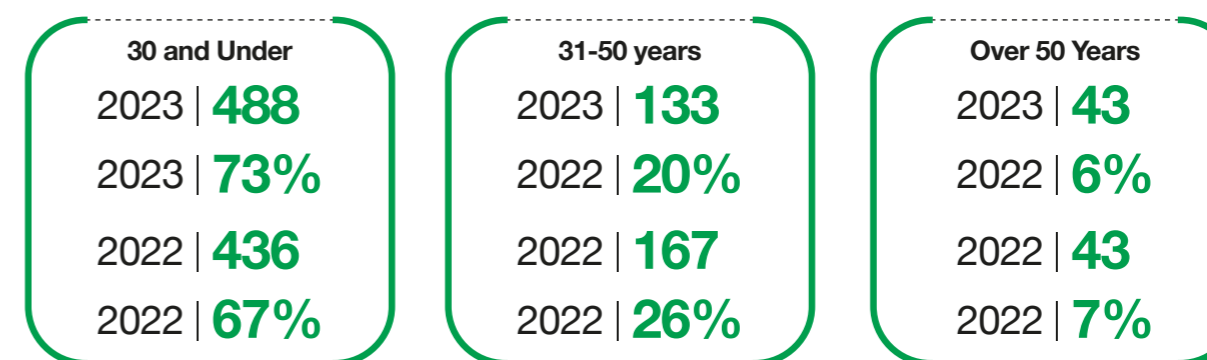


### diversity by age group for key employee categories

#### permanent employees



#### contractual employees



## our people – our growth imperative

Human Capital remains a top strategic priority at Engro as we aim to attract top-tier talent to drive value creation and impact in challenging and changing circumstances. At Engro, we firmly believe that our people are the cornerstone of our success as a company. Our employees play a pivotal role in sustaining the ongoing success of our businesses and are an integral part of our Central Idea and Core Values.

At Engro, we work towards building a performance-driven culture that fosters an environment of truth, trust and transparency, promoting open communication, diversity, equity and inclusion, learning and development, entrepreneurship, commitment to excellence, and safeguarding the health and wellbeing of our people to ensure that we remain well positioned to manage our growth and tackle any challenges faced by businesses today and in the future. As such, we continually strive to create opportunities that inculcate a sense of ownership in a culture founded on truth, trust, transparency, and a relentless pursuit of excellence.

Engro understands that the challenges for its businesses in the future will be different from those in the past, and the Company must invest in developing the required leadership competencies to face those challenges. For our continued success, and to ensure we continue to bet big on our people, we are focused on transforming our talent management approach along with our commitment to the desired culture – from attracting and developing the best people, to enhancing their engagement and sustaining a performance-oriented culture of learning and leadership. We celebrate apprenticeship & continuous learning, in which people development is a critical responsibility for all managers. Our leaders are expected to create learning opportunities, provide coaching and give regular, constructive feedback - a philosophy further reinforced in our performance management, goal setting, and learning management systems. Our Leadership Competency Model, increased digitization efforts, and robust people processes are designed to promote collaboration, innovation, data-driven insights & evidence-based decision making whilst keeping “People-First” at its core.

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

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

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

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

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

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

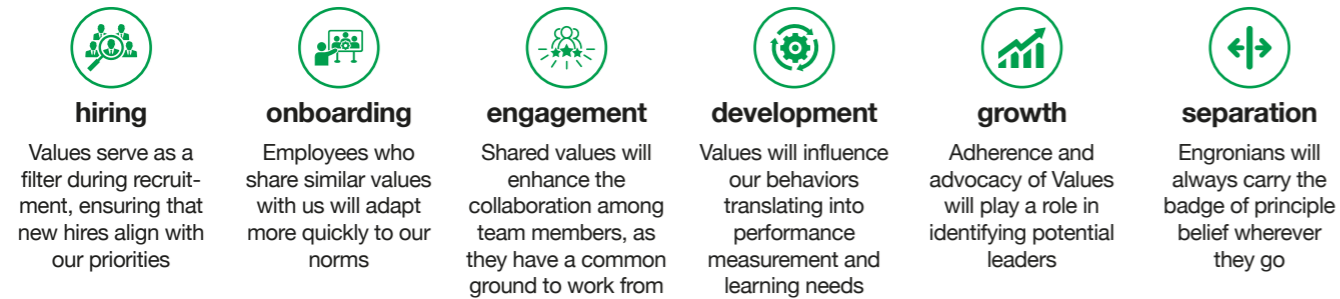
At the management level, the most senior management position that is responsible for all HR matters is the Chief People’s Officer (CPO) at parent company level and Head of HR at subsidiary / associate company level who report to their respective CEOs and Board through Board People Committee and the subsidiary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



# talent & culture

## the employee lifecycle

Our people strategy is influenced by our central idea which regards people as the organization's growth imperative. Our core competencies and a robust and comprehensive people's strategy helps us to successfully navigate through the changing business landscape, and ensure that we continue to attract, retain and develop talent.



## hiring-talent acquisition

Talent acquisition plays a pivotal role in an organization's success by identifying, acquiring, assessing, and hiring individuals who can contribute to the company's goals and long-term success. Its main purpose is to attract and retain high-quality talent that aligns with the organization's mission and strategy. It ensures the right skills for specific roles, improves team productivity by hiring the right talent, ensures alignment with values and creates a positive workplace fostering growth.

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

- Academic Collaborations and Job Fairs:** We signed Memorandums of Understanding (MOUs) with 3 universities GIKI, NUST & COMSATS Islamabad/Lahore. These MOUs are pivotal in fortifying visibility and fostering vital connections between the corporate and academia. The primary aim is to cultivate stronger ties and bridge the gap between academic knowledge and prospective talents.
  - Graduate Trainee Engineer:** Strengthening the Engro Enablers GTE program involved engaging with top 10 universities of Pakistan through campus drives, spotlighting Engro's rich legacy. Annual inclusive campus drives solidified our program's prominence in the market, resulting in extensive reach across social media platforms.
- Suleman Dawood Internship:** Suleman Dawood Internship has now been centralized across the Engro group. We initiated an internship campaign via social media and universities, participating in campus drives. To enhance their understanding of Engro, we arranged leadership sessions for interns, aligning their learning with practical insights. Projects were assigned, and specific lines supervised and evaluated their performance, providing constructive feedback for their future growth. We organized a comprehensive orientation across Engro to ensure a consistent and positive candidate experience.
- Internal Job Posting:** Engro has a digitized solution of Internal Job Postings (IJP) to provide employees the opportunity to apply for available job openings within Engro. This shows the company's commitment to the development of the talent available.

- Sourcing Channels:** Consolidating sourcing channels like LinkedIn, headhunters, and internal job postings in talent acquisition brings a multitude of advantages. This consolidation of sourcing channels streamlined the entire recruitment process, offering recruiters a centralized platform to explore and engage with diverse talent pools.

## onboarding

To ensure standardized onboarding across all locations, Engro launched the Success Factors module of onboarding whereby end-to-end onboarding of new joiners is managed digitally through this module - from manager's messages, to buddy alignment, to meetings with relevant stakeholders and managing all necessary data. Digital onboarding service helps to ensure that the experience of all new joiners, regardless of their location, remains the same.

To ensure a smooth onboarding process a structured 100-day program has been introduced under Learn, Empower, Adapt and Progress (LEAP) platform, which introduces new employees to the organization's culture, values, processes, and objectives. This comprehensive plan consists of 11 modules covering essential aspects such as ethics and culture, HSE, performance management, leadership competencies etc.

## engagement: culture

### employee engagement

Engro recognizes that employee engagement is critical for retaining valuable talent and boosting employee experience. To measure our success, we use a set of engagement perimeters adaptable to our working environment. Each year, we conduct an employee engagement survey, the results of which are shared with both employees as well as the Board. These results are analysed and action plans are developed. The survey addresses following dimensions:

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





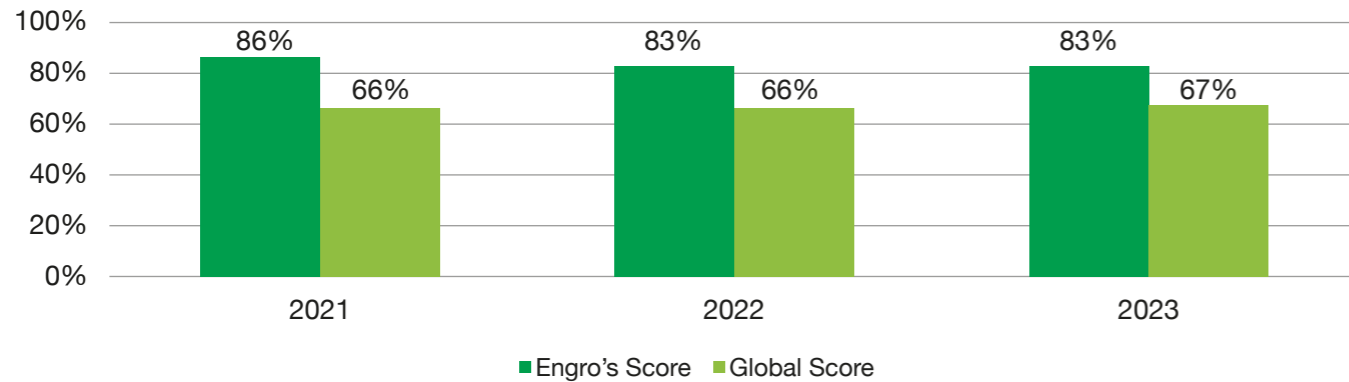
During 2023, the results of engagement survey for Engro group were:

**83%**  
engagement score  
**(2023)**

**83%**  
engagement score  
**(2022)**

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

**engagement scores**



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

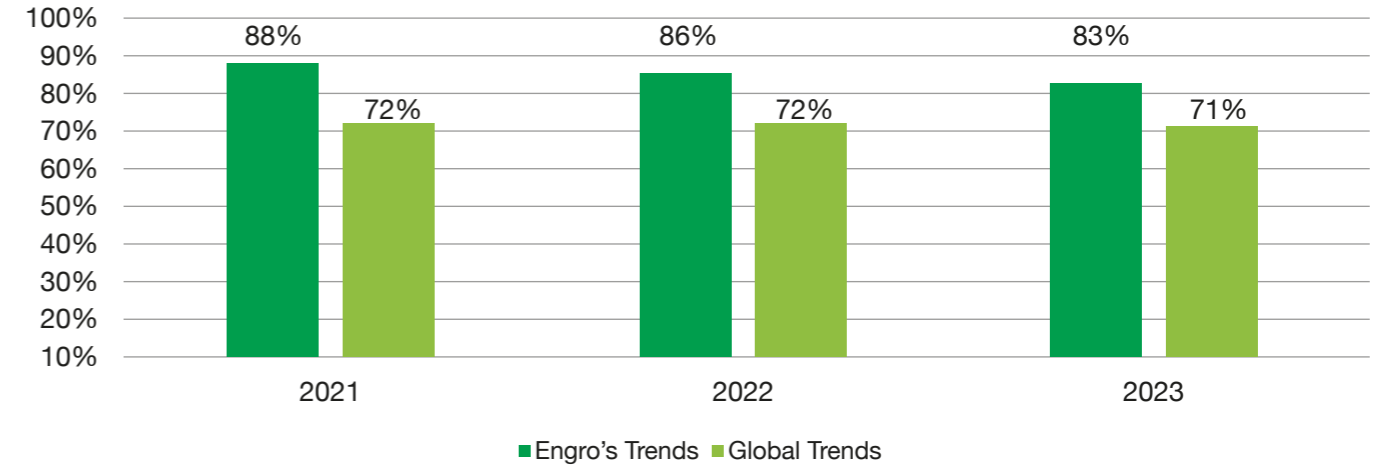
In 2023, the following engagement activities took place at Engro:

- Women's Day Digital Trivia & Giveaway
- Engro's Got Talent
- Ramadan Digital Nutrition Series
- Eid Breakfast & Giveaway
- Mental Health Awareness Month
- Mother's Day Digital Campaign
- Father's Day Digital Campaign
- Pakistan Day Celebration
- Pinktober Event
- Childrens day Event
- DEI Leaders Program Success Celebration Event

**wellness**

As part of Engro's commitment to improve employee well-being, programs are designed to achieve high levels of employee wellness – such as nutritional and emotional well-being initiatives, which help us foster a culture of proactive engagement. They act as practical tools.

**engro demonstrates a commitment to employee well-being**



As shown in Figure above, Engro has consistently outperformed the global average (71%) in employee well-being (Source: Qualtrics 2024 Employee Trends Report). To achieve this score, Engro has invested in a number of wellness programs including Emotional Wellness, Nutritional Wellness & Physical Wellness. Additionally, engro runs its flagship 41 Day Fitness Challenge that acts not just as a wellness tool but also enhances employee engagement.

dimensions	initiatives
<b>Emotional</b> 	<ol style="list-style-type: none"> <li>One-on-one counselling sessions for employees and their families</li> <li>Workshops (in-person &amp; online)</li> </ol>
<b>Physical</b> 	<ol style="list-style-type: none"> <li>41 Day Fitness Challenge</li> <li>Yoga</li> <li>HIIT</li> <li>In-house gym</li> </ol>
<b>Nutritional</b> 	<ol style="list-style-type: none"> <li>One-on-one sessions</li> <li>Workshops (in-person &amp; online)</li> </ol>

# diversity, equity & inclusion

At Engro, we believe that our Diversity, Equity & Inclusion (DE&I) strategy strengthen a culture that nurtures an inclusive work environment and promotes the social and economic values that we propagate. In such an environment, employees feel valued and safe to express their views. With diverse perspectives, teams can make better decisions, improving their performance and agility in a complex and changing business environment.

Engro recognizes Diversity, Equity & Inclusion as a strategic dimension that shall complement our existing efforts for a more diversified and inclusive, future-ready workforce. Our people strategy, initiatives and employment practices ensure that our employees are provided with equal opportunity and fair representation from various aspects, are treated equitably, and have the freedom to thrive professionally and grow to their full potential. Starting from the recruitment process, we endeavor to give equal opportunities to all candidates, irrespective of their gender, religion, or background.

## our purpose statement

“Encourage, Enable & Empower women in our society by consciously focusing on: Workplace, Marketplace & Community”



Raise the bar & build the best place to work for All. Empower “Colleagues” - males, females, transgenders



Engage with universities, vendors & startups to create a strong external brand through “partners” & “candidates”



Enable & lead the way in developing local communities especially through women-centric projects

We have multiple programs to ensure diversity at our workplace and believe that the current and future initiatives that we undertake to further our DE&I ambition, will help us achieve our goal to encourage, enable and empower women in our workplace, marketplace, and communities. This includes increasing our gender diversity footprint at both the senior leadership as well as fresh induction levels; once onboarded, by inculcating the right culture and developing coaching and mentoring programs we enable our female employees to grow and excel in their careers to reach leadership positions.

A few of our key initiatives to promote DE&I at Engro include:

## diversity, equity & inclusion leaders program (DEILP)

The Diversity, Equity & Inclusion Leaders Program equips employees at all levels with the skills and tools necessary to inculcate a culture of inclusion across the Company. Our commitment to fostering an inclusive culture has taken a transformative leap through the DEILP wherein we provided sensitization training to employees across Engro through 66 self-nominated ambassadors, spanning 4 modules:

Module 1 & 2: Awareness and Acceptance focuses on intersecting identities, understanding, and leveraging privilege, difference between equality, equity and justice and biases.

Module 3: Advocacy involves understanding courageous conversations and their guidelines.

Module 4: Anti-Harassment includes types of harassment and how to identify them.

A key part of the program is studying various forms of exclusion and discriminatory behaviours common in office spaces, and the adverse effects they may perpetuate on employee productivity. Engro’s DEILP has been designed on a sustainable model that features in-house volunteer trainers (DE&I Ambassadors) to ensure Engro employees undergo comprehensive and customized sensitization training. Furthermore, as a testament to our commitment to accessibility, all four modules are being digitized and will be accessible to all employees on the learning management system. This digital transformation allows individuals to learn at their own pace and convenience, further promoting continuous education and awareness throughout our organization. DEILP not only shapes our present but also paves the way for a more enlightened and inclusive future for all.

## DE&I related policies:

- **she moves with careem:** Engro enables women employees by offering commute facilities in partnership with car-hailing business Careem.
- **Travel with Child Policy:** Engro offers local and international travel with child and attendant for all permanent women employees and trainees with children up to 3 years of age where engro covers the cost of child and attendant.
- **Parental Leaves:** Engro offers its women employees 6 months of paid maternity leave and its male employees 15 days of paid paternity leave to support their partners at home.
- **Daycare:** Engro has 2 in-house daycares at different office locations for children between 4 months to 6 years.
- **anti-harassment committee:** The Anti-Harassment Committee, as a dedicated reporting platform, empowers employees to confidently report harassment or bullying cases. Operating for years and committed to ongoing support, it ensures a safe and respectful workplace.

## break ke baad (bkb)

One of our trailblazer initiatives is a 12-month returnship program designed to increase employability of women looking to resume work after mid-career breaks. The program has a flexible working model which offers associates full-time employment, part-time employment and flexible working hours. Break Ke Baad seeks to induct applicants with at least 3 years of prior experience, after a gap of at least 2 years.

**khudi:**

Khudi, introduced towards the end of 2023, is a one-year contractual training program designed to empower and nurture People with Disabilities (PWDs). Through exposure to various roles across Engro, this initiative aims to instill pride, identity, and purpose within such individuals. By creating pathways for growth, development, and meaningful contributions, Khudi actively addresses the challenges faced by PWDs in securing meaningful employment.

**uraan:**

Under Engro’s banner of EnableAll, Uraan, a one-year technical training program was launched by EVTl for women residents in Bin Qasim, Karachi. This comprehensive program covers essential terminal aspects such as Processes, Electrical, Instrumentation, Warehouse, HSE, Digitalization, and Administration. The unique training approach includes a blend of classroom sessions and on-the-job experiences 100% facilitated by our in-house engineers and managers, ensuring active engagement throughout the 12 months.

This initiative not only addresses the scarcity of women in unconventional roles but also aligns with our Diversity, Equity, and Inclusion (DE&I) principles, fostering inclusivity and skill-building in an underrepresented community.

**compensation and rewards**

**as a commitment to diversity, equity, and inclusion, engro has a fair and non-discriminate compensation policy.**

Our rewards philosophy does not differentiate any individual based on their gender, ethnic or religious background. Our principles for pay determination and pay progression are based on **1) pay equity compared to market 2) individuals’ performance and 3) leadership competency rating through a comprehensive performance management process.**

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

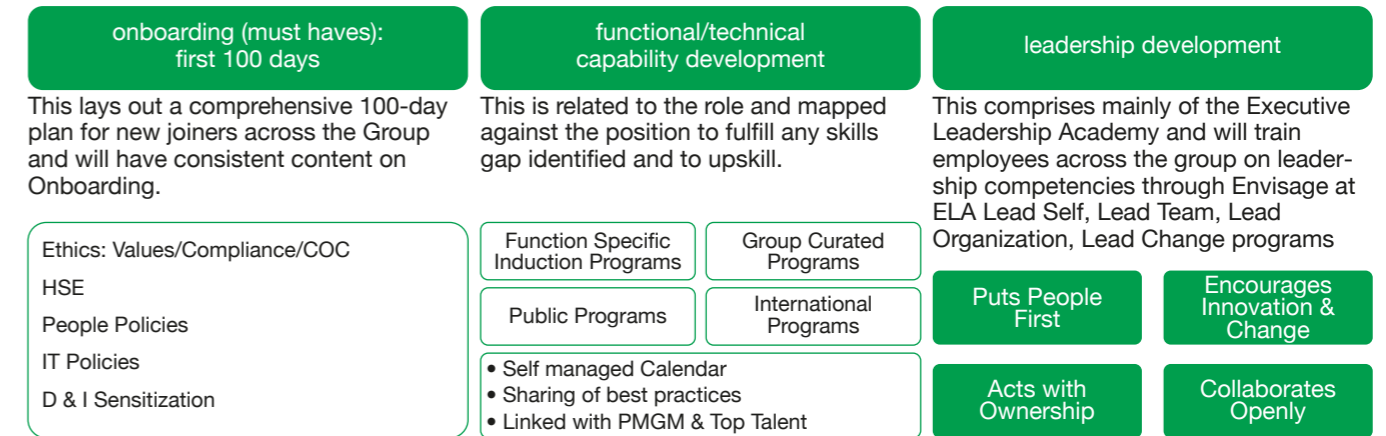


# talent development

**capability development**

Learn Empower Adapt Progress (LEAP) stands as an umbrella platform dedicated to advancing group-wide upskilling through a unified platform. Its core aim is to build a comprehensive framework comprising three vital elements: Onboarding, Functional/Technical Training, and Leadership Development. This framework is tailored to address capability development needs while also prioritizing the development of future skills aligned with our organization's strategy, crucial for sustaining ongoing success and sustainability.

The three verticals under LEAP are illustrated below.



The primary goal is to strategically position 'capability development' as a central element in fostering learning across the organization. This approach underscores a shift in mindset, emphasizing that capability development is driven by employees themselves. The strategy for capability development is tailored to align with employee preferences, offering a variety of options through a structured calendar for personal and professional growth, empowering individuals to personalize their learning paths.

**functional / technical offerings:**

In the realm of Functional/Technical Development, Engro has developed training programs on engineering excellence skills over the years. The objective is to foster a unified approach across subsidiaries and enhance knowledge accessibility. Currently, the system hosts over 1000 unique technical courses, stewarded by businesses.

**leadership development offerings:**

Leadership Development is linked with the Leadership Capability Model (LCM), nurturing leadership and management skills across all tiers. Training series conducted in 2023 covered areas like Self-Development, Team Leadership, Soft Skills, and Constructive Feedback, Throughout the year, our learning initiatives totaling over 50,000 hours, with Coursera accounting for over 9,300 hours, with 70% utilization rate. Our structured approach has propelled us among the top 6% of organizations acknowledged for providing comprehensive learning and development platforms for employees according to HRBS Survey, 2023.



**Rs. 213 mn**  
(total training spend)

**~Rs 90,000**  
(training spend per permanent employee)

**66,618** hours  
(permanent employees)

Female:  
**8,264** hours  
(Avg: 29 hours)

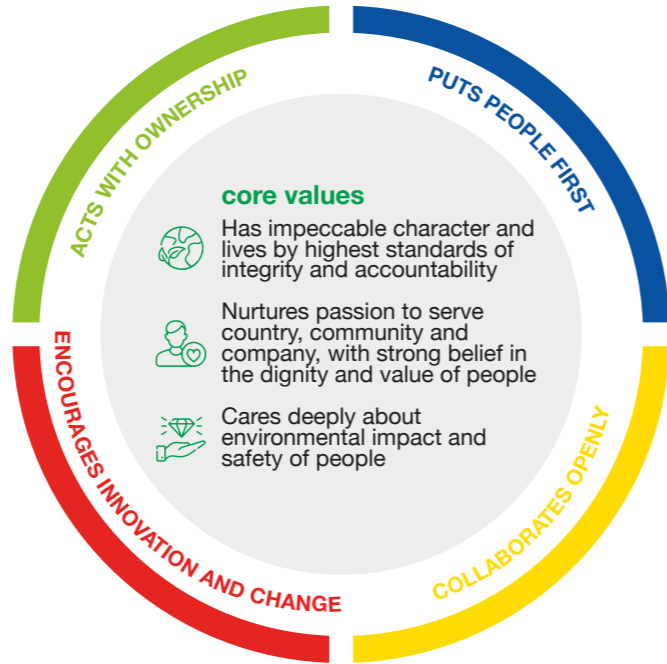
Male:  
**58,354** hours  
(Avg: 28 hours)

Over the years, our learning model has been developed to offer efficiency to increase our outreach and cover a large employee base through the use of technology and in-house expertise. This helps us to manage our costs while helping us to maximize our training efforts. Some of our manufacturing sites have in-house training centers and are managed by businesses. Soft skills training is largely centralized and is imparted through in-house trainers' club, with occasional support from external vendors, as and when required and through digital learning courses offered through Coursera and Engro's LMS system, ensuring convenience to the employees. Our model is aligned with the changing dynamics of the world today leveraging smart tools and technology to maximize efforts to increase outreach.

**talent management**

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

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



**performance management system**

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

**succession planning**

A key process in talent management across organizations to ensure continuity in talent pipelines for critical and non-critical roles, is succession planning. The goal of this process is to ensure that if a critical or non-critical resource leaves the organization, the continuity of the business should not be compromised. In 2023 engro launched a systematic, 100% digitized, and centralized succession planning framework, along with a completely digitized Succession Planning and Career Development Plan (SPCDP) module on SuccessFactors.

**talent development program**

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

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

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

**wage level**

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

Additionally, we have other entry programs focused on training such as the Trade Apprentices at plant sites. However, these programs are not subject to minimum wage laws and are governed by relevant laws of Pakistan (The Apprenticeship Ordinance, 1962).

**risk for incidents of child, forced and compulsory labor**

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

# the shahzada dawood learning circle (sdlc)

The Shahzada Dawood Learning Circle (SDLC) serves as an internal platform designed to grant our employees access to sessions led by globally renowned leaders.

Embracing the ethos of lifelong learning exemplified by our esteemed late Vice Chairman, Shahzada Dawood, the SDLC fosters curiosity and empowers individuals throughout our group companies, foundations, and business school. This distinctive platform offers us the chance to engage with and pose questions to world-renowned leaders, experts, and storytellers, thereby nurturing intellectual development and catalysing innovation.

The SDLC delves through a wide array of subjects, fostering intellectual curiosity and personal development. By presenting globally relevant and forward-thinking topics, this platform ensures that participants remain at the forefront of industry trends and emerging advancements.

In 2023, the SDLC successfully hosted 10 sessions, drawing in over 1,500 participants. The impactful insights from these sessions have directly catalysed a growth mindset and innovation within the Organisation.

Shahzada's visionary legacy endures within the SDLC. Through the cultivation of curiosity and the empowerment of lifelong learning, it enables our colleagues to spearhead innovation and shape a promising future for our Organisation.



## speakers of 2023

Month	Speaker	Title & Organization	Topic
January	Bill Gates	Co-chair, Bill & Melinda Gates Foundation	Human Development
April	Sven Smit	Senior Partner & Chair, McKinsey Global Institute	Cusp of a New Era
May	Qian Liu	Managing Director, The Economist Group, Greater China	China and the Global Economy
June	Danil Kerimi	Chief Business Officer, HKF Technology	Good Uses of Artificial Intelligence
June	Reuben Jayasinghe	Digital Innovation Lead for ASEAN, Amazon Web Services	Amazon Culture of Innovation
July	Usman Rabbani	Partner, Brighton Park Capital	Power of Tech Disruptions for Organisations
August	Bob Sternfels	Global Managing Partner, McKinsey	Global Outlook
September	Muhammad Aurangzeb	President & CEO, HBL	Pakistan's Economic Outlook
October	Dr Laura McHale	Founder, Conduit Consultants	Trauma Informed Organisation
December	Satish Shankar	APAC Regional Managing Partner, Bain & Company	Strategy in Uncertainty

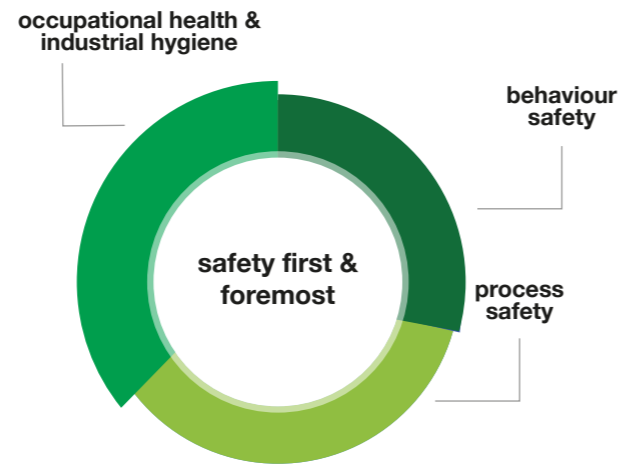




# occupational health and safety

Engro Corporation (Engro) remains committed to ensuring “world class” performance with respect to all aspects of Health and Safety. This responsibility is categorically affirmed in Engro’s HSE Policy statement. Health and Safety is one of our core values and remains a key business objective.

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



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

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

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

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

- continually work towards ZERO occurrence of occupational injuries and illnesses, process safety mishaps, and environmental incidents,
- integrate HSE aspects in business decisions,
- identify threats that can adversely affect PEAR (People, Environment, Assets, Reputation), and prevent and/or mitigate adverse outcome through effective barriers and work processes,

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

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

In a recent initiative, Engro has moved from a Compliance based HSE Management System to a risk-based HSE Management system derived from International Standards. This involves identification of both process and non-process threats having potential for causing major accident hazards and the barriers required to prevent/mitigate these major accidents. This multiyear transformation comprises three phases: urgently completing a review of high HSE consequence scenarios, institutionalizing a world-class barrier management program, and conducting detailed risk assessments. In addition, Performance Standards have been developed to ensure functionality and reliability of the barriers.

A comprehensive capability development program has also been launched to enhance the skills of resources for efficient transformation from compliance based to a risk based HSE management. The first phase has been successfully completed and good progress has been made on the second phase so far.

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





## HSE governance & responsibility framework

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

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



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

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

- Every group company has a **top management level HSE committee** (Corp HSE Committee) headed by CEO and senior executives as its members. The committee will own and maintain the HSE policy and provide leadership to drive the HSE activities across respective organization from a strategic leadership perspective, make resources available to support HSE initiatives and approve exceptions to Level-1 procedures.

- All manufacturing sites and marketing/commercial/service organizations have a **divisional HSE committee** headed by divisional head with all department heads as its members. The divisional HSE committee shall originate, guide, and coordinate overall HSE related efforts, steward HSE performance, review investigations of serious incidents, ensure timely close-out of action items, review Leading Indicators to provide directions on matters with wide HSE concerns and approve division specific HSE policies.

To support division level HSE committee, all businesses institute **sub HSE committees**, based on requirement / nature of business, to review operational level HSE aspects through participation of SMEs. These committees shall be headed by department heads and shall have their documented charter covering membership, roles & responsibilities.

- A **CCHSE** Forum is also in place to ensure synergy and effective sharing of best practices and learnings across the group. This committee shall be headed by VP ECTD and have Group HSE Head and all group companies' HSE heads as members.
- A dotted line engagement protocol is maintained between ECTD (Group HSE) and the site HSE organizations. Interaction is managed through the **GROUP HSE - SUBSIDIARIES INTERACTION FRAMEWORK**



## hse committee structure and membership

Committee	Chairman	Secretary	Mandatory Members
Cross Company HSE (CCHSE)	ECTD Gead	Group HSE GM / Manager	HSE Leads of all Companies
Corp Company HSE	Business CEO	HSE GM / HSE advisor	All Division Heads
Manufacturing / Marketing HSE	Division Head (Chairman HSE Committee)	HSE advisor / Coordinator	All Department Heads / Leads
Sub HSE Process and E&H	Site Operations Head	Process Engineering Manager / Lead	All relevant operations heads, relevant area FM/process Heads, Site HSE advisor
Sub HSE Mechanical	Site Maintenance Head	Process Engineering Manager	Inspection Head, Workshop Head, Relevant area Ops/FM Head, Site HSE advisor
Sub HSE I&E	Any department Head other than I&E	I&E Manager	All I&E area Heads, Relevant area Ops/FM heads, site HSE advisor
Sub HSE incident Report Review Committee (IRRC)	Any site department Head nominated by chairman HSE Committee	Site HSE team member	One member from every department (M2 & above)
Sub HSE off the Job (OTJ)	Any site department Head nominated by chairman HSE Committee	Site HSE team member	All relevant individuals (M2 & above)
Sub HSE Contractor safety Management (CSM)	Site Maintenance Head	Site HSE team member	One member from every department (M2 & above)
B-Level Committee (Departments)	Department Head	Any Department Member	Area Supervisor

\*Site and divisions can form sub HSE committees based on their requirements

**“D” Level HSE Committee** is an effective forum and serves as a link between workforce at grass root level and the management and for organizations where contractors are performing O&M functions, relevant Engro company shall enforce that contractor’s organizations shall also attend these meetings as per defined timelines. The purpose of this committee is to sustain motivation of personnel through participation, develop their belief in Engro’s HSE philosophy, educate and encourage safe work practices. Charter and membership of the D level committee is developed by the respective business (where applicable) as per the Integrated HSE organization structure guidelines.

## occupational health and safety management systems

Engro HSE program is designed to ensure compliance with applicable laws and regulations and international best practices, such as Sindh/Punjab Environmental Quality Standards, Environmental Protection Agency Act, Labor law, OSHA, DuPont, British Safety Council, SHMS Queensland Mining Standards etc., for implementation of comprehensive and successful occupational safety and health administration program.

To guide HSE performance, Group HSE function that has produced inhouse HSE Standards to ensure consistent HSE practices across the group for its employees and contractors which are based on knowledge, experience, best-in-class practices, and local and international standards. The Standards have been whetted and certified by an independent 3rd party as being in line with gold HSE standards world-wide.

## process hazard analysis (pha)

Group HSE Standards developed by Group HSE also includes standards for Process Hazard Analysis (comprising the following) that are being implemented in combination with high quality of design practices to identify all hazardous scenarios and manage their risk to the ALARP level inherently to make the process plant facilities safe for personnel on site:

Hazard Identification (HAZID)

What-If analysis

Hazard and operability study (HAZOP)

Bowties analysis

Process Hazard Review (PHR),

Layers of Protection Analysis (LOPA)

Safety integrity level (SIL) analysis

Fault Tree Analysis (FTA)

Hazard Analysis (HAZAN)

Facility Siting Study

Failure Mode and Effect Analysis (FMEA),

Fire and Explosion Risk Assessment (FERA)



## risk based analysis (rba) hse management system

With the drive to continually excel and bring the organization at par with the world-class HSE management system, Engro embarked on a multi-year journey with support from DuPont Sustainable Solutions (DSS++) to move from a compliance-based HSE management approach to a cutting-edge risk-based HSE management system. In 2021, a gap assessment was carried out for three high-hazard sites in the Engro group of companies. Based on the findings, a comprehensive Risk based HSE management system was customized for Engro to proactively identify, prevent, and mitigate threats that can adversely affect P E A R (People, Environment, Assets, Reputation) through effective barriers management. Threats having the potential for causing high severity harm were classified as Major Accident Hazards to enable specific focus to be maintained. This multi-year transformation was split into 3 phases: completing a review of high HSE consequence scenarios, institutionalizing a world-class barrier management program, and conducting detailed risk assessments.

To ensure smooth transition, a dedicated Risk Based HSE (RBHSE) transformation team was formed in 2022 to lead this critical change management process across the organization. The rollout strategy comprised of three phases including completing a review of high HSE consequence scenarios, institutionalizing a world-class barrier management program, and conducting detailed risk assessments. The first phase comprising of review of high-consequence HSE scenarios was completed in 2023 accompanied by initiation of alignment of our Barrier Management Program with leading organizations worldwide. This momentous undertaking required an investment of over 44,000+ person-hours. The output of this exercise is fed to a high-level dashboard to provide visibility of HSE analytics to senior leadership for effective risk management. It shall also provide input to the enterprise risk register. Additionally significant efforts are being made to develop organizational capability on world-class HSE risk assessment methodology, including Hazard Identification (HAZID), Process Hazards Analysis (PHA), Layer of Protection Analysis (LOPA) & Bow Tie Analysis.

To achieve this, a flagship resource upskilling intervention has been meticulously designed for experienced individuals, enabling them to lead future risk assessments and train our in-house resources. For the first time in Engro's history, the PHA and LOPA classroom training was followed by the execution of two actual risk assessment studies under the coaching of a global subject matter expert.

A total of 10,000+ hours were dedicated to upskilling and empowering our resources, upskilling 450+ resources and training 21 HAZOP leaders.



## health

The health of our employees is our priority, and our aim is to protect the health of our employees through rigorous assessments and strict compliance with prevention and mitigation controls. Health assessment plays a major role where the work environment has potential health hazards associated with the job. Personnel health is vital to ensure that they are physically and mentally capable of doing their assigned jobs, and at the same time are not being a hazard to themselves or others.

To streamline the Health Risk Assessment, Group HSE has developed a **Health Risk Assessment standard (HRA)** that deals with the identification of health hazards in the workplace and subsequent assessment of risk to health. The purpose of this standard is to provide guidance to group companies to have their own programs in place for conducting HRA so that all the health-related risks can be clearly categorized, based on which decisions can be made about the significance of exposures and what adverse health effects can be caused due to that exposure. In addition, this standard also facilitates the group companies to take necessary control measures to avoid any adverse health impacts.

For OHIH matters, HRA (Health Risk Assessment) is performed on yearly basis to make sure people are protected and all hazards identified are addressed. Additionally, the RBA program also covers work related hazards that pose a risk of ill health and identify prevention and mitigation barriers.

In addition to the HRA, Group HSE has also developed a **Health Assessment and Review Procedure** to ensure the fitness of personnel. The standard describes the requirements related to Health Assessment and Review Procedure including, information on the requirements and procedures on Health Assessment for various types of **Fit to Work (FTW)** health assessments that are applicable for personnel for job employment and work done during all phases of business activities at offices, plants, field, and other remote locations. The guidelines detail classifications of fitness to work status and actions are managed accordingly.

All data collected by Engro based on information provided by personnel is to be treated in accordance with Engro's personal data protection requirement/legislation and medical confidentiality standard practices/ethic. The standard proposes the following periodic assessments, based on the needs and requirements of the businesses:

<b>Fitness to Work</b>	Pre-Employment Health Assessment
	Pre-Placement Health Assessment
	Job Specific Health Assessment
	'For Cause' Health Assessment
	Third Party Contractor Health Assessment
<b>Preventive Assessment</b>	Periodic Health Assessment
<b>Termination/Separation</b>	Termination/Separation Health Assessment

For non-occupational health services, Engro has medical benefit policies that facilitate employees and their immediate family in maintaining a high standard of health and physical fitness. These policies cover OPD (Out-Patient), Dental Benefits, Hospitalization (In-Patient), Additional Medical Assistance and periodic medical check-ups sponsored by the Company.



## work-related injuries

During 2023, employees and contractors' manhours worked were 6.84 million and 29.6 million, respectively. Based on 3 recordable injuries during the year, the employees' Total Recordable Incident Rate (TRIR) was 0.09, while TRIR for contractors was also 0.09, due to 1 fatality and 13 recordable injuries.

For 2022, employees and contractor's manhours worked were 7.25 million and 34.8 million respectively. Based on 2 recordable injuries during the year, the employees' Total Recordable Incident Rate (TRIR) was 0.06, while TRIR for contractors was 0.13, due to 1 fatality and 21 recordable injuries

The calculation of rates in the above paragraphs is based on 200,000 hours worked.

Engro, being a responsible company with stringent standards conducts thorough investigation for injury related incidents and takes appropriate actions and institute appropriate controls to prevent such incidents occurring in future. High severity incident investigations are led by the Group HSE and close out of recommendations is tracked. Key lessons learned are shared and implemented across the group.

Engro regularly conducts health promotion and safety awareness programs to improve awareness on HSE matters. These programs are designed to train employees, create awareness, and enlighten them with various safety and health-related aspects of their jobs. These sessions also provide an opportunity to solicit employee feedback. Group HSE has developed a standard Health Awareness program to enable subsidiaries to design their programs considering the guidelines provided in the standard for a streamlined program.

## hse trainings

Engro group companies do the utmost to change the mindsets and behaviors of employees on a personal as well as professional front. Some of the HSE topics covered through the trainings include:

- Process safety and risk management
- Emergency response
- Incident investigation and communication
- Safety training for line supervision
- Electrical Safety
- DuPont RBA & Bow Tie development training
- Personnel safety management
- Health safety and environment fundamentals
- Process hazards analysis
- Work permit system
- Fire Safety & Firefighting techniques
- Ship Unloading/Truck loading/Static Electricity trainings (specific for EVTL)
- Heat stress
- Environment management systems
- IMS (ISO-9001/14001/18001) training
- PPE usage
- First aid and CPR training etc.
- Safety training for turnaround workers and employees

## community investments

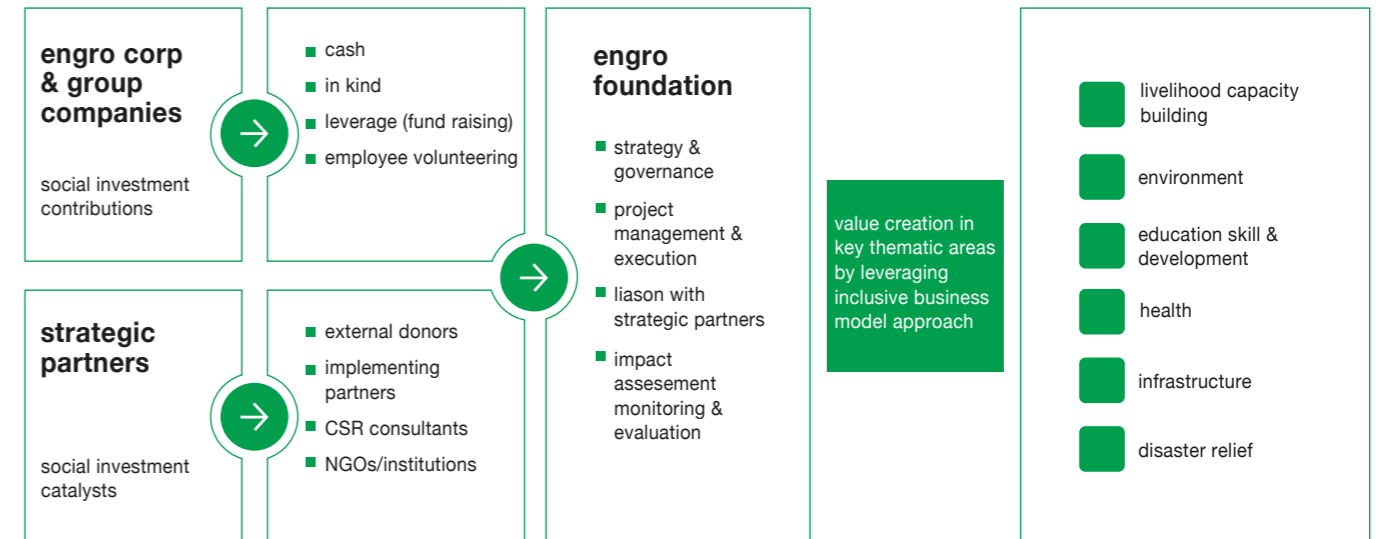
At Engro, our business performance is guided by its Central idea and our Mission that revolves around solving some of the pressing issues of Pakistan. We are convinced that a robust and prosperous society is imperative for the growth of businesses, hence, every venture of Engro operates on an inclusive business growth ideology, wherein our businesses contribute across our value chains and deploy philanthropic capital for the betterment of the communities we operate in. Our education, skills development, healthcare and other programs provide opportunities to these communities and drive the long-term symbiotic relationship between our businesses and our communities.

## inclusive business strategy

Engro, being a responsible business enterprise, believes in creating value for the society through our inclusive business model and our community outreach strategy is aimed at creating an impact through what we deliver ensuring our investments are beneficial for the society as a whole in the long-run. Through this model, we value and contribute to these objectives both directly and indirectly while maintaining our operations. The model ensures that all the financial contributions from its group companies and external donors are invested in key thematic areas which include but are not limited to Livelihood & Capacity Building, Education and Skill Development, Environment & Ecosystem, Healthcare, Infrastructure, and Disaster Relief.

Contribution for all Engro companies is through Engro Foundation, whereas for two of our operating companies, SECMC & EPTL, contributions are made through Thar Foundation which is the CSR wing for all the partners who are involved in Thar Block II Coal Project and include Government of Sindh, Engro Energy, HubCo, HBL, CMEC and Thal Limited.

Key initiatives undertaken by Engro Foundation and Thar Foundation are covered in this section.



## engro foundation

### training and education

#### formal education

7,500 + students are benefitting through our supported schools

- School Adoption Programs in Daharki and Qadirpur– 12 schools with 2,700+ students enrolled
- Katcha Schools Program in Ghotki - 15 schools with nearly 2,050 students enrolled
- Sahara Community School in Daharki - one school with 500+ enrolment
- Schools with TCF, three in Karachi and one in Daharki - 2,100+ students enrolled
- Micro schools in Karachi, pilot project on nonformal education – 175 students enrolled

#### girls education in the katcha area

The Katcha area is essentially the Indus riverine tract area, prone to flash flooding. The communities in the area, although dating back over a century, still don't have many basic amenities such as electricity, schools and hospitals from the Government. The area is also socially traditional, and it is common for 12–13-year-old girls to be married off. Engro Foundation started a school program in 2001, and successfully runs 13 primary schools, 1 middle school, 1 elementary and 1 high school there. In 2017, Engro Foundation began its task of starting a girls middle school. This was not an easy task, as convincing parents, was an uphill battle. After extensive mobilization and motivation, the girls school finally started with 10 students and has now grown to 71 girls. Women teachers from different areas, come to the area to teach. Investment in girls education has paid off, with girls studying in middle and secondary classes and pursuing higher education opportunities. We have also seen a significant reduction in early childhood marriages in the area. Their families have become more open to the idea and opportunity of learning and education for their daughters.

#### technical education

700+ students are benefitting through our technical training programs

- **technical training college in daharki**  
Diploma in Associate Engineering in Chemical, Mechanical, and Electrical technologies: New batch of 210 students inducted. Total enrolment stands at 460 students
- **digital skills**  
57 students graduated under Tech Karo E-Commerce course.  
96 students graduated under Tech Karo Digital Literacy Program.  
Tech Lab project with Consulnet is training 50 students in Phase I Front-end Development
- **EPQL hunar program:** Two initiatives completed successfully
  - Under Coaching Academy, 28 girls were enrolled in TTC-admission-test preparatory classes. After coaching, 27 girls appeared for DAE entrance test at TTC and all of them have passed the entrance exam.
  - The stitching training center established which trained 25 girls from local community. After 3-month training and distribution of stitching machines, the students are able to run operations independently and earning 3-5K per month.

## the tech lab

The Tech Lab initiative, a collaborative effort between ConsulNet Corporation, Engro, and WeConnect Foundation, is an innovative effort aimed at making the tech industry in Pakistan stronger while creating gender parity and financial inclusion among youth. The project's phased approach strategically trains 100 students: Phase I delves into Frontend Development for 50 participants, followed by Phase II offering advanced tech tracks. Comprising 96 hours of technical skill-building and 24 hours dedicated to core life skills, the program aims to provide participants with a well-rounded skill set. Commencing in September 2023 with its first cohort, Tech Lab not only focuses on skill development but also emphasizes the importance of essential life skills. Hosting the Tech Lab Speaker Series featuring professionals from Engro emphasizes the dedication to enriching the learning experience and enhancing employee engagement.

## tech karo

The Tech Karo project, a collaboration between Engro and Circle Women's Association, stands as a model for imparting crucial tech skills, particularly targeting girls from underserved communities in Pakistan. This innovative approach not only offers training but actively places graduates into esteemed organizations, creating inclusivity and empowerment within the skilled workforce. Our courses like the E-Commerce program received over 270 applications in 2023 and witnessed 57 students graduating, with 70% being female graduates. 23 students from this program were successfully placed. Additionally, the Digital Literacy Program received over 300 applications in 2023, leading to 96 students graduating, with 91% being female graduates. These programs equip students with essential online business skills and digital marketing knowledge, empowering them for future opportunities. Additionally, 7 life skills sessions conducted in collaboration with P&G further enrich the holistic development of the participants.





## livelihoods

### agricultural value chain

The 'Seed Purification & Chili Value Chain Improvement Project' (CVC), initiated by Engro Foundation with co-funding from United States Department of Agriculture (USDA) through Winrock International, was aimed to revive the traditional variety of Chili - Longi or Dandicut. The project was primarily concentrated in Umerkot and Mirpurkhas districts with an office in Kunri which is known as the Chili Capital. This project was successfully completed by Dec 2023.

Pakistan's traditional round chili variety, which is locally known as either "longi" or "dandicut", is unique in its combination of taste, aromatic flavor, pungency, and long-lasting red color and is preferred by both the local consumers for cooking, and by the well-established spice industry of Pakistan for use as a raw material. The use of high-quality seed was one of the most important elements for increasing chili production by 10-20 percent, and for the profitability of chili farmers.

CVC project has assisted to improve livelihoods of over 5,000 smallholder farmers families (including over 500 women farmers) in over 161 villages of the districts of Umerkot and Mirpurkhas and been trained on Best Crop Management Practices. Amongst these farmers, 25 beneficiaries (including one female) have been trained and developed as Seed Entrepreneurs. Additionally, 1000 farmers benefitted through peer learning with additional spillover effect on another 1000 farmers. Looking at the high impact of the project, National Foods Limited has stepped forward to sign an MoU with Engro Foundation to work with some of the trained farmers and integrate them in their supply chain.

### livelihoods, sustainable practices, life under water

Sustainable Fisheries Entrepreneurship Project Phase III (SFEP-Ph3) is a collaboration between Engro and implemented by WWF-Pakistan to reduce pressure on marine ecosystems through training, provision of appropriate equipment and technology, and increased awareness among coastal communities of Ibrahim Hyderi and Rehri villages in Karachi. The successful conversion of three pelagic gillnet fishing vessels into bottom-set longline operations marked a pivotal step toward sustainable fishing, benefiting numerous fisherfolk of the project sites. From these vessels, SFEP collected vital fisheries data, empowering 20 longline vessel crew members on enhanced evidence-based data collection practices. A total of 105 assets, including iceboxes, engine repair toolkits, and safety kits, were distributed, directly impacting the lives of underprivileged fishermen.

The SFEP also contributes to empowering fisherwomen through skill development courses that have resulted in the establishment of home-based enterprises, directly influencing the lives of 14 women and numerous others indirectly across both project sites. Additionally, a 5-day training on Seafood Quality Control reached ten fisherwomen, contributing to improved seafood processing practices. Health and hygiene sessions, youth engagement activities, and community mobilization meetings have collectively engaged over 1500 participants.

## feed sol

Feed Sol, a social enterprise, was started by Engro Foundation, through its social impact venture fund, ENGIVE. Five years later, Feed Sol has established itself as an enterprise providing quality animal feed (corn silage and wanda) to Small, Medium and Large Farmers. With 40% of its production going to small farmers (with a herd size of 1-6 animals), and 30% going to medium farmers (herd size of upto 25-40 animals) especially during fodder shortage seasons, the enterprise is creating impact, by supporting small and medium farmers through affordable feed, and increase milk production in the animal thus, increasing the farmers' milk income. In the last 5 years, Feed Sol has worked with 4,000+ farmers.

## i am the change by engro foundation

Launched in the year 2012, I Am The Change (IATC) is the flagship initiative of Engro Foundation, intended to pay tribute to local change agents who are working to make a positive impact on the lives of Pakistan's most vulnerable. In this cycle of IATC, National Disability & Development Forum (Social Development) and ConnectHear (Social Enterprise) were selected as the award recipients. Each of these recipients were awarded a cash prize of PKR 2.5 million in recognition of their efforts and support to scale up their initiatives.

## health and infrastructure

### OPD clinics and camps

64,800+ patients treated in 2023

- Sahara Clinic in Daharki Ghotki: 10,882 patients treated
- Engro Clinic in Qadirpur Ghotki: 11,771 patients treated
- Sina Clinic in Gaghar Phatak, Karachi: 37,000 patients treated
- Engro Clinic in Sukkur: 5,223 patients treated

### specialized facilities

9,100+ beneficiaries in 2023

- Hepatitis Program in Ghotki: 600 vaccinations and 524 treatments
- Free Snake-bite treatment: 5,819 patients treated
- Free Dog-bite / Rabies Centre: 1,708 patients

### artificial limbs clinic

484 patients benefited from the artificial limbs clinic.

### climate resilient housing

Post 2022 floods, Engro Foundation mobilized a rehabilitation project for construction of 146 single-room houses with toilet and Kitchen completed in Qambar-Shahdadkot district. The project also included 7 community water tanks. The program was executed in partnership with Sindh Rural Support Organization (SRSO).



## thar foundation

### education

#### quality education

- 23 units of schools operational, 4715 children enrolled with 1508 girls, 166 out of 166 are female teachers.
- IT Lab established equipped with laptops in every TF School.
- 4 languages program in more than 21 classrooms through TCF's MTB-MLE program
- Taleemi basta, 50% of syllabus packed in bags in the form of games (English/Sindhi) for migration.
- All Villages of Block-II with 100% enrollment in primary education (4-9 years Age group)
- TF's school students got 75% average results in federal board examinations.
- Teachers training with 3-days exposure visit.
- Career counseling exposure visit for 60 students.
- Provision of scholarships to 50+ students during this year in various institutes i.e. IBA Sukkur, GPI Mithi.
- Co-curricular activities (First time girls cricket tournament at site for girls' students of Tharparkar).
- 25 Site-exposure visits for TF school students and other government and private schools.
- In collaboration with the GPI Mithi, we are continuing our 3-year DAE programs for young Thari students to prepare them for potential technical employment opportunities at industrial plants.

### livelihoods

#### employment and economic growth

- 26,500 provided employment through Khushhal Thar (KT) a local database managed by TF accounting for more than 60% of the total employment in the Thar project.
- Two batches of vocational training with 46 individuals (Solar and Welding) has been successfully completed to empower youth of Block-II for entrepreneurship and projects needs.
- 3000 local youths trained on technical skills development and employed in local industry
- 250 local youths trained on mechanical and electrical courses and employed in local industry.
- 100% employment of first batch of Diploma from TTC Daharki.
- First batch of 34 USL has been selected by Primehr for Self O&M after rigorous process.
- 250 drivers from Tharparkar appeared for dump test during the year.
- 134 persons including women and differently abled persons provided small grants to establish small enterprises for livelihood.

#### women employment

- Over 70 females trained as dump truck drivers
- 02 Females trained as rickshaw drivers to take fellow students to school
- 1500 plus female students, 166 female teachers
- 64 local female entrepreneurs provided with grants.
- Women trained as Solar Panel Operators, RO plant operators, and health workers

### bio-saline agriculture

The Bio-Saline Agriculture project was initiated as a pilot to develop a business model for growing crops on saline water that could be adopted by local Thari communities. Under this project, various cash-crops, fruit plants, vegetables and fodders have been grown successfully on saline water, including apple berry orchard, livestock fodder and aloe vera.

To further the project goals:

- MoU has been signed with Pakistan Agriculture Research Council (PARC) for establishing Bio-Saline Fruit Orchard across 20 Acres
- MoU has been signed with Karachi University and Xinxiang University for growing Panicum Fodder on Bio-Saline

### healthcare

#### access to healthcare

- Total OPD flow 73,000 additional Ultrasound, ECG, EPI, Lab Services, Pulmonology computerized test, Nutrition, Digital X-ray Services & Free Pharmacy provided across the all thar foundation health facilities.
- 7,000 Children Nutrition Screening and provided supplement to severe acute malnuorishment in ages from 6 months to 5 years.
- 1,000 mothers counselled about balanced diet and essential utilization of nutritional available resource.
- An agreement was signed with Sind Mental Health Authority, Sir CJ, Dawood, JPMC, Health department about Tele Psychiatry project at thar foundation hospital Islamkot
- Agreement signed with Indus Hospital & Health Network regarding upscale services.
- 120 bed state-of-the-art is operational at Islamkot (OPD operational, consultant clinics started)
- Free Eye Camp with AL-Baseer where 2500 patient screened by ophthalmologist, identified 109 patients supported with free advance feco surgery at Zero Cost. This collaborative effort reflects a commendable initiative to provide essential eye care services and make a meaningful impact on the eye health of the community.
- Thar Coal Block-02 Polio Free and 100% Anti Polio Vaccinated (Zero Refusal)
- Block-02 Hepatitis free in collaboration of The Health Foundation prevalence rate below 1%
- Tele Psychiatry Clinics started through Psychiatry expert Sir CJ Hospital Hyderabad.
- Thar Foundation started weekly consultant clinics with Indus Hospital Karachi and Badin experts where Gynecologist, Pediatrician, Gener Surgeon and Physician providing free services. The services started form November 2023. OPD flow seem during the services about 750. Identified patients who need the surgical process thar foundation will support its free surgery at Indus Badin, additionally the transport will also provide by Thar Foundation.
- Thar Foundation arranged a heat stroke campaign and session kicked off by DC Tharparkar Abdul Haleem Jagirani. DC visited TF hospital and appreciated TF free services.
- Thar Foundation arranged TB Camps in collaboration with IRD, where 733 patients screened with digital X-ray technology, 05 patients diagnosed as TB positive. Positive cases registered with Sindh Govt TB Program and medication.
- Thar Foundation efforts and approach to 1122 SIEHS Sindh Integrated Emergency Health Services to start the 1122 at Taluka Islamkot.



- Thar Foundation health facilities Marvi Clinic, Gorano Clinic connected with Global Fund Malaria Program managed by IRD. Both Clinical staff advance training with GF Program.
- Thar Foundation provided crucial support to special cases, including a challenging (Myelomeningocele (Spina Bifida) case, a case of 10-year-old child who lost her eyesight due to trauma. Thar Foundation took proactive measures to ensure the necessary surgical procedures, resulting in the restoration of her eyesight within three months. TF supported several community emergencies and Road Traffic Accidents.
- Thar Foundation Started another key service for not only Islamkot but Tharparkar population. DR X-ray installed at TF hospital and started the services through Indus Hospitals Karachi.
- Thar Foundation also provided health services through its mobile Van in 42 villages of taluka Islamkot.





# agenda for action

planet





# planet

As a leading business conglomerate in Pakistan, Engro has adopted a holistic approach towards environmental management through proactive stewardship and embedding environmental preservation in its businesses by prioritizing initiatives around efficient resource utilization, technological interventions, and nature conservation.

Owing to our diverse operations, we follow a decentralized approach to managing our impacts whereby stewardship of environmental impacts is at the group company level while data collection and reporting is overseen centrally to identify synergies and setting group wide aspirations.

Engro’s strategic vision for sustainable value creation incorporates environmental stewardship, ensuring responsible consideration of its impact on the environment. Our approach emphasizes that all our businesses pursue greater eco-efficiency practices – essentially doing more with less by using resources more efficiently and with reduced impact on the environment, by integrating process innovation and technology for improved environment performance. We ensure that we optimize utilization of our resources to reduce consumption, maximize efficiency and minimize wastage, making our facilities greener and more planet friendly.

We strive to achieve environmental excellence by pursuing internationally recognized certifications and compliance with local laws related to the environment and safety. To fortify governance, we have a robust second-party audit regime in place. Audits are successfully carried out, resulting in the creation of a Corrective Action Report (CAR). At Engro, we have cultivated an organizational culture that nurtures diligent thought process and a sense of responsibility towards the environment. A key aspect of this ever-evolving process is our fundamental core value defined as, “an Engro employee cares deeply about environmental impact and the safety of people”. Engro Corporation and its group companies maintain a rigorous internal and external regimen on continuous learning and improvement from behavioural as well as technical interfaces, periodic communications and awareness campaigns and sessions, that enable us to manage our environmental impacts.

Over the years, Engro Corporation and its businesses have transformed into an organization that fosters rigorous thought processes and commitment to enhance our environmental performance. We continue to ensure compliance with legal requirements and often go beyond these stipulated guidelines and incorporate international best practices in our operations to drive our environmental efforts. Our businesses have a well-established Environmental Management System, including detailed technical standards and an extensive audit and inspection program. The systematic monitoring of environmental performance is governed through various standards including air pollution monitoring, qualitative risk assessment studies, aspect impact risk assessments, dispersion modelling, waste management, water footprint assessment and real-time monitoring of emissions and effluent discharges etc.

As environmental challenges become more complex and demanding, Engro ensures that appropriate processes and controls are in place to ascertain, measure and manage the risks involved and to ensure environmental compliance. This involves a structured approach on adherence to all applicable local laws and regulations, application of best-in-class standards, classification and regular appraisal of our environmental footprints, and continuous endeavors towards conservation of natural resources through investment in efficient technology and behavioural change.

# energy & emissions

Engro believes in conducting sustainable operations with a focus on reducing energy consumption by constantly reviewing energy sourcing decisions and monitoring operational efficiencies. The Group's primary sources of energy are natural gas and purchased electricity. Natural gas is the key energy source that is used both as feedstock and fuel at Engro Fertilizers, and as a source for power and steam generation at other subsidiaries. The remainder of our energy supply comes in the form of purchased electricity via the national grid.

The Group has appropriate processes in place for measuring and monitoring energy consumption at each company and plant site. Our total energy consumption stood at approximately 92 million GJ (2022: 87 million GJ).

Company	Total Energy Consumption (GJ)	
	2023	2022
EEL	53,797,488	51,638,577
EFERT	31,355,427	28,417,783
EVTL	8,186	8,262
EETL	1,367	2,543
EPCL	6,451,776	6,593,151
EEAP	55,616	79,938
ECORP	1,073	1,939
ENFRA	777,520	442,360
Total	92,448,453	87,184,554

Our total GHG emissions have been summed up to approximately 7.4 million TCO<sub>2</sub>e (2022: 6.9 million TCO<sub>2</sub>e)

GHG Emissions - TCO <sub>2</sub> e				
2023				
Group Company	Scope 1	Scope 2	Total	Other Emissions
EEL	5,075,867	1,224	5,077,091	-
EFERT	1,897,534	2,508	1,900,042	-
EVTL	265	441	706	-
EETL	35	155	190	-
EPCL	324,557	124	324,681	-
EEAP	2,171	601	2,772	2,385
ECORP	-	184	184	-
ENFRA	26,809	63,763	90,572	-
*Total	7,327,238	69,000	7,396,238	2,385

GHG Emissions - TCO <sub>2</sub> e				
2022				
Group Company	Scope 1	Scope 2	Total	Other Emissions
EEL	4,783,758	5,211	4,788,969	-
EFERT	1,730,120	3,590	1,733,710	-
EVTL	379	425	804	-
EETL	93	154	247	-
EPCL	332,587	136	332,723	-
EEAP	3,137	1,707	4,844	2,911
ECORP	-	332	332	-
ENFRA	21,340	21,962	43,302	-
*Total	6,871,414	33,517	6,904,932	2,911

\*Carbon dioxide, methane and nitrous oxide are included in the calculations given in the tables above.

In the above table depicting Scope 1 and Scope 2 calculations, three of the GHGs - carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) have been captured out of the seven GHGs - carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulfur hexafluoride (SF<sub>6</sub>), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and nitrogen trifluoride (NF<sub>3</sub>). Furthermore, the sources of emissions include stationary, process and mobile combustion (barring employee commute in company owned vehicles), as applicable in Scope 1 and Scope 2 and as per nature of businesses involved. Fugitive emissions have been included only for SECMC (CH<sub>4</sub>) which are due to mining operations and EFERT (CO<sub>2</sub>) which are during urea production. The calculations for emissions given in the table, are based on our current data collection systems and for future, we plan to continue to capture additional data, as and where applicable in our businesses.

Given the energy-intensive nature of our businesses' manufacturing operations, we strive to manage our GHG emissions performance through technology upgrades, responsible consumption, renewable energy initiatives and nature-based solutions.

### energy efficiency

Some of the key initiative include:

#### engro fertilizers limited

- During the year 2023, EFERT executed multiple energy efficiency improvement projects. These included the Plant-1 furnace optimization, AM-II HP purges reduction, Optimization of NH<sub>3</sub> converter, AM-3 HTSC temperature optimization and Steam optimizations at URUT-III & Ammonia-III. To highlight the initiatives taken, EFERT has written a technical paper that was approved in Nitrogen+Syngas conference for 2023. The paper, titled "Optimizing Gas Mixture in a Vintage Urea Plant to Enhance Production Capacity and Energy Efficiency for Sustainable Operation", discusses an alternative to avoid the formation of gaseous mixtures, which are energy efficient and environmentally friendly that can be beneficial for the industries operating in the same capacity.
- EFERT has implemented a feed gas enrichment project leading to reduction of CO<sub>2</sub> emissions. EFERT is also equipped with flare systems (at Plant-II), ensuring environment-friendly flaring of gases during startup/ shutdowns only which reduces overall emissions.
- EFERT also implemented a few initiatives during the Long-Term Reliability Turnaround (LTR) of the Base plant which has contributed to improvement in site emissions. These initiatives included the replacement of the primary reformer burners along with turbine exhaust gas duct that has resulted in better combustion efficiency, false air ingress has been reduced post hardware modifications on primary reformer resulting in better heat efficiency, and the steam optimization on plant post LTR has resulted in improved fuel efficiency.

### engro polymer and chemicals limited

- EPCL has implemented a rectification initiative focused on the Heat Recovery Steam Generator (HRSG) and the Tornado gas turbine's thermal insulation systems. The rectification of HRSG and Tornado thermal insulation systems has resulted in a significant reduction in energy losses. By enhancing the insulative properties of these components, EPCL has successfully retained a greater portion of the produced heat, leading to increased operational efficiency. The improved thermal insulation has directly translated into notable natural gas savings as less energy is lost during the production and distribution processes.
- EPCL has undertaken modification of the electrolyzers based on Zero-Gap technology that has resulted in enhanced efficiency in energy conservation. To date, 3 of the electrolyzers have been replaced, resulting in annual saving of 1.8 MWh, translating to a 6% reduction in overall energy consumption. Furthermore, the positive impact extends beyond energy efficiency, with a noteworthy 9,000 tons per annum reduction in CO<sub>2</sub> emissions. These accomplishments underscore EPCL's dedication to not only optimizing its operational processes but also actively contributing to environmental stewardship.
- Furthermore, it has made investments in projects such as Oxy Vent Recycle (OVR) and High Temperature Direct Chlorination (HTDC) which will improve production efficiency and reduce energy requirements for production.
- In pursuit of operational excellence and sustainable practices, EPCL has successfully implemented a machinery load optimization initiative. This strategic effort focused on determining the optimal number of pumps required to operate the cooling tower, resulting in substantial electricity savings.

### engro energy limited

- One of the subsidiaries of EEL – EPQL, uses low-BTU high Sulphur content permeate gas from Qadirpur gas field, which was previously being flared, for electricity generation. This utilization results in lower carbon emissions compared to other thermal plants.

### renewable energy

- EFERT** - To minimize the impact on the environment, EFERT's warehouse team initiated a solarization project across field warehouses to reduce their carbon footprint. As of 2023, over 80 warehouses have been powered via solar power generation of 7.2 kw per day, per warehouse.
- ENFRA** – to promote use of clean energy, ~50% of Enfra's telecommunications towers have been solarized.
- EEL** - following initiatives have been undertaken at EEL subsidiaries:
  - SECMC** has installed 5MW solar plant for auxiliary load at Thar Coal Block II
  - EPTL** has installed 30kW capacity for its Admin building
- EEAP** – EEAP has a 1 MW Solar Plant which caters to 12-15% of its total electricity requirement; it has also installed a biomass boiler that utilizes rice husk to generate steam for the plant.
- EVTL & EETL** - 158kW solar plant installed at Engro Vopak and Elengy Terminals, catering to ~20% of plant load

### nature-based solution:

- EEL** - SECMC's Thar Million trees program successfully planted a million trees in Thar. As per IUCN's Carbon Stock Assessment study of Thar Million Tree Project, approximately 319,000 tonnes of carbon is stored in 24 different species of trees and shrubs that are planted at different locations of district Tharparkar over a period of 5 years.
- EFERT** - In May 2023, EFERT's Zarkhez plant launched the "Plant a Tree, Plant a Hope" project, in collaboration with WWF (Worldwide Fund for Nature) and pledged to plant 1,000 mangrove saplings along the coastlines. Besides this, thousands of trees were also planted throughout the year under various campaigns in 2023. EFERT conducted a tree plantation drive at Daharki city, CAER villages and vicinity schools where thousands of fruit trees and other all seasons' trees were planted during a campaign. The Base Business North Zone team also launched a Tree Plantation Drive in collaboration with the Forest Department with the tagline 'Save Trees – Save Life'. During this tree plantation drive, 2900 tree saplings were planted at 17 different schools and colleges.
- EPCL** - EPCL, in partnership with Engro Foundation and WWF Pakistan has plans to plant and conserve forests in Pakistan. Under this initiative trees have been planted on 650+ hectares (1612 acres) across different parts of the country.
- Engro Vopak and Elengy terminals** - have planted and conserved 500 ha of mangrove forest and Urban Forest initiative where it has planted more than 3,500 saplings of 30 different types of trees on 1,000+ sqm of land within the terminal's premises.

## biodiversity and land use

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

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#### conservation of indus river dolphins

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

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



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

Some of the key highlights for 2023 include:

- ▶ **river health assessment report:** The University of Maryland has been engaged for the development of a River Health Assessment Report Card, which marks the first-of-its-kind intervention. This initiative aims to create tools that local communities and citizens can utilize for monitoring river health.
- ▶ **conferences and workshops:**
  - ▶ Engro Foundation participated in a panel in World Water Week on use of pingers in conservation of river dolphins. Pingers produce sounds that keep dolphins away from fishing nets. Pingers have turned out to be effective in preventing dolphin entanglements.
  - ▶ Pakistan participated in Global Declaration on River Dolphins in Oct 2023 where all countries with river dolphin population gathered to support the cause.
  - ▶ Key Biodiversity Area Workshop: 2-day workshop with government stakeholders on declaring a part of the Indus River as a protected area conducted in Aug 2023. This is the first national attempt to speak for globally recognized protected areas for river dolphins. The project has helped create a push for signing off this new global deal in Columbia to save the river dolphins.
- ▶ **eco-clubs:** A total of 20 eco-clubs have been established in schools across Districts Ghotki and Kashmore in Sindh, as well as in Muzaffargarh, and DG Khan in Punjab to foster environmental awareness and promote sustainable practices.
- ▶ **monitoring visits:** Over 40 monitoring visits were conducted to the irrigation canals and seasonal lakes in Sindh. A total of five dolphins were spotted in various irrigation canals originating from the Sukkur Barrage and were regularly monitored to assess the risk of possible strandings and timely rescues.
- ▶ **eco-tour guide training:** A one-day eco-tour guide training was conducted in Sukkur during December 2023 for enhancing the skills and capabilities of 12 boatmen, preparing them to serve as competent eco-tour guides.
- ▶ **promoting sustainable fishing practices:** Pingers produce sounds that keep dolphins away from fishing nets. Pingers have turned out to be effective in preventing dolphin entanglements. Therefore, one key action was carrying out population surveys and rescue operations, using technology, tags and pingers, to support conservation efforts.

## engro polymer and chemicals limited

### ▶ afforestation & ecosystem restoration project

Engro Foundation, with the support of EPCL has partnered with WWF Pakistan to plant and conserve forests in Pakistan, on 650+ hectares (1612 acres) across different parts of the country. The project has significant outcomes in the form of ecosystem and biodiversity conservation. These plantations have been carried out with the support of farmers. Formal agreement with 84 farmers has been signed to facilitate the plantation activity. These farmers have been provided with solar water pumps, and fodder seeds for their livestock. The current project area, Jhelum district, being part of the Potohar Region, constitutes as the key habitat of Punjab Urial, an endemic species (vulnerable species as per IUCN) and migratory waterfowls around river Jhelum and seasonal streams. By restoring vegetation cover, raising awareness, and mobilizing local communities, the project will improve habitats of wildlife species thus supporting conservation activities.

## engro energy limited

### ▶ thar million trees program

SECMC has successfully planted a million trees in Thar; 24 different species were planted in the project highlighting the rich biodiversity of the project. The project supports biodiversity due to its positive impact on bird's population and IUCN experts confirmed the presence of 22 bird species that belong to 14 different bird families. Furthermore, the study also confirmed the presence of two birds that are of special concern from the conservation point of view, i.e. Tawny Eagle and Egyptian Vulture which are declared vulnerable and endangered respectively in the IUCN Red List of Threatened Species.





#### ► **vulture conservation through community nest protection**

SECMC and Thar Foundation launched the “Partnerships for Biodiversity Conservation in Thar” project in collaboration with IUCN in 2018. The project focused on vulture conservation in Thar and attempted to address the steep decline of vulture population in the region. While the project included several conservation activities that directly and indirectly helped conserve endangered vultures in Thar, a key activity was nest protection via community engagement. This activity has been quite instrumental in supporting the cause of vulture conservation in Thar, as it helps identify trees with vulture nests and engages the local community to protect such trees from any sort of damage and harm. This allows vulture nests to remain protected and helps contribute to a smooth growth of their nestlings. 350+ trees with vulture nests were brought under community protection on an on-going basis. Engaging community helps create ownership and through the successful performance of this activity communities in Thar have shown their care and responsibility towards their own environment.

#### ► **baseline ecological study of flora and fauna**

A baseline ecological study of flora and fauna was undertaken with IUCN by SECMC and Thar Foundation. This partnership focused on biodiversity conservation in Thar. The study is the first ever to cover Thar’s flora and fauna in both textual and pictorial forms to help undertake future biodiversity conservation initiatives. Under this initiative, Thar Foundation successfully completed a groundbreaking biodiversity study in Tharpakar conducted in collaboration with IUCN. The study documented a total of 149 plants, 187 birds, 26 wild mammals, 3 amphibians, 20 reptiles, and 106 species of invertebrates from a wide range of habitats.

#### ► **documentary on ‘ecological treasures of thar’**

A documentary on “Ecological Treasures of Thar” has been developed by IUCN Pakistan in collaboration with Thar Foundation and SECMC that explores the rich and diverse natural and cultural heritage of the Thar Desert. It captures the ecological diversity of three different ecosystems - the Thar Desert, the Karoonjhar Mountains, and the Rann of Kuchh wetland which is home to a variety of flora and fauna. The documentary also shows that Thar desert is home to a rich culture and history.

#### ► **fish breeding in gorano lake**

This project was completed by Thar foundation at Gorano Reservoir with an objective to improve food security and enrich biodiversity. For this purpose, more than 100,000 fish-seedlings (3-4inches in size) were released and within 8-9 months, fish grew to more than 1kg, only on natural, organic feed which were declared fit for human consumption based on lab results. Zooplankton, Phytoplankton, Algae and other marine insects are present in the lake. Additionally, the project resulted in the attraction of piscivorous birds which increased its significance and IUCN declared it a ‘New Habitat for Migratory Birds’.

### engro vopak and elengy terminal:

#### ► **sustainable fisheries entrepreneurship program**

Engro Vopak Terminals Limited and Engro Elengy Terminals Limited, through Engro Foundation and WWF-Pakistan, have implemented the project titled 'Sustainable Fisheries Entrepreneurship Program (SFEP): A Citizen-based Approach to Saving Pakistan's Unique Marine Environment' starting in 2016.

Considering the success achieved in the first two phases of the project, it has been mutually agreed that the project should continue for another phase, i.e., Phase III. Phase III of the Project is being implemented in the two targeted Union Councils (UCs), namely Rehri and Ibrahim Hyderi. The Project intends to partner with the existing and new fisher groups, Sindh Coastal Fisheries and Marine Fisheries Departments, other relevant government departments, and the private sector. Responding to the vast challenge, the SFEP Phase III aims to address some key contributors to marine and coastal ecosystem problems. The Project aims to support and promote improved fisheries management by reforming fisheries governance and management to combat illegal fishing and reduce pressure on marine ecosystems through increased awareness. Phase III’s main course of action is mostly the combined reduction in post-harvest losses, a significant decrease in illegal gear, and unabated fishing effort, thus sensitizing fishers to avoid fishing down the food web.



#### **improved fishing practices through promotion of targeted fisheries**

- **gillnet conversion into longline gear:** The eight pelagic gillnet fishing vessels were converted into bottom-set longline fishing operations, benefiting 120 crew members. The conversion of fishing gear from gillnet to longline was aimed at promoting sustainable fishing in coastal waters and minimizing the negative impact of gillnet fishing. These vessels were equipped with necessary longline fishing tools such as winch machines, fish finders, cold storage facilities, and fish handling tools.
- **provision of fishing equipment:** SFEP distributed a total of 105 fishing assets, including 25 insulated iceboxes, 40 boat engine-repair toolkits and 40 safety kits among the underprivileged poor fishermen in Ibrahim Hyderi and Rehri Goth. These iceboxes and tools aim to help in the combined reduction in post-harvest losses, a significant decrease in illegal gear, and unabated fishing efforts by maintaining the supply chain.



- ▶ **training of longline vessels' observers and skippers:** Three training sessions were carried out on fish catch data collection and sustainable fishing practices for newly selected longline crew members and skippers from Rehri and Ibrahim Hyderi. Sixty fishers from eight longline vessels attended the training. The purpose of this training was to train fishermen on data collection through a logbook and mobile applications to bring in evidence-based fisheries data about the fish catch entanglement of ETPs and their safe releases.
- ▶ **analysis of trial and control vessels:** Based on the fisheries data collected from the converted experimental longline and control gillnet vessels, the scientific paper titled "A Strategic Modification to Minimize the Impact of the Fishing Operation on the Marine Ecosystem" was published in the International Journal of Biology and Biotechnology. The paper narrates that the gillnets are known to be marred with high bycatch of non-target species, including non-target fish species, and endangered, protected, and threatened species, including turtles, dolphins, and whales.
- ▶ **Success Story Published in Third Pole:** The Third Pole media group conducted interviews of fishers who had converted their gillnet vessels into longline fishing and developed a story on adapting modified fishing techniques that helped save threatened marine species. This story highlighted that sustainable fishing prohibits the indiscriminate harvesting of endangered or non-commercially valuable species. It controls the entanglement of bycatch and non-target fishes, which contributes to stopping overfishing and rebuilding fish stocks in coastal waters.

### sustainable fishing training program

- ▶ **development of animated videos:** SFEP developed animated videos on safe handling and releases of bycatch (endangered, threatened, and protected species) and minimizing overfishing and post-harvest losses as training resource material for the upcoming training of fishermen by the master trainers. These four animated videos cover four species, i.e., Turtle, Dolphin, Whale Shark, and Moublid.
- ▶ **5-day training of master trainers on sustainable fisheries:** The SFEP team conducted 5-day refresher training on Sustainable Fishing and trained 20 master trainers on i) post-harvest losses, ii) safe release of bycatch species, and iii) reducing overfishing. The training was designed for trained master trainers as a refresher about sustainable fishing practices enabling them to introduce the same practices to other young fishers by conducting 3-day training to ensure the survival of all species by respecting marine ecosystems and adapting to fish fertility rates. On the culmination of training, certificates were distributed to the participants.
- ▶ **3-day training on sustainable fisheries by master trainers:** SFEP conducted ten events of 3-day training with fisher groups of Ibrahim Hyderi and Rehri at the Fishermen Training Center. A total of 210 participants from different fisher groups participated in these training sessions. The purpose of this training was to promote sustainable fisheries by building the capacity of fishers to address declining fish stocks and improve income generation through best practices. This training supports the fishermen to improve their capacities and reduce post-harvest losses and bycatch of endangered and threatened species. After these training sessions, fishers safely release endangered and unique marine species, including dolphins, turtles, whale sharks, and other significant marine life.
- ▶ **seminar on sustainable fisheries:** As part of the training program, SFEP organized a seminar on "Improving Linkages between Academia/ Research Organizations and Coastal Communities." The seminar aimed to provide an opportunity for academia and research

institutes to share their research work with coastal communities, the corporate sector, and government departments for the possible transformation of research and recommendations into pilot projects. The event was attended by scientists from various universities/research institutes, officials from the Marine Fisheries Department and Sindh Fisheries Department, and representatives from the coastal communities. As a result of the seminar, the Women's University of Karachi will build the capacity of fisherwomen of the coastal areas of Karachi on fish packaging and processing through short certification courses.

### fisheries knowledge management

- ▶ **capacity building of sindh fisheries department officials on data collection:** A 2-day training workshop titled 'Using the Fisheries Data Collection Mobile Application' was conducted for 25 officials of the Sindh Coastal Fisheries Department and Marine Fisheries Department. The workshop aimed to brief officials about collecting fishing data through an android-based mobile application in offshore and coastal waters. The participants learned how to collect fisheries data using the latest digital tools to develop evidence-based fisheries policies, plans, and strategies.
- ▶ **maintenance/ upgradation of android-based application:** The mobile application developed previously is regularly upgraded by the developer and has been used by fishermen on smartphones for the last two years to track fish catch data by filling out digital forms detailing the number and species of fish they catch.
- ▶ **training on sea food quality control:** A 5-day training on Seafood Quality Control and its Market Value Chain was conducted for ten fisherwomen of Ibrahim Hyderi and Rehri through Jinnah University for Women. The training aimed to enable fisherwomen to understand seafood processing at the household level. The training was conducted in two parts – firstly, fisherwomen were trained to (i) control unhygienic sanitary conditions and (ii) ensure proper handling, storage, and transportation of fish that help reduce the bioburden in the final product. Secondly, the fisherwomen were provided with orientation regarding the market value chain and the necessary steps to establish a home-based enterprise.

### restoration of mangroves ecosystem

Our terminals, in collaboration with Engro Foundation and IUCN have been in partnership for building sustainability of Pakistan's coastal ecosystem since 2015. The major focus of this collaboration is on the restoration of mangroves ecosystem along the Karachi coast, but it also involves extensive community engagement and awareness raising, so that ownership of this ecosystem is created, and sustainability is ensured.

The current partnership encompasses maintenance of the 500 ha of mangroves that were planted in 2015-2016, and of those 150ha that were replanted in 2018-2021. The maintenance work has been on two primary sites – Wango creek and Tor Island. Most of the plantations involved Rhizophora species. Nursery beds were cleaned up and trenches revived following inundation through high tides in monsoon season.

The project's impact resonated beyond mere planting, evident in the National Coordinating Body meetings chaired by the Secretary of the Ministry of Climate Change, building collaboration among Sindh and Baluchistan Forest Departments and Coastal Development Authorities.

# water

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. Responsible water withdrawals, consumption and release 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.

For operations where water is material, data for water withdrawn and consumed is tabulated below:

## Water Management - Mega Liters

### 2023

Group Company	Water Withdrawn	Water Consumed	Water Discharge
EEL	33,494	11,946	21,548
EFERT	17,494	12,523	4,971
EVTL	17	17	-
EETL	9	9	-
EPCL	5,168	4,262	906
EEAP	36	18	18
Total	56,218	28,776	27,442

## Water Management - Mega Liters

### 2022

Group Company	Water Withdrawn	Water Consumed	Water Discharge
EEL	34,769	12,174	22,595
EFERT	15,737	11,510	4,227
EVTL	19	19	-
EETL	8	8	-
EPCL	4,709	3,774	934
EEAP	43	22	21
Total	55,284	27,507	27,777

Our sites that are considered water stressed area according to WRI Aqueduct water risk atlas tool include EFERT (Daharki), EPQL and EEAP.

Some of the key initiatives taken on by our businesses for optimal consumption and conservation of water is given below:

### engro fertilizer limited

- Close circulation cooling towers minimize freshwater consumption via multiple layers of chemical treatment which has optimized performance of water-cooling systems.
- Wastewater is being reused for horticulture purposes at plant sites.
- To ensure that quality standards are met before disposal, a dedicated effluent treatment facility was set in place to treat the effluent generated at EFERT's residential colonies.
- Several projects were executed in the long-term reliability outage for base plant in 2022 resulting in improvement of water consumption. A few examples include cooling water network revamp, cleaning of heat exchangers and power steam coil replacement. LTR initiatives not only resolved reliability issues but also had a positive impact on the environmental front mainly due to improvement in plant efficiency and reducing steam and water losses.

### engro polymer and chemicals limited

- effluent treatment plants (etp)** reuse treated water, thereby reducing freshwater intake and hence minimizes water use and has a remarkable environmental impact by lowering the overall plant effluent. At EPCL, the ETP was designed with dual train CFS (Coagulation-Flocculation System), ACF (Activated Carbon Filters), Ultrafiltration (UF), and RO (Reverse Osmosis) technologies, with the total capability to convert 100 m<sup>3</sup>/hr of wastewater into reusable raw water.
- optimization of cooling water system through chemical treatment – epcl** has implemented close circulation cooling towers to minimize freshwater consumption via multiple layers of chemical treatment, which has optimized the performance of cooling water systems.
- optimized operation of cooling tower fans-** EPCL has successfully implemented a strategic initiative to optimize the operation of cooling tower fans. This initiative involved a dynamic approach, tailoring the cooling tower fan operation to ambient conditions and heat load, resulting in significant water savings.
- steam trap leakages rectification-** As part of our continuous efforts towards sustainable practices, EPCL has successfully executed a steam trap leakages rectification initiative. This strategic endeavour focused on identifying and rectifying steam trap leakages, resulting in significant curtailment of steam losses and subsequent savings in both energy and water consumption.



- water taps retrofitting-** another strategic initiative was undertaken to optimize potable water consumption at the EPCL plant site. Through a meticulous process of water taps retrofitting, water consumption has been reduced significantly translating into an impressive water savings of 1 million liters per annum, reflecting EPCL's dedication to responsible resource management and their proactive efforts to contribute to water conservation. As EPCL continues to prioritize sustainable practices, this achievement underscores its commitment to environmental stewardship and the pursuit of efficiency in operational processes.

### engro powergen qadirpur limited

- Optimization of Cooling Water System was carried out for Partial Load Operation that resulted in minimizing water consumption by ~900 T/Day. This process not only enhanced operational efficiency but also yielded significant environmental benefits.
- Installation of Sensor Taps was carried out in areas of significant potable/tap water usage to minimize water consumption.
- An awareness campaign with Slogan "Save Water, Save Life" was carried out at plant site to sensitize employees and workers on the importance of conserving water through optimal usage.

## waste

For operations where waste is material, the data is tabulated below:

Total Waste (T)		
Group Company	2023	2022
EEL	431,804	358,706
EFERT	1,949	2,234
EVTL	18	47
EETL	12	20
EPCL	5,861	5,280
EEAP	8	157
Total	439,652	366,443

Hazardous Waste (T)		
Group Company	2023	2022
EEL	431,606	358,438
EFERT	257	227
EVTL	-	-
EETL	-	-
EPCL	5,210	4,907
EEAP	0	0
Total	437,073	363,572

Non - Hazardous Waste (T)		
Group Company	2023	2022
EEL	197	267
EFERT	1,694	2,007
EVTL	18	47
EETL	12	20
EPCL	651	373
EEAP	8	156
Total	2,580	2,870

Engro's businesses have implemented effective waste management procedures that involve reduction in waste generation by employing efficient ways for disposal, treatment and pursuing recycling and recovery options wherever feasible. Disposal of solid waste generated at sites is handled and managed by contractors that are approved by relevant regulatory authorities and the waste is disposed of / recycled in accordance with environment related regulatory authority guidelines. Businesses continue to work on waste reduction and effective management to improve our environmental footprint.

# performance with purpose

prosperity





# key figures

<p><b>revenue</b> (Rs. in millions)</p> <p>2023 <b>482,489</b> 2022 356,428</p>	<p><b>EBITDA</b> (Rs. in millions)</p> <p>2023 <b>142,176</b> 2022 113,318</p>
<p><b>earnings per share</b> Rs.</p> <p>2023 <b>38.60</b> 2022 42.23</p>	<p><b>earnings per share</b> excluding adjustment in respect of carrying value of thermal assets Rs.</p> <p>2023 <b>63.01</b> 2022 42.23</p>
<p><b>total equity</b> (Rs. in millions)</p> <p>2023 <b>223,133</b> 2022 240,584</p>	<p><b>capital expenditure</b> (Rs. in millions)</p> <p>2023 <b>31,366</b> 2022 40,730</p>
<p><b>cash flow from operations</b> (Rs. in millions)</p> <p>2023 <b>106,963</b> 2022 76,881</p>	<p><b>dividend paid</b> (Rs. in millions)</p> <p>2023 <b>42,414</b> 2022 37,042</p>
<p><b>market capitalization</b> (Rs. in millions)</p> <p>2023 <b>158,257</b> 2022 150,961</p>	<p><b>total assets</b> (Rs. in millions)</p> <p>2023 <b>802,496</b> 2022 749,416</p>

Engro's performance is guided by its Central idea and its mission that we have an undeniable responsibility in our individual and institutional capacity, to solve some of the most pressing issues of our time. In the pursuit of building a better future for Pakistanis, Engro views the challenges faced by the nation as opportunities to change the status quo.

Envisioning value creation for a multitude of stakeholders, Engro has invested in a diverse portfolio of businesses across the verticals of petrochemicals, food and agriculture, connectivity, trading, and energy and related infrastructure in over 50 years. Economic performance is therefore recognized as a critical responsibility and a key driver to achieving the company's strategic and operational aspirations under the guidance and governance of the Board of Directors.

Our financial performance and effectiveness of controls is reviewed by BoD through its Board Audit and Risk Committee (BARC), guided by local regulations and various polices approved by the Board. There exists an independent Internal Audit Department. The BARC approves the audit program, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the BARC, Chief Executive, and the divisional management.

To inform investors and other stakeholders of our performance, and as part of the regulatory requirements, Engro Corporation submits comprehensive financial statements to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX). We also hold 2 corporate briefing programs annually to keep investors informed. Additionally, to protect shareholders' interest, all material information is publicly disseminated on a timely basis. For any concerns, investors can refer to the details on investor relations on our website.

All activities undertaken by a business entity carry an element of risk. At Engro, the exposure to these risks is managed through the practice of Enterprise Risk Management (ERM). The purpose of ERM is to identify potential risks and uncertainties and to define the strategy for managing the impact of these risks, as well as the mechanisms to effectively monitor and evaluate identified strategies for enhancing the capacity of the Company to build and preserve value for its shareholders. It is the policy of Engro Corporation Limited to view ERM as integral to the creation, protection, and enhancement of shareholder's value by managing the uncertainties that could influence the achievement of corporate goals and objectives. To achieve this, an appropriate framework has been adopted by the management and approved by the Board.

# 2023 snapshot



## Engro Corporation

Engro Corporation contributed USD 297 million in taxes to the national exchequer

contributed  
**\$297mn**  
in taxes  
to national exchequer



## Engro Elengy Terminal

Engro Elengy Terminal helped fulfill around 15% of local Natural Gas demand

fulfilled  
**15%**  
natural gas  
demand



## Engro Fertilizers

Engro Fertilizers saved Pakistan USD 835 mn in import substitution through local urea manufacturing

import substitution  
**\$835mn**  
for Pakistan



## Engro Eximp Agriproducts

Generated approximately \$9.4 mn in foreign exchange reserves in 2023

contributed  
**\$9.4mn**  
to Pakistan's  
forex reserves



## Engro Energy

Engro Energy illuminated 9 mn lives through its power generation projects

illuminated  
**9mn**  
Pakistani households.



## Engro Polymer & Chemicals

Contributed over \$92.2 million in import substitution through its local PVC & VCM production

contributed  
**\$92.2mn**  
in import  
substitution



## Engro Enfrashare

Enabled connectivity by operationalizing 3,952 telecom towers across Pakistan

operationalized  
**3,952**  
telecom towers



## Engro Eximp FZE

Achieved exports worth approximately USD 35 million for Engro subsidiaries

exports of approximately  
**\$35mn**  
for subsidiaries



## Engro Vopak Terminal

Engro Vopak Terminal ensured energy security to 5% off-grid households across Pakistan through marine LPG supply

served  
**5%**  
of off grid  
households



## FrieslandCampina Engro

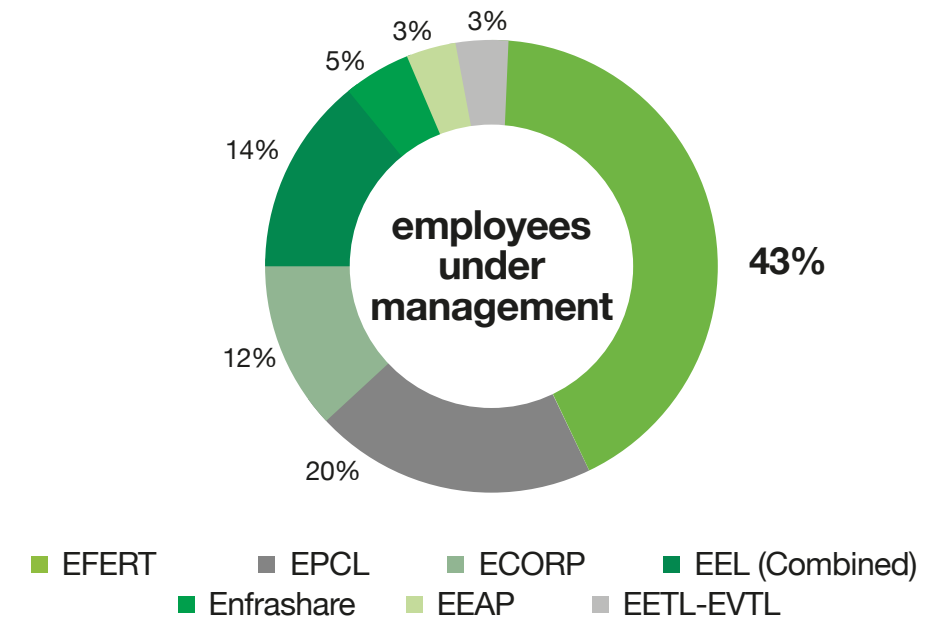
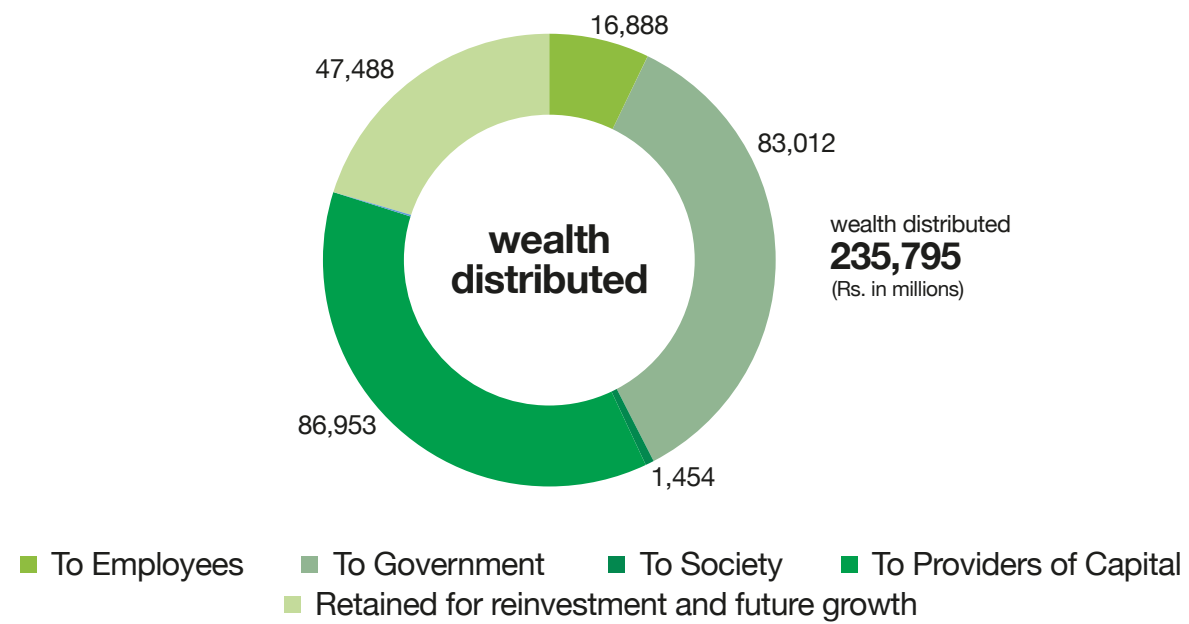
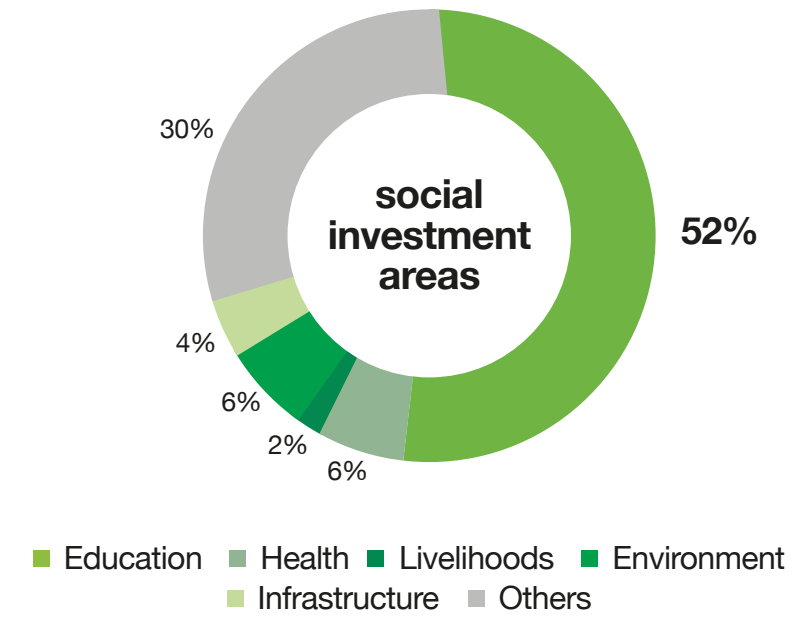
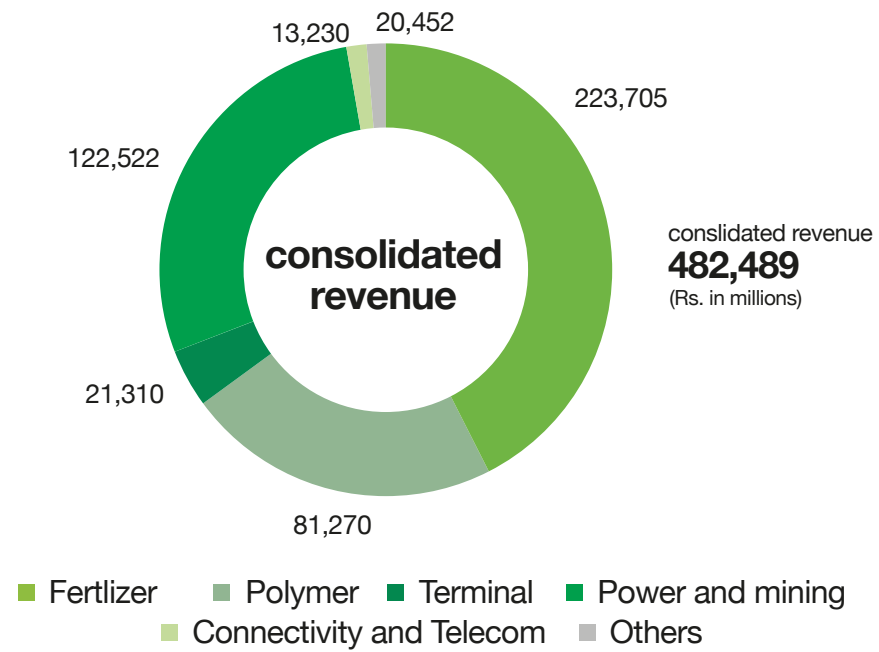
FrieslandCampina Engro helped improve farmers' livelihoods with over 32% increase in milk payments

over  
**32%**  
increase in milk  
payments

\*calculated using avg 6.4 people per household  
(source: mb-research.de)



# 2023 at a glance



As explained in Directors' report, 2023 continued to be a challenging year for Pakistan as Pakistan's economy faced a multitude of unprecedented challenges, particularly in the first half of 2023, including surging inflation driven by rising energy prices, spill-over effects of floods, a significant depreciation of the Rupee, and an enduring foreign exchange crisis resulting in an average inflation of ~30%. Given the precarious state of foreign currency reserves, businesses across Pakistan faced difficulties on account of import restrictions. However, Pakistan's economic situation started to show some signs of recovery in the second half of 2023. In June, the Government of Pakistan (GoP) successfully secured a 9-month IMF Standby Agreement (SBA) of USD 3 billion, subject to a series of conditions. The immediate disbursement of USD 1.2 billion from this package evaded the looming threat of default, providing much-needed relief in the short-term. While recognizing the Government's efforts in securing the IMF loan, it's crucial to address the adverse effects across various industries due to the rise in cost of doing business. We remain committed to closely collaborate with the relevant authorities to resolve Pakistan's pressing issues while expecting the Government to take proactive measures to foster industrial growth.

### economic value generated and distributed

2023 was a year of achievement for the Company. Despite economic challenges, Engro Corporation delivered strong operational performance due to its diversified portfolio, notwithstanding the impact of Super Tax. The businesses ensured prudent cost management and productivity-enhancing measures to navigate any short-term impacts that may arise from the macroeconomic environment.

For the year 2023, a snapshot of economic value generated and distributed, based on our consolidated financial accounts, is presented below:

Rs. in million	2023		2022	
<b>Wealth Generated</b>				
Total revenue inclusive of sales tax and other income	554,877		409,914	
Bought-in-material and services	(319,082)		(246,176)	
	<u>235,795</u>		<u>163,738</u>	
<b>Wealth Distributed</b>				
To Employees				
Salaries, benefits and other costs	16,888	7.16%	14,137	8.60%
To Government				
Taxes, duties and development surcharge	83,012	35.21%	62,566	38.20%
To Society				
Donation towards education, health, environment and natural disaster	1,454	0.62%	801	0.50%
To Providers of Capital				
Dividend to shareholders	42,414	17.99%	37,042	22.60%
Mark-up/interest expense on borrowed money	44,538	18.89%	28,744	17.60%
Retained for reinvestment and future growth				
Depreciation, amortization, adjustment in respect of thermal assets and retained profit	47,489	20.14%	20,448	12.50%
	<u>235,795</u>	<u>100.00%</u>	<u>163,738</u>	<u>100.00%</u>

In response to the high inflation and depreciation of the Rupee, the Group executed a targeted strategy ensuring business continuity, stringent cost optimization measures and focused on improving operational efficiency. Furthermore, it strategically implemented a responsive pricing strategy to adeptly navigate the challenges posed by the inflationary environment.

During the year, the Company and its subsidiaries achieved various growth and operational milestones. A summary of the group business performance is given below:

### engro corporation:

The Company posted a standalone PAT of PKR 18 billion against PKR 21 billion in 2022, translating into an EPS of PKR 32.26. The 17% decrease in profitability is primarily owing to an additional Super Tax on dividends and lower interest income due to higher dividend declared during the year, which has been partially offset by lower research and business development expenses.

On a consolidated basis, Engro Corporation's revenue grew by 35% to PKR 482 billion in 2023 against PKR 356 billion in 2022. Consolidated PAT before accounting impact due to remeasurement of thermal energy assets stood at PKR 66 billion (PAT attributable to shareholders: PKR 34 billion) compared to PKR 46 billion (PAT attributable to shareholders: PKR 24 billion) in 2022 recording an EPS of PKR 63.01 compared to PKR 42.23 in 2022. Major variance is attributable to higher urea sales, efficient plant operations, higher earnings from dollar-denominated businesses, and efficiencies derived through cost optimization.

However, after incorporating the accounting impact due to remeasurement of thermal energy assets, the consolidated PAT stood at PKR 36 billion (PAT attributable to shareholders: PKR 21 billion) with an EPS of PKR 38.60 in 2023.

### proposed divestment of thermal assets

As notified to the Pakistan Stock Exchange (PSX) on February 26, 2024, the Company is now evaluating to execute the proposed divestment of its thermal energy assets comprising of shareholding in Engro Powergen Qadirpur Limited, Engro Powergen Thar (Pvt.) Limited and Sindh Engro Coal Mining Company Limited, held via Engro Energy Limited, through a sale of shares process with Liberty Mills Limited, along with other parties acting in concert.

In accordance with the requirements of International Accounting Standard 36, the Company has carried out an assessment of the recoverable amount the thermal energy assets for the purpose of standalone, as well as for consolidated financial statements.

Due to the specific accounting treatment for IPPs, as mentioned in note 1.1.1, the net assets of thermal energy assets in the consolidated financial statements of the Group are higher than their recoverable amounts. Accordingly, an accounting impact of PKR 30 billion (Owners' share: PKR 13 billion) has been recognized in the consolidated financial statements for the year ended December 31, 2023.

In case of standalone financial statements of the Company for the year ended December 31, 2023, no impact has been recognized as the recoverable amount of thermal energy assets is significantly higher than their carrying amount.

## engro fertilizers

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

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

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

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

## engro polymer & chemicals

### **sole producer of pvc resin in pakistan, providing import substitution and export opportunities.**

International PVC prices averaged at USD 837 / MT during the year, declining towards pre-Covid levels and signaling an end to the commodity super cycle. Despite a decline in prices, the domestic PVC market in Pakistan contracted by 9% owing to high inflation, slowdown in construction activity, low government spending on infrastructure development, and political turbulence. Despite headwinds, Engro Polymer and Chemicals was able to sustain an 89% market share by ensuring product availability and implementing various incentives to boost market confidence.

The Polymer business recorded a revenue of PKR 81 billion compared to PKR 82 billion last year. The Company's PAT stood at PKR 9 billion against PKR 12 billion last year, mainly attributable to the commodity cycle reversal, lower domestic demand, and imposition of Super Tax.

The business recorded domestic sales of 199 KT versus 231 KT last year, enabling import substitution of USD 92 million. As a mitigant to lower domestic demand, it focused on export opportunities and achieved highest-ever export volumes of 44 KT, including caustic soda exports of 22 KT, thereby generating foreign exchange of USD 26 million for the period.

## engro enfrashare

### **growth achieved through efficient tower deployment and operational efficiencies.**

As the largest independent TowerCo business in Pakistan, Engro Enfrashare enables MNOs to concentrate on their core business by undertaking the telecommunication tower-related capex and maintaining operational efficiencies through its infrastructural excellence.

To enhance digital access across Pakistan, Engro Enfrashare continued to expand its national footprint and achieved a scale of 3,952 tower sites with a 1.21x tenancy ratio, catering to all four MNOs of Pakistan. Furthermore, the business demonstrated its growth potential through colocation opportunities observed during the year capturing a market share of 30% of the total colocations in the industry.

The bottom line of the business was impacted in 2023 by an unprecedented rise in interest rates, despite a strong operational performance. Given the capital structure of Engro Enfrashare, more could have been done to hedge against adverse interest rate movements through the evaluation of Interest Rate Swaps; however, the business is rigorously pursuing various options to mitigate this risk in the future, including hedging mechanisms and reassessment of its capital structure.

Though this will be a challenge in the short term, the outlook of the business is net positive as we are strategically positioned to capitalize on anticipated sector growth, driven by increased data usage and the localization of smartphone assembly.

## engro energy

### **contributed 4,481 gwh of sustainable energy to the national grid during 2023.**

Mining operations continued smoothly, ensuring 100% supply of coal to three Independent Power Producers (IPPs), Engro Powergen Thar, Thar Energy and ThalNova Power. Following the successful commissioning of the mine expansion to 7.6 million tonnes per annum (MTPA), in anticipation of the potential surge in energy demand, the Management has committed to initiate Phase III of the expansion to enhance capacity to 11.4 MTPA. Furthermore, the Government of Sindh has provided approval on the implementation agreement to expand the mine to 16.4 MTPA.

Engro Powergen Thar Private Limited achieved 82% availability during the year and dispatched 3,611 GWH to the national grid as compared to 3,690 GWH last year. Lower plant availability is mainly due to conducting the first major Type A maintenance to ensure reliability and efficiency of plant operations.

Qadirpur Power Plant achieved 100% availability by ensuring efficient plant operations and dispatched a Net Electrical Output of 870 GWH to the national grid, with a load factor of 46%. The business posted a PAT of PKR 2.5 billion for the year, as compared to PKR 1.5 billion last year, mainly due to efficient plant operations and higher interest income.



## engro vopak & elengy terminals

**engro vopak accomplished safe operation whilst providing storage solutions for bulk liquid chemicals and lpg. engro elengy continued to help alleviate the energy shortage in pakistan.**

Engro Vopak Terminal recorded chemical throughput of 951 KT against 1,331 KT last year. This was primarily influenced by disruption in the operations of key customers (Lotte and FFBL) owing to import restrictions and gas curtailment which was partially offset by a notable 63% increase in LPG marine imports compared to last year (attributed to the acquisition of new customers).

The LNG terminal handled 73 vessels and delivered 215 bcf re-gasified LNG to the SSGC network, accounting for 13% to 15% of the total gas supply in Pakistan, with an availability factor of 97.1%. The overall profitability of the terminal business showed strong performance driven by dollar-denominated earnings and higher LPG & LNG volumes handled, which was partially offset by the imposition of Super Tax.

## frieslandcampina engro

**frieslandcampina engro demonstrated a strong performance in its dairy and frozen dessert segments**

FrieslandCampina Engro Pakistan (FCEPL) maintained its momentum, achieving a record-breaking topline of PKR 100 billion, marking a remarkable 36% increase compared to last year, despite navigating a challenging macroeconomic landscape and intense competition. The surge in revenue was propelled by factors such as expansion of our retail presence, sustained volumes, and favourable pricing dynamics. The business's flagship brand, Olper's, played a pivotal role in driving this growth, solidifying its market leadership position through consistent investments in brand building and trade activities.

However, FCEPL saw a decline in Profit After Tax to PKR 1.5 billion from PKR 2.5 billion last year. This decrease is attributed primarily to a substantial rise in finance costs, with interest rates nearly doubling over the year.

## engro eximp agriproducts

**long-term direction of the business being evaluated.**

Engro Eximp Agriproducts generated a revenue of USD 9.4 million through exports of 6.9 KT rice versus 37 KT last year, alongside domestic sales of 6.1 KT due to reduced procurement during the season.

During the year, the Company's Board of Directors approved an equity injection of PKR 2.5 billion in Engro Eximp Agriproducts. This was primarily to bridge a gap stemming from inventory losses, as explained in detail in our Director's Report for 2022. In light of these challenges and the overall dynamics of the business, the Company is re-evaluating the long-term strategic direction of Engro Eximp Agriproducts.

## engro eximp fze

**aspiring to transform into a global commodity trader.**

Engro Eximp FZE, Company's international trading arm, initiated commercial activity in UAE in 2022 with a vision to consolidate the international trading activities under one roof. It achieved a turnover of approximately USD 400 million. Presently, Engro Eximp FZE conducts trade across more than 40 countries, dealing with over 30 different products through the year. The overarching aim is to establish a robust foundation for a significant global footprint over the next 5 years.

# financial investment contribution

## capital expenditure

Engro Corporation invests in diverse businesses with the goal of creating long-term value whilst generating economic growth and prosperity by expanding its operations and creating additional employment opportunities. Our consolidated capital expenditures in 2023 was Rs.31.4 billion (FY: 2022: 40.7 billion) whereas total depreciation charge on all assets amounted to Rs. 18.5 billion (FY 2022: Rs. 14.6 billion).

Engro has taken various steps with a focus on creating shareholder value. Some of the many highlights of the year include:

- I. As mentioned above, the Company is now evaluating the proposed divestment of the Company's thermal energy assets held via Engro Energy Limited through a sale of shares process.
- II. The Company ventured into the telecommunication infrastructure industry with the goal of enabling telecom access throughout Pakistan and unlocking significant value in the sector. It is exploring new investment opportunities keeping in mind the current macro-economic situation and high interest rates.
- III. Engro Fertilizers, in collaboration with other fertilizer manufacturers, is making progress on the Gas Pressure Enhancement Facilities (PEF) project. This initiative involves the construction of a compression unit at the Mari Field, aimed at ensuring appropriate level of delivery pressure allowing the manufacturing facility to function at optimal levels on indigenous gas for a foreseeable future. The total capital outlay for this project is USD ~ 100 million.
- IV. Engro Polymer and Chemicals is strategically diversifying its business with the introduction of a Hydrogen Peroxide production facility with capacity of ~28KTM. The expansion is expected to positively contribute to the profitability of the business and create value for the shareholders. The project is scheduled to commence operations in the second half of 2024.

## share buyback:

The management team, with the endorsement of the Board of Directors, stands firm in their confidence regarding Engro's ability to consistently generate value for shareholders. This conviction drove the successful conclusion of its share buyback program on July 25, 2023, in accordance with the Special Resolution adopted by our esteemed members on January 26, 2023.

During the purchase period from February 03, 2023, to July 25, 2023, the Company purchased an aggregate of 39.5 million shares representing 6.86% of the issued and paid-up capital for a total value of PKR 11,629 million at an average purchase price of PKR 293.6/- per share (Dividend adjusted price of PKR 253.6/- per share).

### dividend paid:

Total dividend paid during 2023 is Rs. 42bn (2022: Rs. 37bn).

### tax contributions

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

Corporate Income Tax (PKR Million)		Sales Tax (PKR Million)		Other taxes (PKR Million)	
2023	2022	2023	2022	2023	2022
37,685	27,083	40,015	28,920	5,313	6,563

## integrating risk and opportunity into business process

### risk management

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

For key risks and mitigants, please refer to our Annual report section on Risk Management.

### 2024 – focus buckets

Despite facing unprecedented challenges in the operating environment, the Group has showcased resilience and delivered a strong performance throughout the year. In our commitment to unlocking long-term sustainable value, and maximizing return for our shareholders, we have developed a proactive strategy aimed at effectively managing potential disruptions and expanding our operations across diverse regions.

Following are some of the key strategic initiatives being pursued by the Group:

- Despite economic headwinds, plant reliability and efficiency have and will remain a priority. Targeted interventions will be proactively taken to secure the wellbeing of assets.
- Considering substantial cost pressures, the Group remains steadfast in implementing stringent cost optimization measures. By prioritizing cost optimization, prudence, and agility, we have effectively steered through recent challenging times.
- Recognizing the challenges posed by volatile currency fluctuations and supply chain disruptions, our strategy will entail preemptive measures to secure essential resources efficiently and cost-effectively. Emphasizing foresight and agility, we are committed to staying ahead of market dynamics and safeguarding our supply chain against external uncertainties.
- The Company is also developing an export strategy that aims to utilize its valuable resources, including land, natural resources, and human capital. Our intent is to further develop our export base and explore export opportunities in various industries such as food, agriculture, chemicals, and technology.

Aligned with our strategic vision of focusing on international ventures and cultivating partnerships with global entities, Engro Eximp FZE is committed to initiate collaborations that will expand Engro's global footprint. By actively pursuing opportunities in the non-captive space, we aim to achieve geographical diversification and bolster the market presence of our brand worldwide. This strategic approach will lay the foundation for substantial global expansion over the next 5 years.

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

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

## financial risks and opportunities due to climate change

Engro is cognizant of the fact that climate change presents physical and financial risks and opportunities to its operations, profitability and future growth and overall enterprise value.

To better capture these, we have conducted a preliminary assessment of climate related risks and opportunities and classified them as physical or transition risk, guided by the TCFD framework. This exercise is cross-cutting across businesses and is aimed at providing insights to broaden our understanding of climate related risk and opportunities and prepare strategies and action plans to be put in place. Given the exercise is at nascent stage, the financial implications of the risk or opportunity or the costs of taking these actions are not available but will be worked on in future.

We are mindful of the growing importance of reporting climate related disclosures through credible frameworks such as the IFRS standards and will align our climate related reporting in due course.

## credit ratings

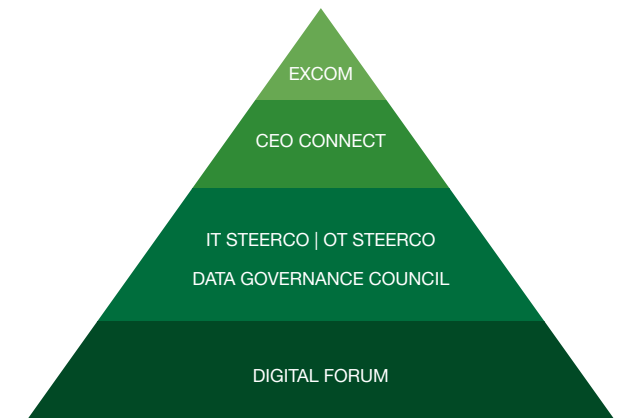
During 2023, credit rating agencies reaffirmed the credit strength of the Company and its subsidiaries.

Company	Rating Agency	Long-term Rating	Short-term Rating
Engro Corporation Limited	PACRA	AA+	A1+
Engro Fertilizers Limited	PACRA	AA	A1+
Engro Polymer & Chemicals Limited	PACRA	AA	A1+
Engro Eximp Agriproducts (Private) Limited	PACRA	A-	A2
Engro Enfrashare (Private) Limited	VIS	A-	A2
Engro Powergen Thar (Private) Limited	PACRA	AA-	A1
Engro Elengy Terminal (Private) Limited	PACRA	AA-	A1

These credit ratings reflect the entities' financial and management strengths and are a testament to our strong balance sheet and robust performance with consistent dividend payouts.

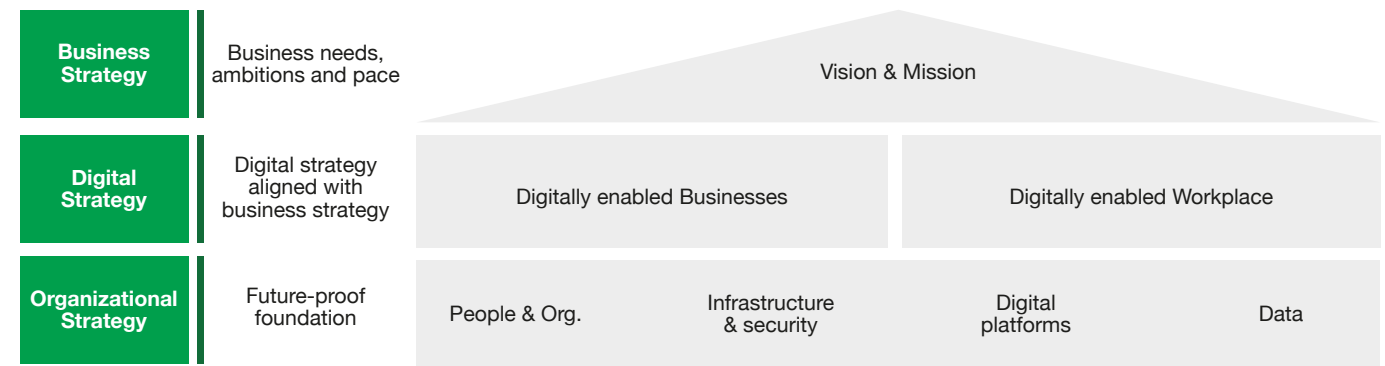
## digitalization

We stand at a critical juncture in human history, amidst the 4th industrial revolution's transformative era, fueled by revolutionary technologies like Generative Artificial Intelligence. This rapid digital evolution brings both great opportunities and significant challenges. To thrive in this dynamic environment, Engro strategically prioritizes key focus areas, centering efforts on empowering our businesses to navigate the forthcoming digital age and preparing our workforce to meet the demands of this new era.



To ensure the seamless roll-out of strategic initiatives, stakeholder engagement is crucial. An operating model has been designed with Digital Forum working as the foundation where ideas are generated and discussed. The IT/OT Steering Committee and Data Governance Council work as governance bodies while CEO connects served as strategic alignment enablers ensuring alignment with the overarching company's vision and mission.

The central focus, in 2023, revolved around prioritizing and harmonizing the digital strategy with the overarching business strategy. This emphasis was instrumental in ensuring that every initiative seamlessly aligned with the business objectives, actively contributing to the achievement of key goals through the effective utilization of digital technologies to seamlessly integrate innovative technologies, optimize processes, and foster a culture of continuous improvement.





## key projects in 2023

### ennovate

With a key strategic focus on innovation with AI, Engro launched Ennovate 2023, an inaugural Ideathon aimed at empowering employees and facilitating exploration of AI-driven business enhancements. After evaluating the 22 ideas submitted, the team identified top 6 teams, who were then mentored in-house for their pitches at the Grand Finale, held before an esteemed panel of judges. Team PowerFusion secured the 1st prize for its AI-based smart chatbot companion, while Team Adventure claimed the 2nd prize for its AI-powered soil and crop monitoring tool. Team Talent Bridge secured the 3rd place for their AI-powered internal talent marketplace.



This initiative not only generated novel ideas but also familiarized the company with AI, sparking a new wave of technology-enabled innovation to propel the organization forward.

## digitally-enabled businesses

### CXO dashboards

Staying true to the commitment of becoming a data-driven organization, the team strategically focused on developing dashboards for CXOs. This initiative will significantly enhance visibility, enabling data-driven decision-making for enhanced business performance.

### engro central

To enhance the overall employee experience and boost productivity, we introduced Engro Central—a centralized hub for employee applications, services, and valuable resources, providing an all-in-one user experience. Meticulously designed for simplicity and personalization, employees can seamlessly access the system by visiting and logging in with their Engro credentials.

### HSE MIS system

In pursuit of continuous improvement, Engro implemented two new modules of VelocityEHS - the new and enhanced HSE MIS System.

- **Operational risk module** facilitates standardized work processes for risk assessment, identifies safety-critical elements, and provides dashboards for organizational risk profiling with real-time monitoring of action closeout status.
- **environment, social & governance (esg) module** enables the ongoing monitoring of environmental parameters.

### enterprise content management

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

### enterprise project management

In pursuit of continuous improvement, the ICT department has implemented Enterprise Project Management system to oversee all ICT projects. This strategic initiative is geared towards enhancing visibility, efficiency, and control within project management processes. The platform empowers the team to foster seamless collaboration and communication across projects, providing real-time reporting and dashboards for informed decision-making.

### enterprise resource planning

In the pursuit of digitally enabling new business, SAP implementation was completed for EPCL's subsidiary – Engro Hydrogen Peroxide Limited. With a focus on enhancing information capture, the team expanded the SAP implementation to include Plant Maintenance, Production Planning, and Sales & Distribution modules. Throughout 2023, substantial improvements were also made to the Financial, Materials Management, and Procurement modules.

## digitally enabled businesses | hr

### talent management

With a primary focus on enhancing the talent management process, two new SuccessFactors modules were implemented.

- **succession and career development module**, will drive the digitization of succession and career development business processes, seamlessly integrating with relevant SuccessFactors modules. This module will empower Engro to identify and nurture top talent in alignment with business goals and future growth aspirations, significantly enhancing the efficiency and effectiveness of talent management practices.
- **compensation and variable pay module** will play a crucial role in planning and administering compensation and incentive programs. It will empower Engro to improve individual and business performance by building strategic compensation programs.

### health check

As part of our continued efforts towards improvement, we leveraged insights from SAP Success Factors' Health Check Report to enact a series of recommended enhancements. The implementation of these recommendations ensures effective and efficient utilization of Success Factors, enhanced controls, optimized system functionality, and improved user experience.

## digitally enabled businesses | finance

### invoice management portal

To optimize invoice processing and ensure prompt payments, Engro launched an innovative invoice management portal. The project scope covered invoice receipt, scanning, and processing in OneSAP, from validation to payment. The primary objective was to prevent delays stemming from misplaced invoices and uphold Engro's credibility. The portal, now operational, has significantly improved financial control, elevated customer satisfaction, and increased employee productivity by liberating the workforce from payment coordination tasks.

### straight to bank

To streamline and enhance payment processes, the Engro Enfrashare and Engro AgriTrade teams adopted Standard Chartered Bank's S2B for automatic payments, extending a proven solution already implemented at other Engro subsidiaries. This shift reduced control-related risks and ensured a smoother and more efficient payment process.

## digitally enabled businesses | supply chain

### freightage monitoring

Under this project, an innovative solution has been developed, for EFERT, to automate the entire workflow, mitigating human errors, streamlining processes, and ensuring consistency in reconciling raw material inventory in SAP. Upon completion, it will offer meticulous monitoring and tracking of the entire cycle, instilling transparency and optimizing operations. Moreover, the solution will furnish a range of analysis and exception reports, elevating management control. The project is scheduled for completion in 2024.

### weighbridge automation

With the aim of enhancing control and process efficiency, this project was launched at EPCL to enable automated vehicle weight retrieval during delivery by integrating the weighbridge system with SAP. This enhancement ensured real-time updates, improving efficiency and control in the crucial dispatch process.

### truck management system

As part of continuous improvement, this project was launched to introduce Smart Bilty in the truck management system at EFERT's Daharki plant. With this enhancement, truckers can now submit bilty online, significantly enhancing overall efficiency and controls.

## digitally enabled businesses | commercial

### humsafar

To enhance customer experience, critical upgrades were undertaken within EFERT's Humsafar application. This upgrade has successfully enabled the automation of dealer profile management, fully automated authority letter generation, and order history details, significantly enhancing the dealer's user experience and elevating customer satisfaction.

### salesforce

As part of continuous improvement, critical upgrades on EPCL's Salesforce integrations. This enhancement has successfully enabled 100% reconciliation between SAP and Salesforce for the order-to-invoice cycle, along with seamless sales dashboarding and reporting within Salesforce.

### digital payments

To enhance user experience and streamline balance reconciliation, EPCL customer payments against orders and invoices were digitized through payment aggregators and service providers, seamlessly integrating it with Salesforce. As a result, customers can now effortlessly make digital payments directly through their Salesforce account, eliminating the need to visit a bank.

## digitally enabled businesses | manufacturing

### IT-OT convergence

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

### data historians

Recognizing the pivotal role of data and harnessing the convergence of IT with OT, this project was implemented at EPCL and EFERT to modernize their on-site outdated historians. This transition to cutting-edge historians is poised to significantly enhance the capability to collect, store, and manage data effectively, empowering informed decision-making and operational optimization. The historian upgrade at EPCL has been completed, while the upgrade at EFERT is scheduled for completion in 2024.

### industrial drones

Leveraging emerging technology to Engro's advantage, the EVTL team embraced industrial drones for visual inspection last year. The pilot project's results demonstrated significant benefits, including increased safety by avoiding work at heights, enhanced productivity (up to 77% time savings), and reduced costs (up to 70% cost savings) compared to conventional methods. Encouraged by the success of the pilot, other subsidiaries initiated the adoption of drones in 2023. Meanwhile, the EVTL conducted a thorough analysis and identified further opportunities to scale up drones' usage in 2024.



### digital operators rounds

To address challenges associated with paper-based processes, a tablet-based solution for operator rounds was adopted at Engro subsidiaries. Operators now utilize handheld tablets, replacing traditional paper-based sheets for data collection. This initiative aims to improve overall data availability, boost the productivity of field staff, deliver timely information, and foster data-driven decision-making, enabling enhanced reliability and efficiency of site assets.



### computer vision ai

To fortify overall site safety and security, a state-of-the-art computer vision AI-based solution was implemented at EPCL. This advanced system facilitates real-time monitoring and anomaly detection through AI-powered CCTV cameras. Key features include thermal monitoring of site assets, perimeter wall surveillance, facial recognition, and vehicle number plate detection at the site entrance.

### predictive maintenance

In the pursuit of embracing best-in-class maintenance strategies, Engro kickstarted the adoption of predictive maintenance solutions. Successful implementation of two small-scale pilot projects has taken place at EPCL and EFERT in 2023, with the aim of detecting early warning signs to effectively reduce unplanned downtimes and enhance the overall reliability of site assets.

### EVCM OT digitization

To tackle challenges related to VCM production process fluctuations, reduced throughput, energy inefficiency, variations in VCM quality, and delays in troubleshooting and corrective actions due to the unavailability of real-time data, implement a state-of-the-art AI-powered suite of solutions by AspenTech was implemented at EPCL.

This comprehensive solution encompasses Adaptive Advanced Process Control with a closed-loop architecture, utilizing Aspen DMC3 Technology for continuous process optimization. It also features a digital twin of the plant, enabling plant-wide simulation for real-time performance monitoring of process assets. Additionally, a multivariate process analytics tool, ProMV provides proactive alarms for anomaly detection, complemented by a powerful dashboard for KPI visualization.

The deployed solution has already yielded tangible benefits, and upon its complete implementation in 2024, it is poised to deliver even more substantial benefits.

## digitally enabled workforce

### S.E.E.D sessions

In the pursuit of cultivating a dynamic culture of Learning and Innovation, the ICT team collaborated with accomplished external experts who conducted key sessions. Notable among these sessions was the Executive Learning Circle led by Reuben Jayasinghe, Head of Innovation Culture at Amazon, offering valuable insights into Amazon's thriving culture of innovation. Additionally, other key sessions covered topics around overview of Generative AI by Google, Web 3.0 by Decrypted Solutions, and Cybersecurity by Group IB. The Global CIO of AKUH was also invited for one of the SEED sessions, providing valuable insights into their ICT strategy. Furthermore, to foster knowledge-sharing and creativity across the organization, the internal team organized several Group-wide AI & ChatGPT SEED sessions.



### learning management

To facilitate the seamless adoption of the recently deployed solutions, the ICT team collaborated with various teams across the group to streamline the onboarding process. Some key highlights included the development of a comprehensive training course on the VelocityEHS solution in collaboration with ECTD's Group HSE team. Additionally, all OneSAP transaction-level training videos and modules were uploaded onto the LMS for the convenience of employees. The team also organized a training session on IC-32 ISA cybersecurity fundamentals for selected individuals across the group to enhance the workforce's proficiency in OT cybersecurity.

## future proof foundation

### cloud computing

To align with the evolving technology landscape and ensure future-proofing, Engro adopted a cloud-first strategy, dedicating substantial efforts to its implementation and the formulation of future strategies. This comprehensive approach is crafted to enhance agility, cost-effectiveness, and technological advancement, strategically positioning the organization for success in the digital era.

### risk mitigation

To fortify risk and security management, and shield Engro from emerging threats, the ICT and IS Teams initiated a comprehensive risk assessment exercise, concentrating on all critical ICT assets. The primary goal was to proactively identify and address potential vulnerabilities and threats. Throughout the assessment process, the teams diligently examined existing technical and managerial controls, systematically pinpointing, and documenting any gaps. This meticulous approach provided valuable insights into the organization's risk landscape, facilitating the creation of a consolidated ICT and IS risk management framework.



Equipped with a consolidated and precise risk register, along with comprehensive risk treatment plans for both IT and OT assets, the ICT and IS functions worked diligently on implementing these plans to ensure the robust protection of Engro's systems and data.

### **digital transformation and information security**

The adoption and proliferation of technology in businesses have significantly impacted the way we work, especially with the evolving economic landscape and supply chain shocks. As a result, it has become a critical success factor for businesses to adopt technology to stay competitive. However, with the implementation of new technologies, protecting them from cyber threats is also crucial.

Considering the recent trends, the threat from commercial cyber proliferation is on the rise, posing a significant risk to organizations. Urgent action is needed to address cyber threats, as information and communications technology (ICT) systems are subject to continuous and expanding cyber threats, requiring defenders to take urgent and sustained action to mitigate risks.

In response to these challenges, Engro introduced a centralized Information Security division which has focused on establishing information security processes, assessing, and mitigating cyber risks, promoting security awareness, and monitoring cyber threats across all departments and subsidiaries. This initiative aligns with the growing concerns about cybersecurity risks and the need for organizations to reinforce a culture that makes all stakeholders responsible for security.

Engro's long-term goal is to align its technological infrastructure with its ambitions of operational excellence, while also ensuring the security of its technology. To achieve this goal, Engro took various initiatives, taking into account the evolving cyber threat landscape and the increasing adoption of Industry 4.0 technologies.

### **enhancing information security awareness at engro**

Engro's Information Security (IS) division has been actively engaged in conducting a series of activities to enhance information security awareness and preparedness across the organization. The objective of this initiative is to strengthen and secure the Engro population from vigorous cyber-attacks and continue protecting Engro. The goal is to improve and continue Engro's ongoing journey to being secured by conducting various activities to enhance information security awareness and preparedness across the organization. Some of the initiatives and ongoing activities include Information Security Awareness Training, Simulated Phishing Campaigns, Information Security Awareness Month, and Information Security Awareness Sessions. The IS division conducts regular online Information Security Awareness Training using a digital tool to ensure that the Engro population is prepared for cyber-attacks. The frequency of simulated phishing campaigns has increased over the years, and in 2023, these campaigns were conducted monthly to better prepare the employees and test their readiness in case of a phishing attack. The Information Security Awareness Month has been celebrated for the last two years. This year, 2023, the users were engaged in online workplace activities to enhance their cybersecurity awareness. Information Security Awareness Sessions are conducted with Engro users and different subsidiaries, including top management, both virtually and physically, using English as well as Urdu language to address different types of audiences to educate them about the latest cyber threats and how to secure themselves.

### **strengthening information security operations centre at engro**

The Security Operations Center (SOC) at Engro was launched in 2022 with the objective of monitoring, detecting, investigating, and responding to cyber threats, and protecting organization digital footprint.

The Security Operations Center (SOC) plays a pivotal role in coordinating efforts to safeguard Engro's digital assets by providing round the clock services such as continuously monitoring, assessing, and defending the digital assets against potential cyber-attacks. The SOC enables the Information Security team to enhance their decision-making processes and respond promptly to emerging cyber threats, ensuring the resilience of Engro's digital infrastructure. Furthermore, Engro's Information Security team is currently working on the integration of IT & OT SOC (Security Operation Center) which shall further enhance threat detection, investigation, and incident response.

Additionally, the Engro Information Security division has implemented a Digital Risk & Brand Protection service to protect the organization digital footprint on all web domains. The service includes monitoring, analyzing, detecting, alerting, and mitigating cyber threats targeting Engro Corporation Limited and its subsidiaries. The service is designed to respond against cases of brand impersonation, fake online mobile apps, social media impersonations, data leakages, and other threats across the internet.

### **strengthening information security clearance and security assessment at engro**

The Information Security Clearance and Security Assessment initiative at Engro aims to provide security assurance and assist ICT and businesses in launching secure digital products to users, while ensuring that operations are run in a secure environment. This is achieved through the initiation of a specialized unit within the Information Security division, which conducts penetration testing of new applications and vulnerability assessment of server and network devices. The goal is to improve the security posture of applications, protect customer data, reduce cyber risk, satisfy stakeholder requirements, and preserve Engro's image and reputation.

Additionally, the initiative aims to create a safe and secure environment for technology to operate under by identifying and detecting vulnerabilities across networks and servers. The Security Assessment function has conducted security assessments for multiple different applications, yearly, with the aim of improving their existing security posture.

The Vulnerability Management Program, implemented by Engro Information Security Division, uses the industry's best solutions to identify and monitor cyber threats across networks and servers. This program empowers the team to carry out activities such as scanning for vulnerabilities in a timely manner and facilitates relevant actions against such threats, thereby creating a safe and secure environment for technology to operate under. The program also includes security hardening of critical system infrastructure applying international benchmarks.

### enhancing information security governance at engro

The Information Security Governance initiative at Engro aims to provide security assurance, assist in commencing secure digital assets, and establish a secure environment for technology operations. This is achieved through risk assessment, policy development, and implementation that aligns with business objectives and effectively mitigates potential threats. The goal is to ensure compliance with regulations, international standards and frameworks such as IEC62443, ISO27001 & NIST, provide ease in identifying major security gaps and risks, and lay down the important frameworks required for the management of these risks.

Additionally, this initiative aims to create a safe and secure environment for technology. The progress made and initiative taken by Information Security Governance includes comprehensive Information Security Risk Assessment, identification of significant security risks, and the development of targeted policies and procedures for effective risk management. Along with this, workshops and cybersecurity assessments related to Operational Technology (OT) have also been conducted, paving the way and working towards secure OT networks.

These continuous efforts demonstrate Engro's commitment to enhancing information security and digital transformation. By continuing these efforts, Engro aims to ensure the resilience and security of its technological infrastructure and digital products, thereby contributing to a safe and secure digital environment for its users.

## UN sustainable development goals (UN SDGs)

Engro strongly believes in contributing to socio-economic growth through its integrated business model that focuses on economic value generation for the business and its stakeholders including society at large. Maintaining the trust of our stakeholders is of utmost importance hence, we continue to do business with the highest standards of integrity.

In the pursuit to solve the most pressing issues of Pakistan, Engro views the challenges faced by the nation as opportunities to change the status quo and has been using the SDGs to integrate its business model and societal impact and guide its actions for development in all relevant areas. Introduced in 2015 by the United Nations and adopted by Pakistan in 2016, the Sustainable Development Goals (SDGs) serve as a guiding framework that calls for action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. We recognize that these 17 SDGs are integrated and thus action in one area may influence outcomes in others.

Engro's contribution to the SDGs is achieved through three avenues: its own business operations, its CSR arm Engro Foundation, and CSR activities and contributions through Thar Foundation. Engro's efforts and projects towards the SDGs are presented below

### SDGs: 01 | 02 | 08

No Poverty | Zero Hunger | Decent Work & Economic Growth

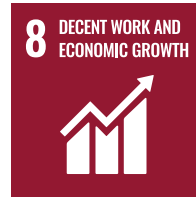
#### business operations

Employment and job creation play a crucial role in a country's economic growth and help meet poverty alleviation goals. Engro, through its investments and business growth, generates employment within its businesses and value chains. Engro is keenly focused on creating sustainable economic growth through its diligent investments, providing decent work conditions within its operational boundaries for all employees, and promoting an inclusive and sustainable economy for communities at large.

Engro continues to create a thriving work environment through its strong ethics and compliance practices and ensures adherence to all applicable laws and regulations whether pertaining to labor laws, environmental protection regulations, and so on. Through implementation of its employment policies, Engro rallies for equality, diversification and inclusion within its workforce at various levels; encourages training and development of employees; and enforces rigorous health and safety practices to ensure well-being of all its employees. Engro works closely with education and skill building institutes such as universities and technical training institutes, for capacity building to develop marketable skills that in turn helps to increase employability. Over the years, Engro has received several awards as a testament to its contribution to the country.



Our subsidiaries in the agriculture and food sector, work closely in the agriculture value chains to contribute to enhancing food security in Pakistan. Being one of the largest players in the fertilizer market, EFERT works closely with the farmers and trains and educates them in farming practices through workshops, seminars, farmer meetings, group discussions, and educational farm visits for advisory assistance in crop management, soil/water testing services through established labs, and 4R nutrient stewardship. EFERT also runs several farmer advisory forums.



### engro foundation

Engro ensures that a major component of our CSR programs aims to reduce poverty and hunger by improving livelihoods. Some of these projects undertaken by Engro Foundation include:

#### chili value chain

'The Seed Purification & Chili Value Chain Improvement Project (CVC) has been successfully completed in December 2023. It aimed to revive the traditional variety of Chili - Longi or Dandicut, with co-funding from United States Department of Agriculture (USDA) through Winrock International. 5000+ smallholder farmers including 500+ women have been trained on Best Crop Management Practices in Umerkot and Mirpurkhas districts. Amongst 5000 farmers, 25 beneficiaries (including a female) are trained and developed as Seed Entrepreneurs. Also, 1000 farmers benefitted through peer learning with additional spillover effect on 1000 farmers. Looking at the high impact of the project, National Foods limited has stepped forward to sign an MoU with Engro Foundation to work with some of the trained farmers and integrate them in their supply chain.

#### feedsol

Feedsol, a social enterprise, engaged in the production, marketing, and distribution of silage - an affordable and highly nutritious substitute for animal fodder, was launched through ENGIVE (Engro Foundation's social impact venture fund). The business aims to improve small farmers' access to high-nutrition feed, thus making the business more inclusive. In the last 5 years, Feed Sol has made sales of PKR 700 Mn+ and has worked with 4000+ farmers.

#### i am the change impact awards

Launched in the year 2012, I Am The Change (IATC) is the flagship initiative of Engro Foundation. The initiative aims to collaborate with the corporate and the philanthropic sectors of the country and help individuals and institutions that are pioneering initiatives to improve lives across different spheres.

In this cycle of the IATC Impact Awards, the award recipients in the two categories of social enterprises and social development organizations were awarded a cash prize of PKR 2.5 million in recognition of their efforts, and to help scale up their initiatives.

### social development category

National Disability & Development Forum (NDF)

### social enterprise category

Recipient: Connect Hear

#### micro-enterprise projects

12 projects of micro livelihoods were carried out in Daharki, where deserving community members were given these grants as under these projects:

- 3 livestock management (goat farming) projects
- 6 grocery store setups
- 3 ice-cream businesses

### thar foundation

#### promoting employment

Thar Foundation works diligently to promote economic growth and employment.

- 26,500 people were provided employment through Khushhal Thar (KT), a local database managed by Thar Foundation, accounting for more than 60% of the total employment in the Thar project.
- 134 persons including women and differently abled persons were provided small grants to establish small enterprises for livelihood.

#### fish breeding in gorano lake

This was developed as a pilot 'community nutrition program' by Thar Foundation. As part of the project 10 different kinds of fish were bred in the Gorano lake providing means of nutrition to local communities. Approximately 70,000 kg of fish bred were distributed to the community. This is the first-time saline water fisheries were introduced in this desert area.

#### bio-saline agriculture

Tharparkar has a large, concentrated area in Pakistan of saline water with sandy soil with approximately, 2.5 Million acres of saline land. The Bio-Saline Agriculture project was initiated as a pilot to develop a business model for growing crops on abundantly available saline water that could be adopted by local Thari communities. Under this project, various cash-crops, fruit plants, vegetables and fodders have been grown successfully on saline water, including apple berry orchard, livestock fodder and aloe vera. Drip irrigation has been installed at all bio-saline projects under this program.

### SDG: 03

### Good Health & Well-Being

At Engro, human life, health and well-being are considered a priority and the Company endeavors to generate positive impact both internally for its employees, through policies and practices related to Occupational health and safety, and employee well-being, and for the society in general, through its social contributions.





## business operations

### employee occupational health and safety

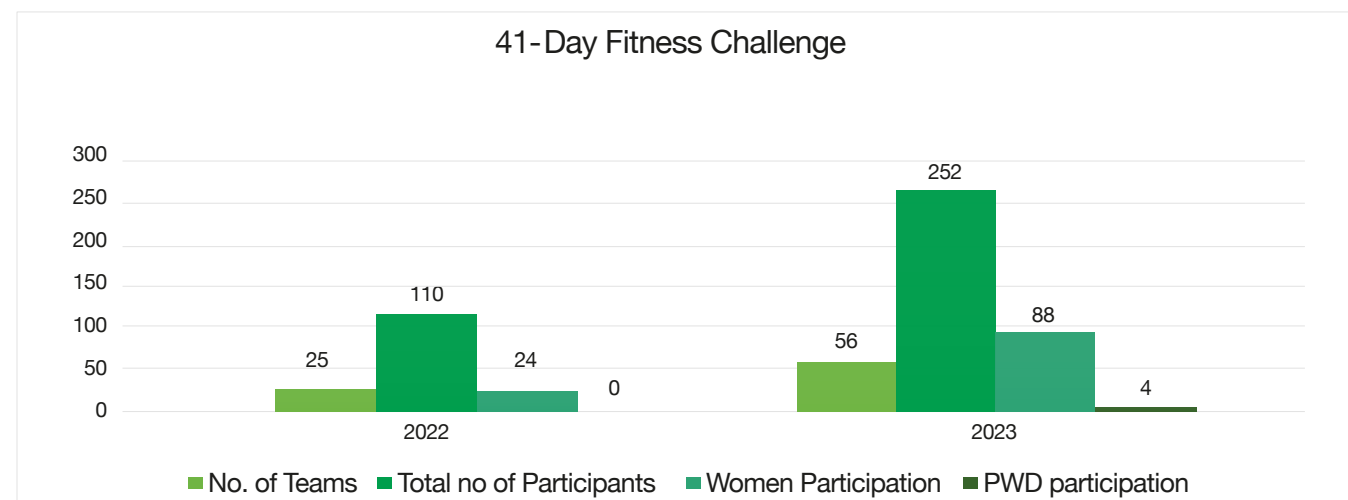
Engro continuously strives to implement stringent Health and Safety standards within its facilities and operations through rigorous controls, diligent monitoring and frequent training. Safety management involves supervising aspects concerning occupational health, industrial hygiene, behavioral safety, and process safety.

Engro operates its businesses based on international standards and best practices within the realms of regulatory rules and regulations and continuously monitors and measures safety performance to ensure compliance, taking all the necessary precautionary measures and devising routines to minimize health and safety risks. Over the years, in collaboration with world-renowned service providers such as DuPont, Engro has evolved, infused, and integrated a proactive and safe working culture throughout its operating footprint. Engro empowers its businesses to deliver the best-in-class HSE performance based on international standards and foster a safety-first culture.

### employees health and well-being

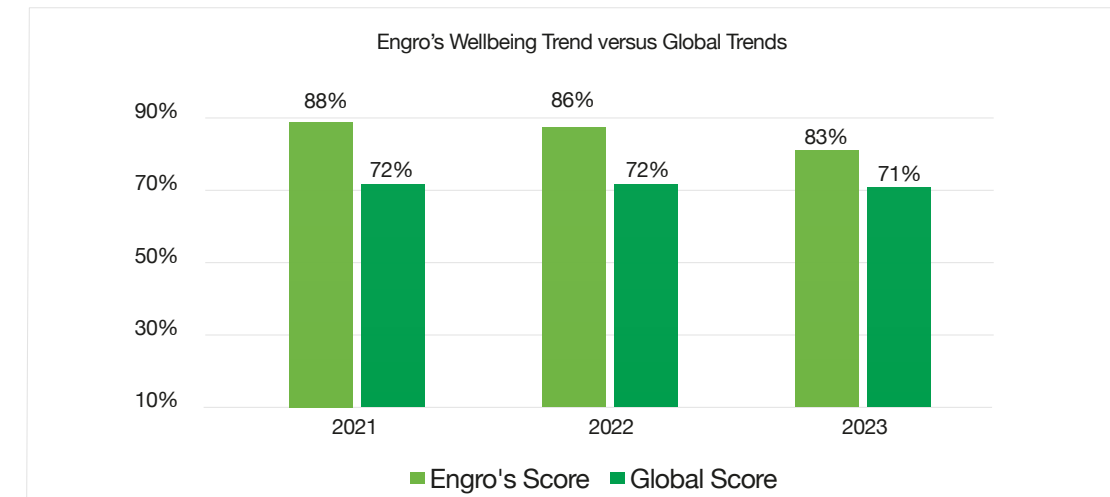
Employees are provided benefits pertaining to health and well-being including medical insurance, on-site clinics, expert services on nutrition, mental well-being sessions, and physical fitness programs.

Engro's initiatives related to physical fitness started in 2019 with in-house yoga and HIIT sessions and has expanded to include more programs such as the 41-day fitness challenge – which currently is an inclusive program that incorporates Diversity, Equity & Inclusion principles, allowing all to be actively involved.



41-Day Fitness Challenge statistics between 2022 and 2023. Source: Internal Data

It is deeply committed to its employee wellbeing and compares its employee wellbeing score against the global trends as reported by Qualtrics Employee Trends Report. As a testament to our efforts towards enhancing employee wellbeing, it has consistently outperformed the global average of 71%\* as per the global trends reported by Qualtrics Employee Trends Report.



\*(Source: Qualtrics 2024 Employee Trends Report)

Year-on-year trend of employee wellbeing at Engro with its comparison with global trends. Source for Engro's Trend: Employee Experience Survey and Source for Global Trend: Qualtrics 2024 Employee Trends report

## engro foundation

### community health programs

Beyond our employees, we strive to uplift society through our social investments dedicated to healthcare. Engro Foundation has created considerable impact through its following investments:

#### OPD clinics and camps: A total of 64,800+ patients treated in 2023

- Sahara Clinic in Daharki Ghotki: 10,882 patients treated
- Engro Clinic in Qadirpur Ghotki: 11,771 patients treated
- Sina Clinic in Gaghar Phatak, Karachi: 37,000 patients treated
- Engro Clinic in Sukkur: 5,223 patients treated
- Mental Health Camps (With Sina Clinic) in Karachi: 1753 consultations done

#### specialized facilities: A total of 9,100+ beneficiaries in 2023

- Hepatitis Program in Ghotki: 600 vaccinations and 524 treatments
- Free Snake-bite treatment: 5,819 patients treated
- Free Dog-bite / Rabies Centre: 1,708 patients
- Artificial Limbs Clinic: 484 patients

## thar foundation

Through Thar Foundation (TF), we provide access to healthcare for vulnerable communities with Thar Foundation Hospital, Marvi Clinic in Block-2 and Gorano Clinic being their flagship interventions. The 120-bed state-of-the-art TF hospital is operational at Islamkot and several vaccination and immunization drives and health camps are also regularly organized. Additionally, Thar Foundation provided health services through its mobile Van in 42 villages of taluka Islamkot. In 2023, TF created the following impact:

### community health programs

#### health clinics

- Total OPD flow - 73,000 patients.
- Additional services such as Ultrasound, ECG, EPI, Lab Services, Pulmonology computerized test, Nutrition, Digital X-ray Services & Free Pharmacy were provided to upcoming population across all Thar foundation health facilities.
- Tele Psychiatry Clinics started through Psychiatry expert at Sir CJ Hospital Hyderabad.
- In November 2023, Thar Foundation initiated weekly consultant clinics with Indus Hospital Karachi and Badin experts where Gynecologist, Pediatrician, General Surgeon, and Physician are providing free services. OPD Flow for the services was about 750. For patients identified as needing surgery, they will be supported through free surgery at Indus Badin
- Thar Coal Block-02 is Polio Free - 100% Anti Polio Vaccinated (Zero Refusal)
- Thar Block-02 is Hepatitis free as a result of collaboration with The Health Foundation and massive efforts to achieve a hepatitis prevalence rate below 1%

#### health camps and vaccinations

- Nutrition screening for children - 7,000 children were screened
  - supplements were provided to cases of severe and acute malnourishment in children (between the ages of 6 months to 5 years)
  - 1,000 mothers were counselled about balanced diet
- Free Eye Camp with AL-Baseer were held –
  - 2,500 patient screened by ophthalmologist
  - 109 patients supported with free phaco surgery
- Thar Foundation arranged TB camps in collaboration with IRD –
  - 733 patients screened with digital X-ray technology
  - 05 patients diagnosed as TB positive. All positive cases registered with the Sindh Government TB Program and medication

## SDG: 04 Quality Education

### business operations

Engro strongly believes in constant upskilling and development of its workforce to not only enhance their productivity but also develop their employees to be front-runners in a constantly evolving world.

### employee training & capability development

Engro's capability development program, "LEAP" (Learn, Empower, Adapt and Progress), stands as an umbrella brand dedicated to advancing group-wide upskilling through a unified platform. Its core aim is to build a comprehensive framework comprising of three vital elements: Onboarding, Functional/Technical Training, and Leadership Development. This framework is tailored to address capability development needs while also prioritizing the development of future skills aligned with our organization's strategy, crucial for sustaining ongoing success and sustainability. The capability strategy is designed to align with employee preferences by offering a variety of options through a structured calendar for personal and professional development, empowering individuals to customize their learning pathways. Throughout the year, our learning initiatives totaling over 50,000 hours, with Coursera accounting for over 9,300 hours, with 70% utilization rate



### engro foundation

#### education for communities

At Engro, we believe in the power of education to transform lives. Engro Foundation's education programs aim to provide free access to good quality education to students in our communities in underserved areas of Sindh and Punjab.

#### formal education

7,500 + students are benefitting through Engro Foundation supported schools

- School Adoption Programs in Daharki and Qadirpur- 12 schools with 2,700+ students enrolled.
- Katcha Schools Program in Ghotki - 15 schools with nearly 2,050 students enrolled.
- Sahara Community School in Daharki - one school with 500+ enrolment
- Schools with TCF, three in Karachi and one in Daharki - 2,100+ students enrolled.
- Digital Micro schools in Karachi, pilot project on informal education – 175 students enrolled. This is being managed in partnership with Teach the World Foundation (TTWF)
- Under the MoU with Malala Fund, Engro Foundation helps promote STEAM education in schools.

### technical education

- Engro Foundation supports a Diploma in Associate Engineering (DAE) program with Technical Training College (TTC) in Daharki. A new batch of 210 students was inducted for Diploma in Associate Engineering (DAE) in Chemical, Mechanical, and Electrical technologies. Total enrolment stands at 460 students.
- Under EPQL's Hunar Program, 28 girls were enrolled in TTC-admission-test preparatory classes out of which 27 girls appeared for Diploma of Associated Engineering (DAE) entrance test at TTC and all of them have passed the entrance exam.

### stitching centre

A stitching training center was established in Ghotki, which trained 25 girls from the local community. After a 3-month training and distribution of stitching machines, the students can now run their own business independently.

### women skills development training under sustainable fisheries and entrepreneurship program (SFEP)

SFEP Project successfully completed 4-months skill development training courses on 3 different trades; cloth stitching, beautician skills, and Montessori teaching for 14 fisherwomen of Ibrahim Hyderi and Rehri, through Memon Industrial and Technical Institute (MITI). After completing the 4-month training course SFEP provided support to these females in establishing home-based enterprises related to their respective trades.

### thar foundation

#### formal education

- 4,715+ students (1,508 girls) benefited from Thar Foundation education programs
- 23 units of schools with IT labs are operational, with 166 teachers (who are all females)
    - All villages of Block-II (Thar) have 100% enrollment in primary education (4-9 years age group)
  - Scholarships to 50+ students awarded during this year in various institutes i.e.
  - IBA Sukkur and GPI Mithi
    - Taleemi Basta – 50% of syllabus in the form of games (English/Sindhi)

#### technical education

Thar Foundation provides technical trainings and skill development programs to the people of Thar allowing them to find employment opportunities.

- In collaboration with the GPI Mithi, Thar Foundation is managing a 3-year DAE program for young Thari students to prepare them for potential technical employment opportunities at industrial plants
- Under agreement with Hunar Foundation, Thar Foundation has completed 2 vocational training courses (Solar and PV Electrical Technicians and Welding Technicians)

- 2 batches of 46 individuals have successfully completed vocational training (solar and welding) which has empowered the youth of Thar Block-II for entrepreneurship and project needs
- Thar Foundation welding technicians were also deployed during recent outage works at project area.

Solar technicians were utilized as technician helpers during Pilot Project (solarization of Block-II)

- 3,000 local youths trained on technical skills development and employed in local industry
- 250 local youths trained on mechanical and electrical courses and employed in local industry
- 100% employment of first batch of Diploma graduates from TTC in Daharki

### SDGs: 05 | 10 Gender Equality | Reduced Inequalities

Engro holds Diversity, Equity and Inclusion (DE&I) as a key strategic dimension that complements our existing efforts for a more diversified, inclusive, and future-ready workforce.

#### business operations

Within the DE&I theme, gender equality is a special focus where we endeavour to empower women and increase our workforce diversity through various programs. Engro enables women employees by offering various women friendly policies and practices such as commute facilities, day care center, menstrual health awareness and management, facilitating travel for female employees along with children up to a certain age (applicable on all permanent women employees and trainees) and more. To create a safe and respectful workplace environment, we have an Anti-Harassment Committee for reporting any harassment cases.

Promoting gender diversity throughout Engro is a priority, exemplified by our consistent strive to bring about balanced distribution across the Organization. The Board proudly comprises 11 accomplished women, while upper management positions, specifically at the C-1 level (those reporting directly to the CEO) have seen a significant rise of 9.09% and at the C-2 level (those reporting directly to Chief Officers), have seen a significant rise of 34.6%. This commitment to progress extends to the Management Committee level, where ongoing efforts are dedicated to continuous improvement year after year.

On the operational side, Engro subsidiaries drive gender diversity by encouraging women from various socio-economic backgrounds to work in unconventional roles such as Trade Apprentices, GTEs, Workshop Supervisors, Warehouse In-Charges and other field-oriented roles.





Engro remains steadfast in its commitment to empowering professionals and fostering a workplace where diverse perspectives thrive. A few of our key initiatives to promote DE&I at Engro are as follows:

#### **diversity, equity & inclusion leaders program**

Our commitment to fostering an inclusive culture has taken a transformative leap through our DE&I Leaders Program wherein we provided sensitization training to employees across Engro through 66 self-nominated ambassadors, spanning four modules: Awareness, Acceptance, Advocacy and Anti-Harassment.

#### **break ke baad**

Engro's Break Ke Baad (BKB) is a returnship program focused on empowering women to re-enter the workforce after a career break. Aligned with our commitment to DE&I, this initiative not only provides career opportunities to women seeking to continue their careers, but also builds a diverse talent pipeline, contributing to a workplace that values experience and champions inclusivity.

#### **khudi**

Khudi, introduced towards the end of 2023, is a one-year contractual training program designed to empower and nurture People with Disabilities (PWDs). By creating pathways for growth, development, and meaningful contributions, Khudi actively addresses the challenges faced by PWDs in securing meaningful employment while creating profound impact on Engro's workplace culture. This strategic approach positions Engro as a leader in fostering positive change within the corporate landscape. Currently, Engro has 12 PWDs onboard, and with the Khudi initiative Engro will create more opportunities for an inclusive and diverse workplace.

Our subsidiaries have also undertaken other initiatives to help integrate differently abled individuals into their workforce:

- EFERT collaborated with the Karachi Down Syndrome to launch an internship program and inducted their first batch of interns in 2023.
- EPCL offers a dedicated internship program "ENableall" for PwDs. ENableall is designed to give PwDs the opportunity to gain valuable work experience and develop their skills. In 2023 three interns completed the program as our second cohort and we were very proud of including a woman internee. These interns excelled in their roles within the finance, commercial and HR departments.

#### **uraan**

In 2021, Engro Vopak Terminal Limited launched the 'Uraan Associate Training Program', a technical training program targeted at inducting freshly graduated women residing in the Port Qasim area. The objective of this program is to create a trained technical talent pool and facilitate employability among the women from the local community by providing them with a one-year program, comprising of both classroom and on-the-job training.

### **engro foundation**

#### **gender participation in csr activities**

Engro not only strives for gender equality within its workforce but also supports it within surrounding communities. Some of these programs include:

- Engro Foundation's Sustainable Fisheries Entrepreneurship Project (SFEP) empowers fisherwomen through skill development courses that have resulted in the establishment of home-based enterprises.
- Tech-Karo program imparts crucial tech-skills in e-commerce and digital literacy to girls from underserved communities eventually helping graduates in job placement.
- EPQL Hunar program focuses on technical training for girls, such as stitching and diploma in associated engineering which have helped them set up their own operations and generate earnings.
- Tech Lab project with Consulnet is training 50 female students on Front-end Development in Phase I of the project.
- Schools in Katcha area, set up by Engro Foundation, have helped change the lives of young girls in that area by providing secondary and higher education and reducing early childhood marriages.
- MoU with Malala Fund has been signed by Engro Foundation to promote STEAM education amongst girls.

### **thar foundation**

Thar Foundation has helped promote gender equality through its various programs and initiatives resulting in following achievements:

- Over 70 females trained as dump truck drivers
- 02 Females trained as rickshaw drivers to take students to school
- 1500 plus female students taught; 166 female teachers employed
- 64 local female entrepreneurs provided with grants
- Women trained as solar panel operators, RO plant operators, and health workers

### **SDG: 06**

#### **Clean Water & Sanitation**

Engro recognizes the importance of water as a key shared resource for survival of life on earth. Our operations rely heavily on the availability of this key resource therefore, we put in significant efforts to efficiently manage our consumption, withdrawal and discharge of water so as to minimize any negative impacts to our communities, environment and operations.



## business operations

Our group companies mostly operate industrial plants that use water in various processes, hence ensuring judicious consumption of water and proper discharge is important. Minimizing water consumption through technological improvement initiatives plays an integral part in our sustainability drive to reduce water intake. All our sites comply with applicable local regulations and internal environmental standards for disposal of water. Our sites focus on reusing and recycling the water used in our processes to maximize water conservation. For details regarding our business initiatives related to optimal consumption and discharge of water, refer to the section on “Water” in the report.

## engro foundation

As part of our community initiatives, Engro Foundation, in partnership with The Water Foundation (TWF), has installed 05 water filtration plants including one Reverse Osmosis (RO) unit in Karachi. These plants serve clean drinking water to the underprivileged community in Gaghar Phatak around our business operations. Some of the impact numbers are mentioned below:

- Over 8+ million liters of clean drinking water processed and provided in the year 2023
- ~155,000 members of the community benefited from the water filtration plants
- An average of 22,000 liters of clean water provided per day to the communities

Moreover, to ensure the uninterrupted supply of clean water in CAER villages, Daharki City and Ghotki Railway Station, a total of 12 RO plants have been installed by EFERT, mostly running over renewable solar energy. These RO plants have provided approximately 15 million liters of water to 4000+ households and to all the daily train passengers this year. In the Sahiwal region, a water conservation drive was launched by EFERT with the tagline “Save water save life” for the purpose of creating water conservation awareness among our stakeholders and community members. 11 awareness sessions were conducted in schools, colleges, and universities covering 3,500 community members involving teachers, staff, and students.

## thar foundation

Thar Foundation contributes to Clean Water and Sanitation through the following initiatives:

- 19 RO plants supplying clean drinking water directly benefiting 35,000+ individuals.
  - o 2 new RO units have been inaugurated recently at Meghe Jo Tar
- RO management committees in Block-II and in Gorano area are formed, which deal with community issues pertaining to water distribution

## SDG: 07 Affordable & Clean Energy

### business operations

Engro believes in conducting sustainable operations with a focus on resource optimization and energy efficiency in its operations to manage its environmental footprint, which are covered in detail in the section on “Energy & Emissions” within the report.

### engro foundation

Beyond our operational sites, we have implemented projects within communities to provide clean and affordable energy.

- EFERT has installed solar lights in educational facilities in Daharki and Ghotki that have been made with the support of the local community.
- EPCL has facilitated installation of solar power for its CSR activities. The Clinic which hosts Sina & Karwan-E-Hayat’s team is fully operated by Solar Power at Ghaggar Phattak. All TCF (The Citizens Foundation) schools and TTWF (Teach the World Foundation) schools operate using Solar Powered facilities, as well as water filtration plants. This not only improves our environmental impact but also ensures that all our services are provided uninterrupted to community residents throughout the year.

## SDG: 09 Industry, Innovation & Infrastructure

### business operations

We stand at a critical junction in human history, amidst the 4th industrial revolution's transformative era, fueled by revolutionary technologies like Generative Artificial Intelligence. This rapid digital evolution brings both great opportunities as well as significant challenges. The central focus for the year revolved around prioritizing and harmonizing the digital strategy with the overarching business strategy. This emphasis was instrumental in ensuring that every initiative seamlessly aligned with the business objectives, actively contributing to the achievement of key goals through the effective utilization of digital technologies.

Details of our digitization projects and initiatives are covered in the section on “Digitization” in this report.



## SDG: 11 Sustainable Cities & Communities

### engro foundation

As a result of unprecedented torrential floods across the country in 2022, more than 33 million people were affected and approximately over 1,700 lost their lives. More than 2.1 million homes were damaged or destroyed by the floods.

Given this crisis, there was a dire need for immediate and effective response towards rehabilitation and resettlement of communities. Engro Foundation with financial support of EVTL and in partnership with Sindh Rural Support Organization (SRSO) built 146 climate resilient residential units for rehabilitation. The project also included 7 community water tanks. These houses were selected from the two villages in District Kambar Shahdadkot where massive destruction had occurred.

Each house consists of one room, a kitchen, a bathroom, and a courtyard. These houses are elevated by 3 feet from mean ground level to avoid ingress of flood water and built with widely available construction material like bricks, cement etc. for speedy construction. The thatched roof ensures that the temperature inside the room remains manageable during hot weather. Extensive community mobilization was carried out by SRSO. Women, in particular, were engaged for supporting construction effort.



### thar foundation

- Thar Foundation successfully relocated 172 households to New Senhri Dars creating a state-of-the-art model village as part of the resettlement project. The model village was designed in a manner which enhances the quality of life without compromising the natural ecosystem, social fabric, lifestyle, and traditions of the Thari people.
- 16 households of village Allah Dino Hajjam (Gorano Area) are also resettled and a new village built with all basic facilities like solar lights, proper road, and safe drinking water.
- A small village comprising of 6 households (Shafi Ji Dhani) is also under resettlement.
- As part of our Village Improvement Program, 70 low-cost pit latrines have been constructed, and 70 Solar systems have been installed at Gorano Area.
- Pilot project to solarize Block-II villages is also going on in which 1035 units of Block-II are benefiting 2500+ Households. 70% (6/9) villages have been solarized successfully to provide sustainable and reliable source of electricity.

## SDG: 12 Responsible Consumption & Production

### business operations

As a responsible corporate, Engro strives to ensure its activities generate a positive impact through responsible consumption of natural resources and efficient production via consistent optimization of processes, automation and digitization, and adherence to applicable local environmental and safety standards and internal protocols.

To apply consistent HSE Standards across the group, 73 Corporate HSE L1 standards aligned with international standards and best practice- were published during 2023 for the first time in Engro's history.

With a drive to continually excel and bring the organization at par with a world-class HSE management system, Engro embarked on a multi-year journey with support from DuPont Sustainable Solutions (DSS++) to move from a compliance-based HSE management approach to a cutting-edge risk-based HSE management system.

As such, our HSE management system underwent a digital transformation with the adoption of the state-of-the-art VelocityEHS platform. This has significantly enhanced effectiveness and productivity by enabling efficient tracking, record-keeping, stewardship, and real-time data analysis.

To ensure smooth transition, a dedicated Risk Based HSE (RBHSE) transformation team under Engro Central Technical Division (ECTD) was formed in 2022. The rollout strategy comprises of 3 phases, including completing a review of high HSE consequence scenarios, institutionalizing a world-class barrier management program, and conducting detailed risk assessments. The first phase comprising a review of high-consequence HSE scenarios was completed in 2023 accompanied by the initiation of alignment of our Barrier Management Program with leading organizations worldwide. This momentous undertaking required an investment of over 44,000+ person-hours. The output of this exercise is fed to a high-level dashboard to provide visibility of HSE analytics to senior leadership for effective risk management. It shall also provide input to the enterprise risk register.

Additionally, significant efforts are being made to develop organizational capability on world-class HSE risk assessment methodology, including Hazard Identification (HAZID), Process Hazards Analysis (PHA), Layer of Protection Analysis (LOPA) and Bow Tie Analysis. To achieve this, a flagship resource upskilling intervention has been meticulously designed for experienced individuals, enabling them to lead future risk assessments and train our in-house resources. For the first time in Engro's history, the PHA and LOPA classroom training was followed by the execution of 2 actual risk assessment studies under the coaching of a global subject matter expert. A total of 10,000+ hours were dedicated to empowering our resources, upskilling 450+ resources and training 21 HAZOP leaders.





## EFERT

In 2023, dedicated efforts were undertaken to enhance environmental performance at EFERT. EFERT was certified by the International Fertilizer Association (IFA) Protect & Sustain for robust management practices related to product quality, security, and sustainability. Several initiatives were undertaken at EFERT to enhance its operational efficiencies:

- Innovative engineering solutions were adopted during the LTR at base plant to overcome load limitations, thereby enabling plant operations at the maximum possible load (144%) and efficiency. Making use of the latest technology and advanced process controller was commissioned at EnVen plant Urea-3
- An extensive noise aspect impact assessment on critical receptors was conducted under the environmental sustainability management program. The noise panel installation at the ENCOP-3 facility was successfully completed
- Engro Fertilizers Limited also conducted comprehensive research and benchmarking on effluent quality standards, aiming to enhance environmental reporting and compliance. An Environmental Management Plan was developed for the management of hazardous materials on site and resources were adequately trained. Additionally, the geo-membrane lining of evaporation ponds was successfully completed
- A flare system is provided at Engro Fertilizers Limited's state-of-the-art, environmentally-friendly ENVEN plant where all gaseous streams are burnt before venting directly into the atmosphere, making it the only facility in Pakistan operating with this feature.
- The Manufacturing team implemented conversion of organic waste from the colony into compost, suitable for horticulture

## EPCL

EPCL has made significant investments in projects like Oxy Vent Recycle (OVR), and high-efficiency Zero Gap membranes and reaped its benefits in 2022-23, Moreover, high-efficiency reactors such as High-Temperature Direct Chlorination (HTDC) commissioning remained in progress throughout 2023 and is supposed to come online in 2024 which will significantly save EPCL on the energy front. These projects are expected to reduce the company's energy requirement, reduce the drain on the country's depleting natural gas reserves, lower its carbon footprint, and improve raw material efficiency. These projects are in full swing and successfully contribute towards sustainable operations and consumption.

To extend the impact of responsible production and consumption beyond its boundaries, EPCL supports research, awareness building and product development for a Circular Plastic economy.

## EPQL

EPQL continued to undertake initiatives to promote innovation and responsible business practices by adopting digital processes and digital transformation initiatives. EPQL took a major Digital Transformation initiative in 2022 and has continued the efforts, where they converted many of their manual processes into digital processes. In 2023, EPQL demonstrated operational excellence and maintained system reliability through ensuring plant availability and remaining compliant with international standards in safety and environment in providing reliable and affordable energy. The company remained among the top 10 IPPs in Power Regulator Merit Order Ranking in 2023, which means that EPQL is among the top 10 power plants in Pakistan with respect to generating affordable electricity. The company is providing affordable & reliable electricity to the consumers through National Grid.

## SDGs: 13 | 15 Climate Action | Life on Land

Pakistan, being one of the most vulnerable countries to climate change, requires an integrated approach where the government, businesses and society work together to take appropriate actions that can help build resilience against impending climate change. Engro as a responsible corporate has developed and implemented multiple interventions to manage its environmental impact.

### business operations

#### climate action

Over the years, our group companies have made significant investments in energy efficiency (refer to section on energy and emissions). Climate adaptation is equally important to address the climate change issue, given Pakistan's vulnerability to climate change. In 2022, Engro conducted a preliminary assessment that aims to identify climate change risks to the business and required adaptation measure to tackle these impacts on an ongoing basis.

#### celebrating world environment day

To increase awareness of environmental impacts on our health and on the planet, various awareness sessions and activities were held across Engro group to mark the World Environment Day. Various themes relating to water conservation, waste management, climate resilience, energy efficiency and plantations were adopted to help translate knowledge into action to reduce our personal ecological footprint.

#### partnerships for a circular economy

EPCL is an affiliate of the World Economic Forum's Global Plastics Action Partnership (GPAP). It has also joined the Collect and Recycle Alliance (CORE), a platform of leading plastic package manufacturing and use companies.

#### beyond plastic

Engro Energy Limited launched a project "Beyond Plastic" with the theme of Single use plastic reduction at all EEL Sites. In phase I, EEL-owned facilities were targeted in which non-biodegradable bags and bottles reduction was focused. 100% elimination of non-biodegradable bags was achieved and 70% reduction in plastic water bottles consumption was observed from owned facilities. The target was achieved by providing ecofriendly alternatives along with imparting awareness on minimizing the use of plastics.

#### waste reduction

EFERT Manufacturing has been actively working on waste reduction with a focus to convert organic waste into nutrient-rich compost. This compost, teeming with beneficial properties, serves as a powerful catalyst for enhancing soil health and fostering robust plant growth.



### tree plantations

In May 2023, EFERT's Zarkhez plant launched "Plant a Tree, Plant a Hope" project, in collaboration with WWF (Worldwide Fund for Nature) to address the impact of climate change and preserve coastal ecosystems in Pakistan. As per the project, EFERT has pledged to plant 1,000 mangrove saplings along the coastlines. Besides this, thousands of trees were also planted throughout the year under various campaigns in 2023. EFERT conducted a tree plantation drive at Daharki city, CAER villages and vicinity schools where thousands of fruit trees and other all seasons' trees were planted during a campaign. The Base Business North Zone team also launched a Tree Plantation Drive in collaboration with the Forest Department with the tagline 'Save Trees – Save Life'. During this tree plantation drive, 2900 tree saplings were planted at 17 different schools and colleges.

### engro foundation

Beyond our operational efficiencies, several initiatives to combat climate change and improve environmental impact on land have been adopted by the Engro Foundation.

#### restoration of the mangrove ecosystem project

A collaboration between Engro Foundation, EVTL and IUCN Pakistan since 2015, stands as a pivotal effort towards conserving Pakistan's coastal habitats. Focused on the Port Qasim area, the project aimed to restore and sustain 500 hectares of mangroves, achieving successful plantation and maintenance at Wango Creek and Tor Island PQA. While the major focus of this collaboration is on the restoration of mangroves ecosystem along the Karachi coast, it also involves extensive community engagement and awareness raising, so that ownership of this ecosystem is created, and sustainability is ensured.

#### afforestation & ecosystem restoration project

Engro Foundation, with the support of EPCL has partnered with WWF Pakistan to plant and conserve forests in Pakistan. We have planted trees on 650+ hectares (1612 acres) across different parts of the country. The project has significant outcomes in the form of ecosystem and biodiversity conservation. The current project area, Jhelum district, being part of the Potohar Region, constitutes as the key habitat of Punjab Urial, an endemic species (vulnerable species as per IUCN) and migratory waterfowls around river Jhelum and seasonal streams. By restoring vegetation cover, raising awareness, and mobilizing local communities, the project will improve habitats of wildlife species thus supporting conservation activities.

### circular economy

In an endeavor to promote circularity, Engro Foundation with the support of EPCL has partnered with Karachi School of Business and Leadership (KSBL) to establish the Circular Plastics Institute (CPI). The aim is to bridge the knowledge gap around waste management and recycling. Since inception, it has led to multiple studies on a variety of topics related to waste management and life cycle assessments.

In a short time span, the CPI has achieved substantial progress, conducting pioneering research and successfully securing USD 85,000 in international funding. Some examples of studies conducted or ongoing include:

- Plastic Waste Imports: Mapping Pakistan's PVC supply chain and understanding factors impacting the Basel Convention's implementation.
- Mapping Open Burning: Identifying plastic burning and pollution impact in Karachi and Lahore.
- Life Cycle Assessment (LCA) of 4 Major PVC Products: Analyzing PVC product life cycle for better environmental performance and stakeholder decision making.
- Mapping Waste Pickers: Study waste pickers in 3 cities to understand challenges and contributions to Pakistan's circularity.
- Marine Pollution Study: Studying waste sources and types found at multiple Karachi coastal sites.
- Circular Economy Potential: Advising the Board of Investment on circular economy potential.

### thar foundation

#### tree plantations

SECMC's Thar Million trees program successfully planted a million trees in Thar. As per IUCN's Carbon Stock Assessment study of Thar Million Tree Project, approx. 319,000 tonnes of carbon is stored in 24 different species of trees and shrubs that are planted at different locations of district Tharparkar over the period of 5 years.

The project promotes biodiversity due to its positive impact on bird populations; the IUCN experts confirmed the presence of 22 bird species that belong to 14 different bird families. The study also confirmed the presence of two birds that are of special concern from a conservation point of view, i.e. Tawny Eagle and Egyptian Vulture which are declared vulnerable and endangered respectively in the IUCN Red list of Threatened species.

#### Biodiversity Conservation

#### vulture conservation through community nest protection

SECMC and Thar Foundation (TF), in collaboration with IUCN launched the "Partnerships for Biodiversity Conservation in Thar" in 2018 with a focus on vulture conservation in Thar. While the project included several conservation activities that directly and indirectly helped conserve endangered vultures in Thar, a key activity was nest protection via community engagement. 350+ trees with vulture nests were brought under community protection on an on-going basis.

#### baseline ecological study of flora and fauna

A baseline ecological study of flora and fauna was undertaken with IUCN by SECMC and TF. The study is the first ever to cover Thar's flora and fauna in both textual and pictorial forms to help undertake future biodiversity conservation initiatives. The study documented a total of 149 plants, 187 birds, 26 wild mammals, 3 amphibians, 20 reptiles, and 106 species of invertebrates from a wide range of habitats.

documentary on 'ecological treasures of thar'

A documentary on "Ecological Treasures of Thar" has been developed by IUCN Pakistan in collaboration with Thar Foundation and SECMC that explores the rich and diverse natural and cultural heritage of the Thar Desert. It captures the ecological diversity of three different ecosystems - the Thar Desert, the Karoonjhar Mountains, and the Rann of Kuchh wetland which is home to a variety of flora and fauna. The documentary also shows that Thar desert is home to a rich culture and history.

SDG: 14 Life Below Water



Engro as a responsible corporation strives to protect and conserve biodiversity under water by designing interventions that sustainably use the seas and marine resources for sustainable development.

engro foundation

indus river dolphins conservation project

Engro Foundation and EFERT have partnered and WWF-Pakistan for five years to conserve Indus River dolphins, one of the six species of freshwater dolphins, endemic to Indus River and its tributaries only. The current population is about 2,000 and marked as endangered on the IUCN (International Union for Conservation of Nature) Red List. River dolphin conservation is challenging because of the enormous pressures on its habitat and in future, including threats like construction of water infrastructure, diversion of freshwater for agriculture, pollution, stranding in irrigation canals and seasonal lakes, unsustainable fishing practices: net entanglement and illegal fishing (overnight netting, overfishing, poisoning, electro-fishing), inadequate protected area management etc. For details on the project and work completed in 2023 please refer to section on Biodiversity and Land Use in the report.

sustainable fisheries entrepreneurship project

Engro Vopak Terminals Limited and Engro Elengy Terminals Limited, through Engro Foundation and WWF-Pakistan, have implemented the project titled 'Sustainable Fisheries Entrepreneurship Program (SFEP): A Citizen-based Approach to Saving Pakistan's Unique Marine Environment' starting in 2016. Considering the success achieved in the first two phases of the project, it has been mutually agreed that the project should continue for Phase III, starting on 1 January 2022 and ending on 31 December 2024.

Phase III of the Project is being implemented in the two targeted Union Councils (UCs), namely Rehri and Ibrahim Hyderi. The Project intends to partner with the existing and new fishing groups, Sindh coastal fisheries and Marine fisheries departments, other relevant government departments, and the private sector. Responding to the vast challenge, the SFEP Phase III aims to address some key contributors to marine and coastal ecosystem problems. The Project aims to support and promote improved fisheries management by reforming fisheries governance and management to combat illegal fishing and reduce pressure on marine ecosystems through increased awareness. Phase III's main course of action is mostly the combined reduction in post-harvest losses, a significant decrease in illegal gear, and unabated fishing effort, thus sensitizing fishers to avoid

fishing down the food web. These outcomes are achieved through the realization of the objectives, i.e., 1) sustained improvements in fishing knowledge, attitudes, and practices (FKAP) of the fishers of Ibrahim Hyderi and Rehri villages, and 2) improved livelihoods (via markets) and health conditions of fisher-folk households in Ibrahim Hyderi and Rehri villages. For details on SFEP, refer to section on Biodiversity and Land Use in the report.

thar foundation

gorano lake

Thar Foundation introduced a pilot program in which 10 different kinds of fish bred in the Gorano lake were used to provide means of livelihood to local communities, thus promoting life under water. Gorano has also been declared a unique wetland by the IUCN.

SDG: 16 Peace, Justice & Strong Institutions

business operations

Engro has strong governance structures and internal control systems that ensure our businesses are run in an effective and robust manner (please refer to our section on "Governance").

Engro upholds a robust culture of ethics and integrity, underpinned by a stringent code of conduct and governance framework. Our commitment to integrity is reinforced through regular reviews, ongoing accountability, and unwavering adherence to regulatory standards. We have a dedicated Ethics & Compliance team to look at all E&C related issues. At Engro, we have a robust whistleblower mechanism which helps us identify risk, and carry out due processes for risks assessed, based on which appropriate actions are taken, which is available for both internal and external stakeholders.

SDG: 17 Partnerships for the Goals

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





## business operations

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

- The Pakistan Business Council
- German Pakistan Trade and Investment
- Pakistan Green Building Council
- Pakistan German Business Forum
- Council on Foreign Relations
- Overseas Investor Chamber of Commerce & Industry OICCI
- Management Association of Pakistan
- Karachi Chamber of Commerce
- World Economic Forum
- UN Global Compact

## engro foundation

For our philanthropic activities, Engro Foundation works in collaboration with multiple civil society organizations, some of which include:

- WWF Pakistan (Worldwide Fund for Nature Pakistan)
- IUCN (International Union for Conservation of Nature)
- TCF (The Citizens Foundation)
- TTWF (Teach the World Foundation)
- SINA Health, Education & Welfare Trust
- IRC (Indus Resource Center)
- Sahara Welfare Foundation,
- Hunar Foundation,
- TWF (The Water Foundation)

## thar foundation

Thar Foundation often works in partnership with local and international organizations such as

- IUCN
- Aga Khan University Hospital (AKUH)
- Indus Hospital
- Aman
- Foundation
- SDG Support Unit (Government of Sindh)
- Mehran University of Engineering and Technology



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To the management of Engro Corporation Limited

Independent Limited Assurance Report to Engro Corporation Limited

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

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

### Applicable Criteria

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

### Management's Responsibilities

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

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

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

### Our Independence and Quality Management

We have adhered to the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Pakistan (ICAP), which encompasses requirements related to independence and other fundamental principles such as integrity, objectivity, professional competence, due care, confidentiality, and professional behavior. KPMG in Pakistan applies relevant applicable standards on quality management,

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KPMG Taseer Hadi & Co.

maintaining a comprehensive quality management system that includes documented policies and procedures for ethical compliance, adherence to professional standards, and meeting legal and regulatory requirements.

**Our Responsibilities**

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

**Procedures Performed**

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

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

**Inherent Limitations**

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

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

*Wahid*



KPMG Taseer Hadi & Co.

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

**Limitations**

Our Limited Assurance scope excludes:

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

**Conclusion**

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

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

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

**Restriction of Use of Our Report**

Our report is released to ECL on the basis that it shall not be copied, referred to, or disclosed, in whole or in part or without our prior written consent. Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than ECL, for any purpose or in any other context. Any party other than ECL who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than ECL for our work, for this independent Limited Assurance report, or for the conclusions we have reached.

*Wahid Taseer Hadi & Co.*

KPMG Taseer Hadi & Co.  
Chartered Accountants  
28 May 2024



# indices

Index – World Economic Forum Stakeholder Capitalism Metrics

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Governance	Governing Purpose	Setting Purpose	a. The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental, and social issues. Corporate purpose should create value for all stakeholders, including shareholders	3 - 14
	Quality of Governing Body	Governance Body composition	a. Composition of the highest governance body and its committees by: competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation	25 - 28
	Stakeholder Engagement	Material issues impacting stakeholders	a. A list of the topics that are material to key stakeholders and the company, how the topics were identified, and how the stakeholders were engaged	33- 38
	Ethical Behaviour	Anti-corruption	a. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region	31 - 32

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Governance			a. The (a) total number and nature of incidents of corruption confirmed during the current year but related to previous years.	31
			(b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.	
			c. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	29 - 32
		Protected ethics advise and reporting mechanisms	A description of internal and external mechanisms for	29 - 32
			a. Seeking advice about ethical and lawful behaviour and organizational integrity;	
		b. Reporting concerns about unethical or lawful behaviour and organizational integrity	29 - 32	
	Risk and Opportunity Oversight	Integrating risk and opportunity into business process	a. Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship	109 - 111



Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Planet	Climate Change	Greenhouse Gas (GHG) Emissions	a. For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e) GHG Protocol Scope 1 and Scope 2 emissions.  Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	80 – 83
			b. Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050	111
	Nature Loss	Land use and ecological sensitivity	a. Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	84 – 90

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Planet	Freshwater Availability	Water consumption and withdrawal in water-stressed areas	a. Report for operations where material, mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct water risk atlas tool.  Estimate and report the same information for the full value chain (upstream and downstream) where appropriate	91 - 93

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
People	Dignity and Equality	Diversity and Inclusion	a. Percentage of employees per employee category, per age group, gender and other indicators of diversity (e.g. ethnicity)	41-44
		Pay Equality	a. Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men; minor to major ethnic groups; and other relevant equality areas	53
		Wage Level	a. Ratios of standard entry-level wage by gender compared to local minimum wage  b. Ratio of CEO's total annual compensation to median total annual compensation of all employees (excluding the CEO)	56  Omitted due to confidential data

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
People		Risk for incidents child, forced or compulsory labor	a. An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to type of operation (such as manufacturing plant) and type of supplier; or countries or geographic areas with operations and suppliers considered at risk	56
	Health and Well-being	Health and safety	a. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries, main types of work-related injury; and the number of hours worked	67
			b. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided for employees and workers	50, 59 - 67
	Skills for the Future	Training Provided	1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees)	55
			2. Average training and development expenditure per full time employee	55

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Prosperity	Employment and Wealth Generation	Absolute number and rate of employment	a. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region	42
			b. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region	43
		Economic Contribution	a. Direct economic value generated and distributed (EVG&D) – on an accrual basis, covering the basic components for the organization's global operations, ideally split out by: EVG&D can provide a valuable snapshot of the direct monetary value added to local economies through generation of products and services, servicing of capital, payment of wages, taxes and community investment, while the significant financial assistance received from government, when compared with separate disclosures on taxes, can be useful for developing a more balanced and transparent snapshot of the balance of transactions between the company and government. <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Operating costs</li> <li>• Employee wages and benefits</li> <li>• Payments to providers of capital</li> <li>• Payments to government</li> <li>• Community investment</li> </ul>	68 – 76, 97, 99 - 107

Pillar	Themes	Core Metrics	Reporting Requirement	Page Reference
Prosperity	Employment and Wealth Generation	Absolute number and rate of employment	b. Financial assistance received from the government - Total monetary value of financial assistance received by the organization from any government during the reporting period	Refer to note 25 – Government Grants, of the annual consolidated financial statements for the year ended December 31, 2023
	Employment and Wealth Generation	Financial investment contribution	a. Total capital expenditures (CapEx) – Depreciation supported by narrative to describe the company's investment strategy	108
			b. Share buybacks + Dividend payments supported by narrative to describe the company's strategy for returns of capital to shareholders	108 - 109
	Innovation of better products and services	Total R&D expenses	a. Total costs related to research and development	Refer to note 40 of the annual consolidated financial statements for the year ended December 31, 2023. annual report
	Community and Social Vitality	Total tax paid	a. The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes	109

## UNGC principles

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Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	33-36, 37-38, 45-46, 47-50, 51-53, 54-56, 59-67, 109-110
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	29-32, 33-36, 54-56, 59-67
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	33-36, 54-56, 59-67
Principle 5	Businesses should uphold the effective abolition of child labor.	33-36, 54-56, 59-67
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	33-36, 51-53, 56, 59-67
Principle 7	Businesses should support a precautionary approach to environmental challenges.	17-18, 19-20, 25 – 26, 27, 28, 29-32, 33-36, 37-38, 79-80, 84-90, 109-110, 111
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	33-36, 37-38, 79-80, 84-90, 111
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	84-90, 111
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	17-18, 19-20, 25 – 26, 29-32, 33-36, 37-38, 109-110, 111, 144-147



# UNSDGs

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