FEROZSONS LABORATORIES LIMITED	PROCESS SUSTAINABLITY / ESG
POLICY & FRAMEWORK	DOCUMENT NO. (COR 21 – R00)

SUSTAINABILITY / ESG
POLICY & FRAMEWORK

1 INTRODUCTION

1.1 OBJECTIVE

The objective of this policy is to ensure that Ferozsons Laboratories Limited and its subsidiaries, affiliates, and associated companies (collectively referred to as 'Ferozsons') always act responsibly when it comes to dealing with environment, social and governance matters in our day to day business operations. Simultaneously we are pledging to collaborate with our employees, customers, partners, and society to build a more equitable, sustainable, and a better world.

1.2 SCOPE

This policy applies to anyone who is working or acting on behalf of Ferozsons in any capacity, hence would extend to all employees, contractors, subcontractors, and individuals.
This policy also sets out the principles that are relevant to all Ferozsons locations and operations. Therefore, all suppliers who provide Ferozsons goods or services must also adhere to the principles of this policy and comply with local laws and practices.

1.3 FREQUENCY OF REVIEW

This Policy will be reviewed on yearly basis or as and when deemed necessary. Each approved revision/update will supersede the previous version.

1.4 APPLICABILITY

This Policy is applicable with effect from 01-07-2025.

2 POLICY & PRINCIPLES

Our sustainability framework takes inspiration from ten principals of United Nations Global Compact (UNGC) on human rights, labour, anti-corruption and environment which are based on UN SDG’s. However, our Sustainability/ESG policy is focused on following four principals:

Reducing Environmental Impact:

We pledge to use our resources in a manner that would reduce our carbon footprint.

Making Social Impact:

We pledge to play our role in creating a positive impact on society from development to commercialization of medicines.

Creating Human Impact:

We pledge to build an all-inclusive workplace that would nurture diverse talent.

Ensuring Good Governance:

We pledge to comply with corporate governance practices, protect shareholders interest and ensure value creation for stakeholders.

2.1 PRINCIPLE-1: REDUCING ENVIRONMENTAL IMPACT

Keeping the daunting challenge of climate change in mind we are committed as an entity to play our part in reducing the environmental impact though optimizing our internal operations.

Our environmental impact related goals will be focused on following areas:

- Reduction on GHG Emissions
- Efficient use of water resources.
- Minimizing discharge of effluents.
- Waste management.
- Plantation of Trees and Protection of Biodiversity.

In order to achieve our goals, we plan to focus on following actions:

- Setting short, medium- and long-term targets against our goals.
- Formulate our governance strategies aligned with our sustainability goals.
- Use of technologies and scientific aids.
- Transition to renewable and green energy sources.
- Take initiatives to create awareness about environment and sustainability.

2.2 PRINCIPLE-2: MAKING SOCIAL IMPACT

In line with our CSR policy we are committed to create a long-term positive impact on society through supporting and taking initiatives for health and education as well as charities in time of calamities.

Our social impact related goals and actions will be focused on following areas:

- Providing support in healthcare initiatives for all citizens.
- Providing support to educational institutions and initiatives.
- Providing in kind support during calamities, pandemics or during national disasters.
- Providing grants and donations to Public/Govt. organization, HCP associations, Patient Advisory Groups, and educational institutions for research, education, system development and access to health care.

2.3 PRINCIPLE-3: CREATING HUMAN IMPACT

Being an equal opportunity employer, we want to foster a culture of diversity, equity and inclusion in our organization. We are committed to committed to create an organizational environment for our employees where they feel empowered, respected and valued regardless of their ethnic or background.

Our human impact related goals and actions will be focused on following areas:

- Implementing the core values i.e. Putting Patient First, Excellence, Collaboration and Trust in day to day operations.
- Devising policies and procedures for employees.
- Devising a system of competitive compensation and justified employee benefits, rewards and awards.
- Devising and implementation of an unbiased performance evaluation system.
- Providing opportunities for professional development.
- Providing opportunities for employee engagement and a system of grievance handling.
- Ensuring diversity, equity and inclusion for all.
- Implementing a system and providing tool of Occupational Health & Safety.

2.4 PRINCIPLE-4: ENSURING GOOD GOVERNANCE

In order to foster a culture of good governance all our stakeholders must abide by our "Code of Business Conduct" that serves as a guideline for all those who are affiliated with our Company or represent us.

Ensuring good governance practice will be primarily focused on following areas:

- Our employees must be vigilant when it comes to compliance with laws, regulation and company policies.
- Our employees must be aware of their duties towards Quality or products and information.

- Our employees must be aware of their duties towards protection and legitimate use of company assets.
- Our employees must be aware of their duties towards transparency, protection of confidential information, data privacy and disclosure of conflict of interest.
- Our employees and business partners must be aware of our Zero Tolerance Approach towards Corruption and Bribery practices.
- Our business partners must be aware of our sustainability principals to support us in establishing a responsible supply chain.

3 LEADERSHIP ROLE

Board of Directors of the Company is primarily responsible to oversee the integration of sustainability into Company's corporate strategy and long-term value creation. The role of Board includes:

- Delegation of sustainability oversite responsibilities to Audit Committee.
- Adoption of following proposed TOR's for the committee overseeing the sustainability actions:
  a) Review and approve Sustainability strategies, frameworks and principles.
  b) Review and monitor the sustainability policies to ensure their continued effectiveness.
  c) Review the material risks & opportunities and the effectiveness of the Sustainability Strategy in addressing these matters.
  d) Review and Prioritize issues related to sustainability for actions.
  e) Review Sustainability targets, KPI's and measures to monitor the progress.
  f) Monitor staff training related to sustainability.
  g) Review and recommend Sustainability Report to the Board; and
  h) Ensure that the Committee and the Board are kept up to date of any regulatory changes in relation to sustainability.

4 MANAGEMENT ROLE

Chief Financial Officer (CFO) with guidance from Chief Executive Officer (CEO) of the Company will be primarily responsible for the data governance, regulatory compliance and statutory reporting of Sustainability/ESG matters of the Company. CFO role would include:

4.1 ESTABLISH DATA GOVERNANCE MECHANISM

- **Internal Controls**: Build internal control frameworks for non-financial data matching with the financial standards.

- **Audit Readiness**: Ensure all sustainability data is fully verifiable, traceable, and ready for third-party limited and reasonable assurance.
- **System Integration**: Implement Enterprise Resource Planning (ERP) systems that seamlessly combine financial and ESG data streams.

4.2 ENSURE REGULATORY REPORTING COMPLIANCE

- **Mandatory Disclosures**: Oversee compliance with evolving regulations like the SECP directive and Circulars along with instruction or professional accounting and regulatory bodies.
- **Framework Alignment**: Align corporate reporting with major international standards such as the International Sustainability Standards Board (ISSB) and SECP Guidelines.

4.3 IDENTIFY CARBON FOOTPRINT AND ASSES RISK

- **Measure Carbon Footprint**: Establish internal carbon footprint measurement mechanisms to accurately evaluate the financial impact of business emissions.
- **Scenario Analysis**: Assess and Quantify the financial as well as climate risks and opportunities as per adopted framework.

4.4 DRIVE INVESTOR AND STAKEHOLDER COMMUNICATION

- **Investor Relations**: Articulate the direct link between the company's ESG performance, risk mitigation, and long-term financial value.
- **Transparent Reporting**: Present a unified story by co-signing integrated annual reports that blend financial and sustainability performance.

5 REPORTING FRAMEWORK

As a listed company the guidelines and directions issued by Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX) will be followed for sustainability reporting purposes. We would therefore align our disclosure with International Financial Reporting Standards issued by International Sustainability Standards Board (ISSB).

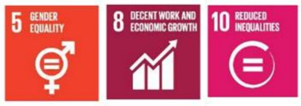
The selection of material issues will be aligned with UN-SDG’s and SECP Guidelines on ESG Disclosure for Listed Companies, 2023.

Please refer to **Annexure-1** for examples of Sustainability Objective alignment with SDG’s

Please refer to **Annexure-2** for SECP Guidelines on ESG Disclosure for Listed Companies, 2023 (Metrics & Targets)

6 ANNEXURES

ANNEXURE – 1: EXAMPLES OF SUSTAINABILITY OBJECTIVES ALIGNMENT WITH SDG'S

Area	Objective	Corresponding SDG
Environment Management	• Control emissions. • Reducing energy consumption. • Optimizing water usage, • Effective waste management	
Employee Wellbeing	• Promoting ethical practices • Implementing EHSM systems • Learning & development programs	
Corporate Social Responsibility	• Education • Healthcare • Social welfare initiatives	
Corporate Governance	• Transparency. • Accountability • Integrity	
Product Quality & Safety	• Safety, • Efficacy • Quality	
Innovation & Technology	• Advancement in R&D • Advancement in GMP • Advancement in patient care • Advancement in production facility	

ANNEXURE – 2: SECP GUIDELINES ON ESG DISCLOSURE FOR LISTED COMPANIES (METRICS & TARGETS)

Guidelines on ESG Disclosures

Appendix-A

Key ESG Performance Indicators

The Key ESG Performance metrics are presented below for guidance of listed companies. The listed companies are encouraged to disclose their ESG performance using the following metrics, in addition to the existing mandatory disclosure requirements as stipulated under various laws:

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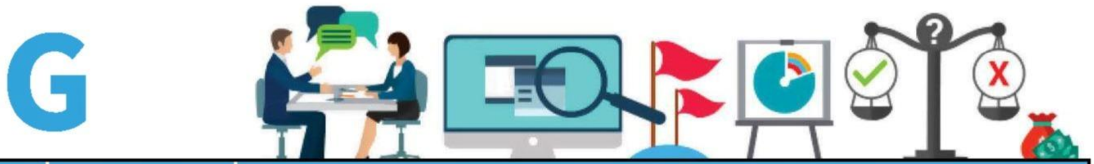
Category	Metric	Measurement Annual, unless specified
ENVIRONMENT	GHG Emissions	• Total amount of Carbon and Green House Gas emissions in metric tons • Total amount, in CO2 equivalents, for Scope 1, Scope 2 and Scope 3 (if applicable)
	Emissions Intensity	• Total GHG emissions per output scaling factor (e.g. revenues, sales, units produced) • Total non-GHG emissions per output scaling factor
	Energy Usage	• Total amount of energy *directly* consumed • Total amount of energy *indirectly* consumed
	Energy Intensity	Total direct energy usage per output scaling factor
	Energy Mix	• Percentage: Energy usage by generation type • Disclose the energy consumption from renewable sources as a percentage of total energy consumption
	Water Usage	• Total amount of water consumed • Total amount of water reclaimed
	Environmental Operations	• Does your company follow a formal Environmental Policy? Yes, No • Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No • Specify the quantity of waste recycled or re-used as a percentage of total waste for the current and comparative period. • Does your company use a recognized energy management system? Yes/No
	Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No
	Environmental Oversight	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No
	Sustainable Sourcing	• Does your company has a policy and procedures in place for sustainable sourcing? (Yes/No)
	Climate Risk Mitigation and adaptation	Climate related transition and physical risks, climate related opportunities, capital deployment, internal carbon prices.

Guidelines on ESG Disclosures

Category	Metric	Measurement Annual, unless specified
SOCIAL	CEO Pay Ratio	• CEO total compensation to median Full-time Equivalent (FTE) total compensation • Does your company report this metric in regulatory filings? Yes/No
	Gender Pay Ratio	Ratio: Median male compensation to median female compensation
	Employee Turnover	• Percentage: Year-over-year change for full-time employees • Percentage: Year-over-year change for part-time employees • Percentage: Year-over-year change for contractors and/or consultants
	Gender Diversity	• Percentage: Total enterprise headcount held by men and women • Percentage: Entry- and mid-level positions held by men and women • Percentage: Senior- and executive-level positions held by men and women
	Temporary Worker Ratio	• Percentage: Total enterprise headcount held by part-time employees • Percentage: Total enterprise headcount held by contractors and/or consultants
	Non-Discrimination	• Does your company have a sexual harassment and/or non-discrimination, diversity, inclusion policy? Yes/No • Is there a confidential grievance, resolution, reporting and non-retaliation mechanism and procedure to address and respond to incidence of harassment and violence? Yes/ No • Percentage: differently-abled Women and men in the workforce
	Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No
	Child & Forced Labor	• Does your company follow a child and/or forced labor policy? Yes/No • If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No
	Corporate Social Responsibility	• Please share a list of CSR activities undertaken along with total time spent on these and amounts (PKR) allocated to these
	Employee training and Succession Planning	• Number of training sessions held on the following. Please also mention the Number of employees and workers trained on these: -Skill Upgradation -Soft Skills - Health and Safety Measures • Percentage: Women and men promoted during the year
	Human Rights	• Does your company follow a human rights policy? Yes/No • If yes, does your human rights policy also cover suppliers and vendors? Yes/No
	Working Conditions	• Number of complaints made by employees regarding working conditions during the reporting period. • Number of complaints regarding working conditions resolved.
	Injury Rate	• Percentage: Frequency of injury events relative to total workforce time • Number of safety-related incidents during the reporting year and Number of lost production hours as a result • Disclose the percentage of employees/workers covered with Health and Safety Insurance
	Marketing	• Do you have responsible gender sensitive marketing communication policy or a commitment embedded in larger corporate policy? Yes/No



Category	Metric	Measurement Annual, unless specified
GOVERNANCE	Board Diversity	• Percentage: Total board seats occupied by men and women • Percentage: Committee chairs occupied by men and women
	Board Independence	• Does company prohibit CEO from serving as board chair? Yes/No • Percentage: Total board seats occupied by independents
	Board competence	• Percentage of ESG-certified board members.
	Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No
	Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)
	Supplier Code of Conduct	• Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No • If yes, what percentage of your suppliers have formally certified their compliance with the code?
	Ethics & Anti-Corruption	• Does your company follow an Ethics and/or Anti-Corruption policy? If yes, what percentage of your workforce has formally certified its compliance with the policy?
	Data Privacy	• Does your company follow a Data Privacy policy? Yes/No • Does your company taken steps to comply with general data protection rules/ framework? Yes/No
	Sustainability Reporting	• Does your company publish a sustainability report? Yes/No • Is sustainability data included in your regulatory filings? Yes/No
	Disclosure Practices	• Does your company provide sustainability data in line with any sustainability reporting frameworks? Yes/No • Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No • Does your company set targets and report progress on the UN SDGs? Yes/No
	External Assurance	Are your sustainability disclosures assured or validated by a third party? Yes/No