

Engro Corporation Limited

Risk Management Policy

Purpose / Scope

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 is adopted by the management and approved by the Board.

Roles and Responsibilities

1. Board of Directors

The Board of Directors is responsible for setting the tone from the top by overseeing entity's culture. This policy requires strong emphasis by the Board on the significance for embedding ERM into the business fabric of the organization. The board shall review and approve policy for Risk Management and assess the appropriateness of the entity's strategy and its alignment to the mission, vision, and core values. It shall set expectations for integrating ERM into the strategic management processes, including strategy planning and capital allocation.

2. Executive Management

The Chief Executive Officer (CEO) is ultimately responsible and should assume ownership for the implementation of ERM framework and achievement of the entity's strategy and business objectives. He shall be responsible for overall ERM culture, capabilities, and practices required and for providing leadership and direction to senior members of management. The Chief Financial Officer shall facilitate the ERM activity.

The CEO shall appoint a leader to head the ERM process. The senior management shall be responsible for communicating the overall ERM process to the CEO and the Board, considering and discussing emerging risks, defining roles, responsibilities, and accountabilities at the different levels of management and providing policies, methodologies, and tools to operating units to

identify, assess and manage risks. Therefore, management should ensure that appropriate controls are in place, at minimum, for:

- compliance with statutory and regulatory obligations.
- safeguarding against effects of natural hazards, commodity price exposure and geopolitical events.
- efficiency of operations and data security.
- reliability of financial reporting and safeguarding against frauds.
- safeguarding assets, employees, customers, communities, and environment.
- protecting the Company’s reputation

3. Business Units and functions

All management teams led by key operating units and business-enabling functions shall periodically engage in identifying, assessing, controlling, and monitoring the risks faced by the business in accordance with the adopted ERM framework.

Monitoring

The management shall provide ongoing ERM updates on development, implementation, and monitoring of ERM framework to Board Audit Committee on a semi-annual basis. This would include the action plans for the next stage of implementation. The Board Audit Committee shall review the effectiveness of the ERM process and advise the Board of Directors in this regard.

Initial Approval	Last Modification	Management Review due	Policy Owner
Oct-08	Oct-22	Oct-25	CFO