



Sustainability Report

Introduction

Enabling Food Security Through Responsible Growth

Agriculture remains central to Pakistan's economic stability, food security and rural livelihoods. As one of the country's leading fertilizer producers, Fatima Fertilizer Company Limited (the Company) is committed to supporting agricultural productivity while recognizing the importance of protecting the natural resources that underpin sustainable growth.

Sustainability is a growing focus for the Company as we continue to enhance operational practices and strengthen long-term value creation. Beyond delivering high-quality fertilizers, we acknowledge our broader responsibility to improve resource efficiency, strengthen environmental management, uphold safety standards and promote ethical business conduct.

Operating in a resource-intensive industry, we understand the importance of disciplined management of energy, water and emissions. During the year, we undertook initiatives to enhance operational efficiency, reinforce environmental management systems and incorporate climate-related considerations into governance and risk oversight processes. These steps reflect foundational progress in building a structured sustainability approach.

We are reinforcing a workplace culture centered on safety, capability development and accountability. Through farmer engagement, agronomic support, and community initiatives, we aim to improve farming practices and rural development.

The reporting year represents a significant milestone as we formalize our sustainability framework and performance disclosures. Focused efforts in responsible resource use, regulatory compliance, stakeholder engagement and community investment have laid the groundwork for greater transparency and continuous improvement.

This Sustainability Report 2025 presents our approach, priorities, and performance across the economic, environmental, and social dimensions. Prepared in accordance with GRI standards, it outlines how we identify material sustainability matters and strengthen stakeholder engagement.

As we move forward, the Company remains committed to progressively advancing its sustainability practices, supporting agricultural development and managing resources responsibly in line with evolving stakeholder expectations.

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About this Report

Fatima Fertilizer Company Limited presents its first Sustainability Report for the year 2025, released on March 27, 2026. This inaugural report reflects our commitment to responsible business practices and alignment with recognized reporting standards, while providing stakeholders with a clear overview of our priorities, management approach, and performance during the reporting year.

Scope and reporting period

This Sustainability Report covers Fatima Fertilizer Company Limited and its subsidiaries, Pakarab Fertilizers Limited and Fatimafert Limited, representing its Fertilizer operations in Pakistan (referred in this sustainability report as “the Company”). Sustainability performance data for other subsidiaries and external supply chain entities are not included within the current reporting boundary. The reporting period spans from January 01, 2025 to December 31, 2025.

All Manufacturing Sites and the Head Office are located in Pakistan. “Significant locations of operations” refer to the main Manufacturing Sites and the Head Office, which are vital for core activities, revenue, and strategy.

As this is our first standalone sustainability report, no restatements of prior year data have been made.

Report Structure and Reporting Frameworks

This Sustainability Report has been prepared in accordance with the Global Reporting Initiative Standards 2021. In addition, relevant guidance from the Sustainability Accounting Standards Board standards for the Chemicals industry and references issued by the International Fertilizer Association have been considered to enhance sector relevance and comparability.

Sustainability-related disclosures aligned with the IFRS Sustainability Disclosure Standards S1 and S2, issued by the International Sustainability Standards Board, are presented in a separate section.

The content reflects our performance on the material topics identified through materiality assessment. Further details on the materiality methodology and identified topics are provided on page 128.

Commitment to the Sustainable Development Goals (SDGs)

The Company has partnered with the United Nations Development Program to adopt the SDG Impact Framework, becoming the first private sector entity in Pakistan to formally align its operations with the United Nations Sustainable Development Goals. This collaboration supports the integration of sustainable development considerations into our strategy, operations and performance management.

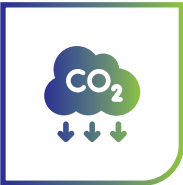
In line with this commitment, the report outlines our contributions to relevant national and global development priorities, highlighting areas where our activities directly support the achievement of the Sustainable Development Goals.

External Assurance & Verification

To enhance transparency and credibility, this report has been reviewed by the Company's Audit Committee and senior management prior to publication. The report has been externally assured by BDO Ebrahim & Co. Chartered Accountants, an independent assurance provider, in accordance with the GRI Standards and ISAE 3000 Revised. The Company's management actively participated in the assurance process to ensure clarity and integrity in our disclosures. Further details of the scope and conclusions of the external assurance are provided on pages 160 to 161.

Stakeholder feedback is integral to strengthening our sustainability practices and disclosures. We welcome your comments and suggestions on the Sustainability Report 2025 and encourage you to share your feedback at: sustainability.reporting@fatima-group.com, or visit <https://www.fatima-group.com/un-partnership/>.

Key Highlights 2025



3,044,770 MT

(2024: 3,008,229 MT)
GHG Emissions



Rs 1,134 M

(2024: Rs.1,036 m)
Investment in CSR



58,001,215 GJ

(2024: 55,341,802 GJ)
Energy Consumption



4,000

(2024: 2,300)
Women empowered under the Sarsabz
Tabeer Program



25,199 ML

(2024: 25,206 ML)
Water Consumption



2.856 million MT

(2024: 2.795 million MT)
Fertilizer Production



2.8 million

(2024: 1.7 million)
Farmers outreach



A photograph of an industrial facility, likely a fertilizer plant, at night. The image is overlaid with a dark blue gradient. The facility features several tall, complex metal structures with scaffolding and ladders. A prominent cylindrical storage tank with a black and white checkered pattern on its upper section is visible. A crane is positioned on the right side of the image. The foreground shows a low wall and some trees.

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Message from the Chairman Audit Committee

Fatima Fertilizer's sustainability journey continues to develop as we strengthen the integration of environmental, social, and governance considerations across our operations and decision-making processes.

The Sustainability Report 2025 marks an important milestone in this journey, reflecting our efforts to improve transparency, enhance data systems, and align our practices with internationally recognized reporting frameworks.

This year, we focused on improving the processes used to identify, manage, and report our significant impacts across environmental stewardship, responsible operations, workforce development, and community engagement. These efforts are supported by cross-functional collaboration within the organization, ensuring that sustainability considerations are included in operational planning, risk management, and performance monitoring.

A key priority has been strengthening the measurement and management of environmental performance, including enhancements in emissions monitoring, resource efficiency, and operational controls. At the same time, our sustainability initiatives continue to support farmers and rural communities through technical advisory programs, community development activities, and

partnerships with reputable institutions in healthcare and education.

The adoption of the UNDP SDG Impact Framework in 2024 has further aligned our initiatives with the United Nations Sustainable Development Goals, allowing a more structured approach to connecting business activities with broader development priorities.

Looking ahead, we remain committed to strengthening internal systems, improving data quality, and further integrating sustainability into business strategy and governance processes. Through ongoing improvement and collaboration across the organization, we aim to ensure that Fatima Fertilizer operates responsibly while making a positive contribution to the agricultural sector and the communities we serve.

Tariq Jamali

Chairman Audit Committee

About Fatima Fertilizer

Fatima Fertilizer Company Limited is a public listed company operating as a joint venture between the Fatima Group and the Arif Habib Group. The Company was established as the first greenfield fertilizer project under Fertilizer Policy 2001. The Company and its subsidiaries, Pakarab Fertilizers Limited and Fatimafert Limited, together form one of Pakistan's leading fertilizer companies.

Operational Footprint

The Company's head office is in Lahore, with three operating units situated across the province of Punjab at three different strategic locations:

Sadiqabad Plant – Fatima Fertilizer Company Limited (Fatima)	Multan Plant – Pakarab Fertilizers Limited (PFL)	Sheikhupura Plant – Fatimafert Limited (FFT)
A fully integrated fertilizer complex producing Ammonia, Nitric Acid, Nitrophos, CAN and Urea. The plant has undergone capacity enhancements and efficiency improvements since commissioning, strengthening operational reliability and energy performance.	Acquired in 2020 and subsequently reorganized as a wholly owned subsidiary, this facility produces Ammonia, Nitric Acid, Nitrophos, CAN and Urea, contributing significantly to the overall capacity.	Acquired in 2015, this plant primarily produces urea and supports the regional supply footprint.

See pages 13, 18 & 19 of the Annual Report for extensive details of subsidiaries and operational footprint.

Collectively, the three plants provide a cumulative nameplate fertilizer production capacity of approximately 2.57 million metric tons per annum. Through its integrated manufacturing platform and nationwide distribution network, the Company contributes to enhancing farm productivity, strengthening rural livelihoods and supporting Pakistan's food security objectives, while progressively strengthening environmental and social management practices across its operations.

Value Chain and Business Relationships

Fatima Fertilizer Company Limited operates an integrated fertilizer value chain that spans from feedstock sourcing to delivery of crop nutrients to farmers across Pakistan.

Upstream	Core operations	Downstream
The Company sources natural gas, utilities, chemicals, catalysts, packaging, and technical services for plant operations. Connections with energy suppliers, contractors, technology providers, and financial institutions are crucial for operational continuity and efficiency.	Core Operations involve converting natural gas into ammonia and nitric acid as key intermediate products. These intermediates are then processed into finished fertilizers, including Urea, Calcium Ammonium Nitrate, Nitrophos, and other nutrient products.	Products are distributed through an established dealer and retailer network supported by logistics partners. The Company also works with farmers through agronomic support programs to promote responsible fertilizer use and better agricultural practices.

Beyond the operational value chain, the Company maintains key relationships with regulators, investors, lenders, employees, local communities, and industry associations, all of which support responsible business conduct and long-term value creation.

Our Products

Our diversified product portfolio includes nitrogen and phosphate-based fertilizers supported by integrated in-house production of key intermediates. Core intermediate products include ammonia and nitric acid, which serve as essential building blocks in the manufacturing process.



Sarsabz Nitrophos

Sarsabz Nitrophos is formulated as an acidic (pH 3.5) phosphatic (P_2O_5 20%) fertilizer; chemically fused with a balanced 50:50 Nitrate and Ammonical nitrogen (total N 22%), making Nitrophos the most use-efficient source of Phosphatic fertilizer for all crops especially under saline soils (pH~8.3) conditions of Pakistan.



Sarsabz Calcium Ammonium Nitrate (CAN)

Sarsabz CAN, a highly use efficient, slow-release nitrogenous fertilizer (N 26%) chemically balanced with 50:50 Nitrate and Ammonical forms of Nitrogen by fusion in soluble calcium with neutral (pH 7). It is available both in granular and prilled forms. Making it, highly suitable and premium source of Nitrogenous fertilizer for all crops globally and especially under saline soils (pH~8.3) conditions of Pakistan.



Sarsabz & Bubbersher Urea

A highly concentrated nitrogenous fertilizer with 46% Ammonical form of Nitrogen, designed to promote vegetative growth. Its excellent solubility ensures easy application through broadcasting or fertigation.



Sarsabz & Bubbersher DAP

A compound fertilizer with 46% P_2O_5 and 18% nitrogen, used as basal application in crops. It promotes root development, supports in plant energy processes, and ensures balanced vegetative and reproductive growth.

Through our diversified fertilizer portfolio, we support balanced soil nutrition and enhanced farm productivity, positioning ourselves beyond a single product focus. See page 155 to 157 for details on our initiatives to improve agricultural outcomes through products and advisory services.

Specialty Chemical Products



Ammonia

An essential industrial chemical used in fertilizer production and various downstream applications, including chemical synthesis and refrigeration. Supplied to industrial customers requiring high-purity ammonia for manufacturing processes.



Nitric Acid

A key chemical used in the production of nitrates, explosives, dyes and other industrial compounds. Marketed to domestic industries requiring nitric acid for chemical processing and specialized applications.



LCO2

Recovered as a byproduct from ammonia production, CO_2 is supplied for use in the beverage industry, food processing and other industrial applications.



Ammonium Nitrate Crystal

Utilized in industrial and mining applications, this intermediate product supports the production of explosives and other nitrogen-based compounds.

Commitments and External Initiatives

Demonstrating our ongoing commitment to responsible business practices, we actively endorse the international initiatives, charters and principles presented below:



ISO 45001 Certification
(Occupational Health and Safety Management System)



ISO 9001 Certification
(Quality Management Assurance)



ISO 14001 Certification
(Environmental Management System)



ISO/IEC 27001:2022
(Information Security Management)



ISO/IEC 17025:2017
(International Standard for Testing & Calibration Laboratories)

- 5S Certification by NPO
- IFA Protect and Sustain Product Stewardship Programme by SGS
- HACCP Certificate by Bureau Veritas
- Green Office Diploma by WWF Pakistan
- Sustainable Development Goals (SDGs)
- GRI and IFRS S1 and S2 Sustainability Reporting Standards

The Company continues to foster collaboration within the industry by maintaining membership in key associations and supporting their initiatives through sponsorships and active participation.

- International Fertilizer Association (IFA)
- Federation of Pakistan Manufacturers & Agriculture Chemicals (FMPAC)
- Lahore Chamber of Commerce and Industry (LCCI)
- Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
- Pakistan Business Council (PBC)

Awards & Accolades Received During 2025

The Company's outstanding performance and progressive management approach earned it several distinguished industry accolades, both global and national, in 2025, recognizing excellence in capital efficiency, profitability, transparency, governance, investor relations, and adherence to the Listing of Companies and Securities Regulations.

- "Best in Country Award" by British Safety Council
- Fire Safety Award by National Forum for Environment & Health (NFEH)
- Drum Awards – Fatima Fertilizer won four awards at The Drum Awards 2025 in London, UK.

Social Purpose:

- Sustainability & Climate Action – Leading Sustainable Change for Pakistan Fatima Fertilizer in partnership with UNDP
- User-Generated Content for Social Change Salam Kissan

Social:

- Social Media for Good Salam Kissan
- Cause-Led Influencer Campaign Salam Kissan
- "Green Digital Advertising Campaign Award" and "Best Content of the Year Award" by Pakistan Digital Awards 2025
- "Dragons of Asia Awards 2025" by the Dragons of Asia Marketing Services, Malaysia
- "Global Tech Awards 2025" (US) in AgriTech
- "Best Place to Work Award 2025" by the Pakistan Society for Human Resource Management
- "Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards 2025"
- "Sustainability Leader of the Year" at the Women Leading Change Awards 2025 in Hong Kong.
- "SDG Pioneer Award" and "Corporate Non-Profit Partnership Award" at Corporate Social Responsibility Awards 2025 by the Professional Network, Karachi

The background image is a conceptual illustration. It features a hand in the upper right, moving a chess piece (a king) over a bar chart and a line graph. The bar chart has three bars of increasing height. The line graph has three points connected by lines, also showing an upward trend. The entire image is overlaid with a green-to-blue gradient and a faint grid pattern.

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Strengthening our Sustainability Journey

At Fatima Fertilizer Company Limited, sustainability is being progressively structured through the strengthening of governance systems, operational controls and responsible business practices. While the Company is formalizing a standalone sustainability strategy, environmental, social, and ethical considerations are embedded in its existing policies, management systems, and oversight mechanisms.

Our framework is anchored in established foundations, including a formal Environmental Policy supported by certified management systems, occupational health and safety standards, a code of conduct, anti-corruption controls and defined Board and management oversight structures. These elements guide regulatory compliance, risk management and responsible operations across our production facilities.

During the reporting year, we took meaningful steps to consolidate these efforts under a more coordinated sustainability framework. This included conducting a formal materiality assessment, strengthening alignment with internal governance, and enhancing transparency in sustainability disclosures. These actions mark a transition from policy-based compliance to a more structured, performance-oriented sustainability approach.

As we move forward, our focus is on further integrating sustainability considerations into strategic planning, risk management, and operational decision-making. By building on existing strengths and progressively formalizing targets and performance monitoring mechanisms, we are committed to advancing responsible growth while contributing to agricultural development and environmental stewardship.



SDGs and Fatima Fertilizer

Responsible business practices are an important part of our role as a major participant in Pakistan's agricultural sector. Last year, we became the first private Company in Pakistan to adopt the United Nations Development Program (UNDP) SDG Impact Framework, demonstrating our commitment to aligning our business practices with the United Nations Sustainable Development Goals (SDGs) and embedding sustainability considerations into our strategy and operations. As part of this initiative, UNDP collaborated with Fatima Fertilizer to develop the Company's sustainability framework using the UNDP SDG Impact Lab tool, enabling a structured mapping of our initiatives and operations against the SDGs. The Company also published its SDG Impact Report in association with UNDP, further strengthening transparency and accountability in communicating our contribution to sustainable development.

The global challenges of food insecurity, climate change and social inequality require coordinated action from industry and society. As a fertilizer producer serving farming communities nationwide, we recognize that our role extends beyond product supply. Our operations influence agricultural productivity, resource efficiency and rural livelihoods, positioning us to contribute meaningfully to national and global development priorities.

Through collaboration with the United Nations Development Program and the SDG Impact Assessment process, we have enhanced our understanding of how our activities align with priority goals, including Zero Hunger, Responsible Consumption and Production, Climate Action, and Gender Equality. This engagement provides a structured pathway to assess impacts, strengthen accountability and identify opportunities for improvement.

Our approach focuses on advancing sustainable agriculture, improving resource efficiency, supporting farmer resilience and promoting inclusive growth. By embedding relevant SDG considerations into decision making and performance monitoring, we aim to progressively translate global goals into measurable business actions.

Governance

The Company's governance framework is designed to ensure accountability, transparency, and ethical conduct across all activities. We operate in compliance with the Companies Act 2017, the Listed Companies (Code of Corporate Governance) Regulations 2019, and other applicable laws in Pakistan. Governance practices are supported by clearly defined roles, structured oversight mechanisms, and established internal controls that promote responsible decision-making and long-term value creation.

Governance Structure

The Board of Directors is the top governance body responsible for setting strategic direction, overseeing management, and monitoring performance. The Board consists of seven members, including two Independent Directors (one female director). The Chairman of the Board is a Non-Executive Director. Directors are elected in accordance with statutory requirements to ensure transparency, accountability, and shareholder representation.

See page 24 to 27 of the Annual Report 2025 for the Director's profile.

The Board collectively has expertise in finance and business administration, allowing effective oversight of strategy, risk management, financial performance, and sustainability issues. Although the Company does not set specific quotas based on nationality, ethnicity, or age, appointments are made in accordance with regulatory requirements and competency considerations.

Board Committees

To support the discharge of its responsibilities, the Board has established several committees operating under approved Terms of Reference. These include the Audit Committee, the Human Resource and Remuneration Committee, and the Nomination and Risk Management Committee.

See page 28 to 31 of the Annual Report 2025 for extensive details on Board committees.

ESG Governance

In 2025, the Board formally approved integrating sustainability-related roles into the Audit Committee's responsibilities. The Committee is headed by an independent non-executive director and operates under defined Terms of Reference, providing structured oversight of sustainability strategy, material ESG risks and opportunities, and related disclosures. It reviews sustainability initiatives, evaluates policies and performance trends, and provides strategic guidance to management to ensure alignment with corporate objectives and long-term value creation.

The Audit Committee reports to the Board and engages formally at least once every quarter, in addition to meetings convened as required. This governance structure strengthens Board-level oversight of ESG priorities and reinforces accountability for integrating sustainability considerations into business strategy and risk management. Management level committees support implementation and operational oversight, while the Board retains ultimate accountability. Board members periodically participate in relevant conferences, seminars and training programs, including those related to sustainability and governance, to enhance their knowledge and support informed oversight of the Company's strategic priorities.

Executive authority for managing daily operations and impacts is delegated to the Chief Executive Officer, who is responsible for executing the strategy and reporting performance to the Board quarterly. The Company manages material impacts through an enhanced Enterprise Risk Management framework that incorporates environmental, social and governance considerations. Risk identification, assessment and mitigation responsibilities are assigned to relevant functional heads, with consolidated reporting to executive management and the Board. Performance and sustainability matters are reviewed in structured executive forums and formally reported to the Board. The Board reviews progress against strategic objectives, financial performance and key risk indicators on a quarterly basis.

Performance Evaluation and Remuneration

The Board conducts an annual self-evaluation of its performance against defined objectives and governance responsibilities. It also evaluates the effectiveness of its committees against their approved Terms of Reference (ToRs) to ensure accountability and continuous improvement in Board oversight. Executive remuneration is structured to align with long-term strategic priorities, financial performance and risk management considerations. Oversight of remuneration policies rests with the Human Resource and Remuneration Committee, ensuring transparency and alignment with shareholder interests. The Company is progressively integrating sustainability considerations into its governance and performance management processes as part of its evolving sustainability framework. However, health, safety and environmental performance indicators form part of the executive performance evaluation framework. Relevant KPIs, including safety performance and environmental compliance, are considered in determining variable compensation, reinforcing management accountability for operational discipline, regulatory adherence and responsible risk management.

Conflict of Interest and Whistleblowing

Directors are held to fiduciary duties of loyalty, diligence, and confidentiality. A formal Conflict of Interest Policy requires immediate disclosure of any personal or external interests related to matters under review. When a conflict arises, the affected director must abstain from deliberation and decision-making, and the Board will choose the appropriate action to maintain impartiality.

Critical concerns regarding financial integrity, sustainability, risk exposures, ethical issues, or compliance are communicated to the Board through established governance

channels. Management escalates significant issues to the relevant Board Committees, depending on the nature of the issue. These Committees review the matter within their respective mandates and report to the full Board, ensuring prompt oversight, appropriate corrective actions, and transparent documentation of discussions. Urgent or material concerns may be directly brought to the Chairman or addressed at special meetings, if necessary, to protect the Company's interests and stakeholder confidence.

The Company maintains a Whistleblowing Policy that allows employees and stakeholders to report suspected misconduct, fraud, or Code of Conduct violations through confidential channels. The policy offers protection against retaliation, outlines specific investigation procedures, and ensures corrective action when needed. The Ethics Committee oversees ethical compliance.

Grievance Mechanisms

The Company maintains structured grievance and ethics mechanisms to report suspected violations and seek guidance on ethical or compliance-related matters. These mechanisms are anchored in the Company's Whistleblowing Policy and Conflict of Interest framework, which provides clear procedures for disclosure, investigation, and resolution of concerns. Employees and relevant stakeholders can raise issues confidentially and without fear of retaliation through designated reporting channels. All reported matters are reviewed in accordance with established protocols, with oversight by the Audit Committee and, when appropriate, escalation to senior management or other Board Committees.

The creation and regular review of these mechanisms are guided by internal stakeholder consultation, including feedback from management, functional leaders, and governance bodies, to ensure accessibility, fairness, and compliance with regulatory standards and best practices. Ongoing improvement of these processes enhances transparency, accountability, and stakeholder trust.

Our Commitments

Fatima Fertilizer Company Limited is committed to conducting its operations in a lawful, ethical and responsible manner. This commitment is reflected through Board-approved policies and management systems that guide decision-making, operational practices and stakeholder engagement across the organization. These policies align with internationally recognized principles such as the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The policies apply across the Company's operations and are overseen by management and the Board through defined governance structures.

Policies

- Code of Conduct
- Health, Safety & Environment (HSE) policies
- Anti-Harassment Policy
- Human resource policies governing fair employment practices

Embedding Policy Commitments

Policy commitments are implemented through organizational policies, operational procedures and internal controls, supported by management oversight. These policies are communicated to employees through HR frameworks, onboarding programs, internal

communication platforms and structured training initiatives. Reporting mechanisms further support awareness and accountability. Business partners and suppliers are also expected to adhere to the Company's ethical and operational standards in their engagement with the organization.

Remediation of Negative Impacts

The Company recognizes the importance of identifying and addressing potential negative impacts arising from its operations and business relationships. Mechanisms to manage and remediate such impacts include employee grievance channels, incident reporting systems for health, safety, and environmental matters, and corrective action procedures triggered by internal audits or regulatory inspections. Where incidents or non-compliance issues are identified, management reviews the matter, implements corrective measures and monitors follow-up actions to prevent recurrence.

Employees and external stakeholders may also raise concerns or seek guidance on business conduct through the Company's Grievance Policy and the "Tell Fatima" Whistleblowing platform, accessible on the Company's website. These channels enable confidential reporting of concerns related to workplace conduct, ethics or compliance with company policies. Reported matters are reviewed and investigated by the relevant functions in accordance with established procedures, with corrective actions implemented where required.



Stakeholders' Engagement

We understand the importance of engaging with stakeholders whose interests relate to our operations and long-term goals. Stakeholders are identified based on their relationship with the Company, their potential to influence business results, and the extent to which they may be affected by the Company's operations. This includes farmers, employees, shareholders, suppliers, regulators, local communities, dealers, transporters, government bodies and financial institutions. Stakeholders are prioritized primarily based on relevance, dependency and level of engagement.

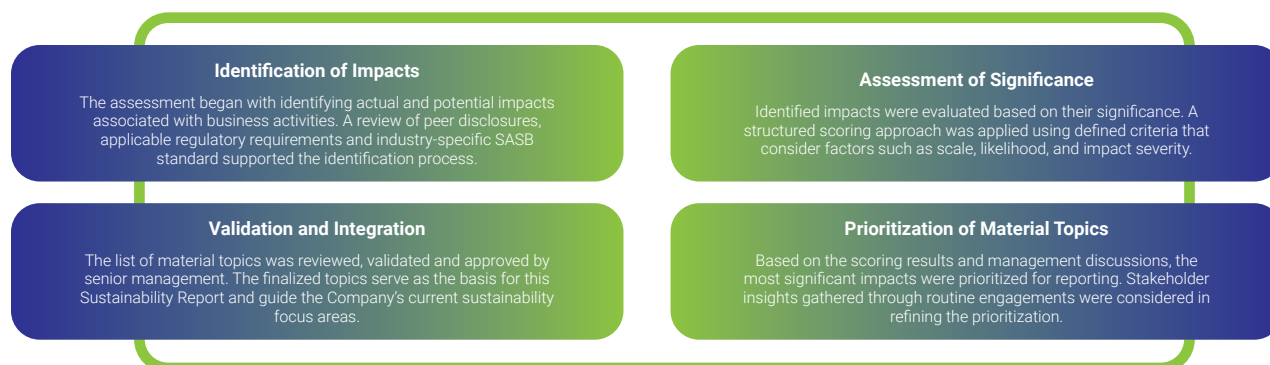
Engagement occurs through routine business interactions, meetings, consultations, surveys, and feedback mechanisms. These channels offer insights into stakeholder expectations and emerging concerns, which management reviews and considers in planning and risk management discussions.

During the reporting year, key topics raised included the long-term availability and pricing of natural gas as a critical feedstock, operational continuity and the Company's investment plans.

Stakeholder Group	Engagement Method	Frequency	Issues/Concerns	Our Response
Shareholders and capital providers	Annual reports, AGM/Extra-Ordinary General Meeting (EOGM), investor briefing, Corporate Affairs Department	Ongoing	Financial returns, new products launch, market competitiveness and sustainability initiatives	Innovation and investment to launch new and improved products for sustained economic returns and community investments
Customers/ Farmers	Surveys, field visits, farmer call centers surveys, demonstration plots, digital platforms, meetings	Ongoing	Customer technical guidance, soil health, crop yield, product specification, product availability and price	Agronomic advisory services, farmer education events to apprise on balanced fertilizer use
Suppliers/ Contractors	Supplier meetings, contractual reviews, Annual Suppliers Conference	Reliability, efficiency	Business continuity and demand stability, Timely payments and contract clarity, Health, safety and compliance expectations	Regular engagement with key suppliers, transparent procurement processes, supplier code of conduct
Transporters	Transporter meetings, operational coordination reviews, periodic safety briefings	Ongoing	Safe and timely delivery of products, compliance with transport safety requirements, vehicle and driver safety standards	Regular engagement with transport partners, adherence to safety protocols and regulatory requirements, monitoring of transport operations and contractor compliance
Dealers/ Distributors	Dealers/Distributors meeting, training programs, feedback survey	Ongoing	Product availability, sales targets, customer satisfaction	Incentive programs, sales support, regular communication
Employees	Staff meetings, training, performance appraisal, annual get-togethers, consultation with employees' representative groups, employee satisfaction surveys, grievance redressal system	Ongoing	Operational performance, career development opportunities, diversity & inclusion, training and education, employee health and safety	Investment in training and education of workforce, transparent HR policies, equal opportunity programs, maintaining excellent health and safety standards for a safe and productive workplace
Local Community	On-site visits, surveys and focus group meetings, CSR initiatives and social media updates	Ongoing	Employment opportunities, environmental impact, community development	Investing in schools, healthcare, clean water projects, prioritizing local hiring, environmental monitoring
Regulators	Meetings, annual reports, compliance reporting, consultations, industry forums	Ongoing/ Need basis	Regulatory compliance, environmental standards, taxation	Compliance with SECP, NEQS, EPA requirements, proactive engagement in policy dialogues; transparent disclosures
Government bodies	Meetings, policy consultations, industry forums, development program coordination	Ongoing/ Need basis	Alignment with national development priorities, agricultural productivity, regulatory compliance, and sectoral policy support	Engagement with relevant ministries, participation in policy discussions and agricultural initiatives, and compliance with applicable government regulations
Media	Interviews, briefings, press releases and plant visits	Ongoing /Need basis	Insights on business, market and industry, financial performance, corporate reputation and crisis communication	Provide regular updates on business developments, timely press releases, proactive media engagement, transparent communication during incidents
NGOs/ Civil Society	Partnerships, roundtables, sustainability dialogues	Program basis	Environmental footprint, social responsibility, transparency	Collaboration on sustainability projects, open dialogue, third-party audits

Materiality Analysis

The Company defines material topics as environmental, social, and governance issues that reflect the Company's most significant impacts on the economy, environment and people. Since this is the Company's first standalone sustainability report, a structured materiality assessment was conducted during the year to identify and prioritize relevant topics. The process followed four key steps.



As part of its ongoing sustainability journey, the Company plans to further improve stakeholder participation and impact assessment processes in upcoming reporting cycles to enhance transparency and align with evolving best practices.

Sustainability-related Risks and Opportunities

The sustainability-related risks and opportunities aligned with the IFRS S1 and S2 are detailed in a dedicated section on sustainability-related financial disclosures, available on pages 171 to 182.

Material topics	Sub-topic	Relevant SDGs
Climate Change	GHG Emissions, Energy	
Materials	-	
Waste	-	
Water and effluents	-	
Health & Safety	-	
Employment practices	Employment practices Training & Education Diversity, Equity & Inclusion	
Economic impacts	-	
Local communities	-	
Human rights	Child Labor and Freedom of association and collective bargaining	
Sustainable Farm Management	-	
Anti-corruption	-	
Supply chain impact	-	
Procurement practices	-	



Environmental

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Our Approach

Our operations generate environmental impacts associated with energy consumption, emissions, water use, material management and waste generation. As a responsible fertilizer manufacturer, our focus is to manage these impacts through structured management systems, compliance with applicable regulatory requirements and a commitment to continuous improvement.

Our approach is guided by environmental policy and implemented through an Environmental Management System at the plant level. Production facilities operate under certified management systems, providing a structured framework for identifying, monitoring, and managing environmental aspects and compliance obligations.

Environmental risks and operational impacts are evaluated through internal procedures, monitoring systems, and regular reviews. Key focus areas include energy efficiency, greenhouse gas emissions, air emissions, water usage,

effluent management, waste handling, and material efficiency. Responsibilities for environmental performance are assigned at the plant and management levels, with oversight ensured through established governance structures.

Environmental performance is tracked through operational data collection, compliance evaluations, and internal reporting procedures. The Company's certified management systems undergo periodic third-party audits that provide independent verification of adherence to established standards. The findings from internal reviews and external audits guide corrective actions, which are implemented and monitored.

During the reporting year, the Company did not record any significant instances of non-compliance with applicable environmental laws and regulations.



Climate Change

Climate Change is transforming industrial operations worldwide, including the fertilizer industry. As the shift toward lower-carbon and more energy-efficient production accelerates, the Company recognizes the importance of managing greenhouse gas emissions and improving energy performance across its operations. Our approach aligns with international climate frameworks, including mechanisms established under the Kyoto Protocol, the broader goals of the Paris Agreement, and Sustainable Development Goals 7 on clean energy and 13 on climate action.

Energy use and greenhouse gas emissions are inherent to fertilizer production, where natural gas serves as both a primary feedstock and a fuel. The Company primarily relies on natural gas for process energy, supplemented by grid electricity and limited diesel for backup power and auxiliary operations. Energy and emission impacts are managed through the Environmental Management System, which integrates energy conservation, emissions monitoring, and regulatory compliance into operational controls. Emission levels are continuously tracked and monitored by the Punjab Environmental Protection Agency, with any deviations addressed through timely corrective actions and follow-up monitoring. While maintaining strict compliance with applicable environmental standards, the Company also undertakes initiatives that go beyond regulatory requirements to improve efficiency and reduce emission intensity. The Company acknowledges that climate change may affect its operations and supply chain. However, it currently lacks a formal system to quantify the financial implications of climate-related risks and opportunities.

Energy efficiency and emission reduction initiatives are integrated into plant optimization programs, capital planning, and performance review processes. These include participating in Clean Development Mechanism projects that deliver measurable and verifiable emission reductions, installing waste gas recovery systems to capture and reuse process gases, and engaging in structured energy benchmarking initiatives to improve performance tracking.

During the reporting year, the Company further increased efficiency through process improvements, equipment reliability upgrades, and enhanced performance monitoring. Energy audits and regular reviews were conducted to identify additional opportunities, including optimizing process controls and heat-recovery systems to reduce fuel use.

Emission performance is assessed through Environmental Management System audits and internal oversight processes, guided strategically by executive committees responsible for health, safety, and environmental concerns. Regulatory inspections and third-party verification using approved methods offer further assurance of compliance and reported emission reductions.

Performance is monitored using indicators such as energy intensity, emission intensity, and compliance status, with audit and monitoring insights guiding corrective actions and operational improvements. Emissions remained within regulatory limits during the reporting year. Lessons learned from internal reviews, regulatory interactions, and cross-functional collaboration are integrated into ongoing planning cycles to support continuous improvement.

Energy Efficiency and Emission Reduction Initiatives

The Company is committed to improving energy efficiency and reducing greenhouse gas emissions as part of its broader environmental responsibilities. Forward-looking objectives have been established to increase the share of renewable energy in total final energy consumption and progressively reduce non-renewable energy intensity per unit of product and overall greenhouse gas emissions, to support a structured transition toward lower-carbon, more energy-efficient operations.

During the reporting year, emission-reduction initiatives resulted in approximately 349,085 metric tons of CO₂ reduction at PFL, primarily attributable to efficiency improvements and emission-control measures.

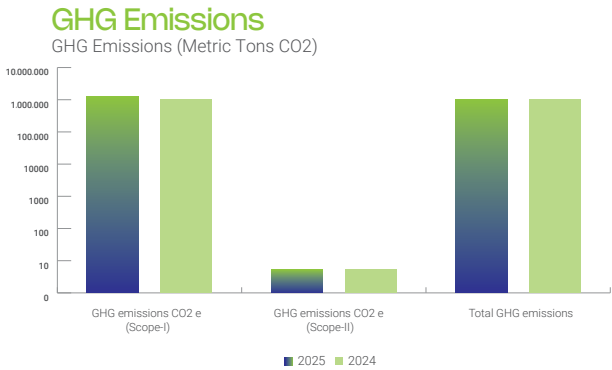
Renewable Energy Initiatives

As part of its efforts to enhance energy efficiency and reduce greenhouse gas emissions, the Company has gradually increased the proportion of renewable energy in its energy mix. A 2.5 MW solar power system was installed at the Sadiqabad plant (Fatima) to reduce reliance on traditional

energy sources and generate clean electricity for operations. Multan Plant has also installed and commissioned 52.2 KW solar project. Commissioned in August 2025, the project offset around 11 tons of CO₂ emissions. Additionally, a 1.25 MW solar power system was installed at the Sheikhpura plant to complement gas based captive generation with renewable energy. These initiatives support diversification of the Company's energy mix, reduce dependence on fossil-fuel-based power, and lower overall operational carbon intensity, while strengthening long-term energy resilience and environmental performance. Collectively, these initiatives resulted in cost savings of PKR 119.9 million by replacing 43,456 MMBTU of fuel gas per year.

GHG Emissions

GHG emissions (Metric Tons CO ₂)	2025					2024				
Stakeholder Group	Total	Ho	Fatima	PFL	FFT	Total	Ho	Fatima	PFL	FFT
GHG emissions CO ₂ e (Scope-I)	3,044,404	170	1,159,789	1,501,146	383,299	3,007,859	153	1,109,112	1,530,594	368,000
GHG emissions CO ₂ e (Scope-II)	366	268	-	98	-	370	260	-	110	-
Total GHG emissions	3,044,770	438	1,159,789	1,501,244	383,299	3,008,229	413	1,109,112	1,530,704	368,000
GHG emissions intensity (MT CO ₂ equivalent/ Ton)	1.066	-	0.792	1.723	0.736	1.076	-	0.809	1.710	0.696



The emissions intensity metric includes both Scope 1 and Scope 2 emissions, excluding indirect Scope 3 emissions. Currently, the Company does not measure Scope 3 emissions; these will be reported starting next year.

Scope 1 emissions primarily comprise carbon dioxide (CO₂) from fuel combustion and process-related activities across the Company's operations. However, at Pakarab Fertilizers Limited, Scope 1 emissions also include nitrous oxide (N₂O) and hydrofluorocarbons (HFCs) arising from specific production processes and equipment use.

Greenhouse gas emissions are estimated using established methods. Emission factors and Global Warming Potential values are obtained from the 2006 Intergovernmental Panel on Climate Change Guidelines 2019. CO₂ emissions from process reactions are calculated using stoichiometric methods; N₂O emissions are measured with analyzer-based systems supported by flow-rate data; and fuel-related emissions are estimated using combustion-based calculation approaches. Scope 2 emissions are calculated using the IFI Dataset of Default Grid Factors V3.1 UNFCCC and CPPA-G / IGES CDM Database (Combined Margin for NTDC).

The Company has established base years to track greenhouse gas (GHG) emissions performance and monitor progress against internal environmental management indicators. For two manufacturing sites, 2022 has been chosen as the baseline year for emissions tracking, with reported Scope 1 emissions of 1,150,966 metric tons of CO₂ (Fatima) and 282,965 metric tons of CO₂ (FFT), respectively. The baseline has remained unchanged since its establishment, and the methodology used for emissions estimation has remained consistent.

At PFL, 2024 has been designated as the baseline year for emissions reporting. This year was chosen because the Company's emissions data collection systems and calculation methods have reached a higher level of maturity, allowing for more reliable and consistent measurement.

Other Emissions

Other emissions (Metric Tons CO ₂)	2025				2024			
Stakeholder Group	Total	Fatima	PFL	FFT	Total	Fatima	PFL	FFT
PM	4,328	-	4,328	-	5,906	-	5,906	-
NOX	11,660	-	-	11,660	9,210	-	-	9,210
Other	4,360	-	-	4,360	5,439	-	-	5,439

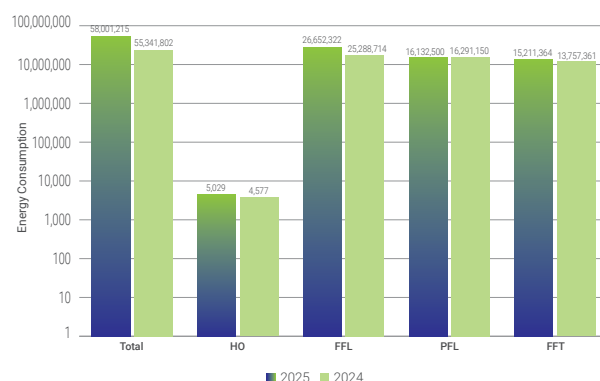
Greenhouse Gas Reduction Through N₂O Abatement

The Company's N₂O Abatement Project, implemented at the 1,500 MTPD Nitric Acid plant, utilizes a tertiary catalytic reactor to decompose approximately 98% of nitrous oxide (N₂O) and more than 99% of nitrogen oxides (NOx) generated during the nitric acid production process. The initiative results in the reduction of over one million tCO₂e annually, representing one of the most significant greenhouse gas mitigation measures within the Company's operations. The project is registered under the Clean Development Mechanism (CDM) and demonstrates the adoption of the best available emission-reduction technology in Pakistan's fertilizer sector, supporting the Company's commitment to responsible environmental management and climate change mitigation.

Energy

GHG emissions (Metric Tons CO ₂)	2025					2024				
Stakeholder Group	Total	HO	Fatima	PFL	FFT	Total	HO	Fatima	PFL	FFT
Energy consumption (GJ)	58,001,215	5,029	26,652,322	16,132,500	15,211,364	55,341,802	4,577	25,288,714	16,291,150	13,757,361
Energy intensity GJ/Ton	20.31		18.15	18.55	30.71	19.80		18.41	18.22	30.30

Energy Consumption per Year



Most energy consumption today comes from non-renewable sources, while renewable energy accounts for only a small share of the total energy mix. No significant energy reduction was carried out during the year. Energy consumption is determined using a combination of site metering systems, utility records and operational logs. Natural gas consumption, which serves as the primary energy source for production, is measured using gas flow meters. Meter readings recorded in MMBtu or MMSCF units are converted into gigajoules (GJ) using standard energy conversion factors. At certain plants, additional feed gas and fuel gas flow transmitters are used to capture detailed consumption data.

Electricity consumption is based on utility billing records and site meters, including facilities such as pumping stations. Diesel use for generators and operational equipment is tracked through issuance and inventory records. Renewable energy generation, including solar power at operational sites, is monitored through dedicated generation meters. The combination of direct measurements and operational records ensures that reported energy consumption reflects actual site-level usage.

Materials

The Company's fertilizer manufacturing operations rely on essential raw materials for production at its plant facilities. Key raw materials include natural gas, which serves as the primary feedstock and energy source, along with phosphate rock, phosphoric acid, catalysts, and other process chemicals used in producing fertilizers such as Urea, CAN, and Phosphate-based products.

Natural gas is sourced mostly from domestic suppliers, while some inputs, such as phosphate rock and phosphoric acid, are obtained from international suppliers in regions with suitable mineral reserves. Raw materials are acquired through established procurement agreements to ensure a steady supply and the necessary quality for manufacturing operations.

Raw material consumption 2025

Description	Unit	Total	Fatima	PFL	FFT
Natural Gas	MMSCF	69,921	38,656	15,241	16,024
Rock Phosphate	Tons	569,184	300,554	268,630	-
HCL	Tons	4,068	960	-	3,108
H2SO4	Tons	2,297	1,497	155	645
NaOH	Tons	3,720	671	2,099	950
Bags & Liner	kg	8,237,747	4,213,300	2,530,000	1,494,447

Raw material consumption 2024

Description	Unit	Total	Fatima	PFL	FFT
Natural Gas	MMSCF	68,237	36,678	15,654	15,905
Rock Phosphate	Tons	563,486	286,939	276,547	-
HCL	Tons	4,085	886	-	3,198.70
H2SO4	Tons	2,217	1,400	210	607.49
NaOH	Tons	3,651	600	2,098	952.91
Bags & Liner	kg	8,153,831	4,168,000	2,468,000	1,517,831

During the reporting period, no recycled input materials were used in the production processes, and no packaging materials were reclaimed.

Water and Effluents

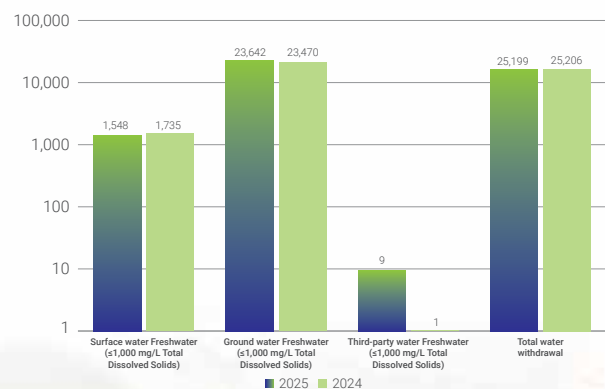
Water is an essential resource in fertilizer production, mainly used for cooling systems, steam generation, and process operations. Fatima Fertilizer Company Limited recognizes water as a shared resource and is dedicated to responsible withdrawal, efficient use, and proper discharge to protect nearby ecosystems and communities.

Water is withdrawn in accordance with approved canal water quotas and relevant groundwater regulations. Most consumption occurs through evaporation in cooling systems and steam generation processes. Effluent discharge is controlled through dedicated Effluent Treatment Plants to ensure the treated wastewater complies with the Punjab Environmental Quality Standards before being released to designated discharge bodies.

Compliance with provincial environmental rules supports the Company's water management system. Monthly discharge checks are conducted by EPA-approved third-party labs, and reports are submitted to the Punjab Environmental Protection Agency. If any deviations occur, corrective actions are taken and tracked to avoid future problems. Beyond regulatory compliance, the Company has implemented the Alliance for Water Stewardship Core Certification at the Fatima plant, incorporating structured water stewardship principles and international

best practices into operational management, in line with Sustainable Development Goal 6 on Clean Water and Sanitation. Water efficiency initiatives include partial recycling and reuse systems, continuous monitoring of withdrawal and discharge volumes, and structured conservation projects aimed at reducing freshwater intensity per ton of production. Water-related performance is tracked through KPIs and reviewed periodically to support continuous improvement.

Water withdrawal by source in ML/year

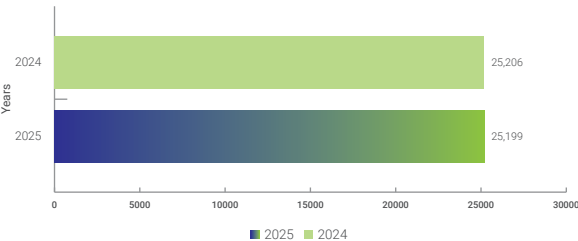


Water withdrawal by source in ML/year	2025				2024			
	Total	Fatima	PFL	FFT	Total	Fatima	PFL	FFT
Surface water								
Freshwater (≤1,000 mg/L Total Dissolved Solids)	1,548	-	7	1,541	1,735	-	6	1,729
Ground water								
Freshwater (≤1,000 mg/L Total Dissolved Solids)	23,642	10,026	7,990	5,626	23,470	8,994	8,200	6,276
Third-party water								
Freshwater (≤1,000 mg/L Total Dissolved Solids)	9	-	9	-	1	-	1	-
Total water withdrawal	25,199	10,026	8,006	7,167	25,206	8,994	8,207	8,005

Water Consumption

Water consumption in ML/year	2025				2024			
	Total	Fatima	PFL	FFT	Total	Fatima	PFL	FFT
Total water consumption	25,199	10,026	8,006	7,167	25,206	8,994	8,207	8,005

Water consumption in ML/year

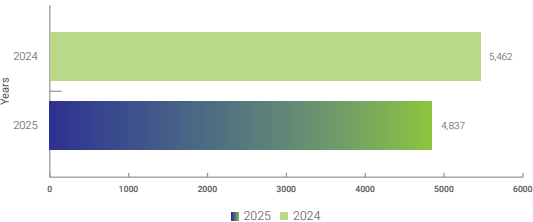


Groundwater and canal withdrawals are estimated based on the operating hours of tube wells and canal pumps, using standard capacity factors. This method combines direct measurements with controlled operational estimates to ensure that reported data accurately reflects site-specific conditions and established monitoring practices.

Water Discharge by Destination

Water discharge by destination in ML/year	2025				2024			
	Total	Fatima	PFL	FFT	Total	Fatima	PFL	FFT
Total water discharged (>1,000 mg/L Total Dissolved Solids)	4,837	529	2,510	1,798	5,462	1,042	2,570	1,850

Water discharge by destination in ML/year



The Company monitors priority substances in its industrial effluent, including temperature, pH, total suspended solids, ammonia, cadmium, and fluorides, in accordance with the requirements for Category A industries under the National Environmental Quality Standards Self-Monitoring and Reporting by Industry Rules 2001. These parameters are included in plant-level discharge controls and are routinely monitored. No instances of non-compliance with the applicable limits for these substances were recorded during the reporting period.

Waste

Waste is produced during fertilizer manufacturing, including both process-related and general operational waste streams. Common wastes consist of used lubricants from equipment maintenance, spent catalysts from process units, calcium carbonate residues from production, and routine office waste from administrative tasks. Waste streams are managed to prevent environmental contamination, protect worker health, and ensure regulatory compliance.

The Company manages waste through structured operational controls under its QHSE framework. Production sites operate under ISO 14001-certified environmental management systems, providing a systematic approach to identifying, handling, and monitoring waste-related impacts. Waste management responsibilities are clearly defined within the HSEQT Department, with the Environment and Occupational Health functions overseeing hazardous waste compliance, monitoring, documentation and reporting.

Waste is separated at the source into hazardous and non-hazardous categories to reduce risk and ensure proper handling. Designated storage areas are set up with appropriate containment, labeling, and access controls to minimize the chance of spills and leaks. Hazardous waste is managed in accordance with relevant environmental laws and disposed of only by licensed and authorized waste contractors. Before engaging, third-party waste handlers undergo a structured due diligence process. This involves verifying valid operating licenses, reviewing disposal permits, and confirming that treatment and disposal facilities comply with regulatory standards. Contract clauses mandate compliance with environmental laws and proper documentation of waste handling and disposal activities. This process ensures traceability and strengthens accountability throughout the waste management chain.

Waste quantities are recorded through inventory logs and internal tracking systems. Data on waste generated, stored, and disposed of is reviewed internally and cross-verified against documentation provided by licensed contractors. This verification process supports reporting accuracy, regulatory compliance, and management oversight. Waste-related data are analyzed to assess performance trends and identify opportunities for improvement.

Monitoring mechanisms include internal audits, contractor performance assessments, and structured incident reporting procedures. When deviations, handling issues, or other incidents occur, investigations and root cause analyses are conducted to identify contributing factors. Corrective and preventive actions are implemented and monitored to ensure effective remediation.

We emphasize process optimization and resource efficiency to reduce waste generation at source. Responsible recycling practices are applied where feasible, and regulated disposal pathways are maintained for residual waste streams. In line with our commitment to operational resilience and environmental protection, we also evaluate technically and economically viable opportunities to enhance circularity while maintaining compliance with applicable regulatory requirements.

No significant regulatory non-compliance related to waste management was recorded during the reporting period.





Empowering Lives

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Our Approach

The Company recognizes that a capable, engaged, and well-treated workforce is critical for operational reliability and long-term value creation. We are committed to fair employment practices, non-discrimination, the elimination of forced and compulsory labor and respect for freedom of association. These principles are incorporated into our Human Resources policies, Code of Conduct, and Diversity, Equity, and Inclusion framework and are aligned with applicable labor laws and internationally recognized labor standards adopted in Pakistan.

Our HR framework encourages merit-based recruitment, transparent performance management, and equal opportunity throughout the employment lifecycle. Employment decisions regarding hiring, promotion, training, and compensation are based on qualifications, performance, and organizational needs.

Structured processes, including standardized HR procedures, documented employment contracts, and periodic policy reviews, help to handle potential and actual workforce impacts. Preventive measures include:

- Merit-based recruitment and structured interview processes
- Leadership sensitization and awareness programs
- Clear performance evaluation criteria
- Defined grievance handling and escalation protocols

In case of concerns, investigations are conducted in accordance with established procedures, and appropriate corrective actions are taken. Insights from cases and employee feedback are used to improve policies and training programs.

The effectiveness of HR management is measured using metrics such as workforce composition, turnover rates, training hours, and grievance-resolution trends. Employee engagement surveys, performance reviews, and leadership assessments offer additional qualitative insights into workplace culture and inclusion. Findings from surveys, internal reviews, and management reports are discussed at appropriate leadership forums and guide ongoing improvement efforts. Feedback from employees and leadership through structured forums and review sessions helps in the design, refinement, and assessment of employment and inclusion initiatives. Through structured policies, measurable indicators, and continuous engagement, we strive to create a fair, respectful, and performance-focused workplace that supports both individual growth and organizational objectives.

Nurturing Workforce

We focus on building operational capability through disciplined hiring, targeted skill development and sustained employee engagement. Recruitment is merit-based and aligned with defined technical and functional requirements. Where feasible, priority is given to hiring from communities surrounding operational sites, supporting local employment and strengthening regional workforce participation. Employee engagement mechanisms, such as surveys and structured feedback forums, offer practical insights to guide workforce planning and development initiatives and enhance employee satisfaction. This ensures that people practices stay aligned with operational priorities and workforce expectations.

Workers who are not employees include contractors, outsourced service personnel such as security and housekeeping staff, and interns or trainees engaged through structured development programs. These individuals operate at company facilities under contractual arrangements with third-party service providers and are not included in the Company's employee headcount. During the reporting year, 150 non-employee workers were engaged at the Lahore Office through contracted service providers to support day-to-day administrative and operational functions. Support workers were also engaged at the Fatima, PFL, and FFT plant sites during the reporting period, supporting operational activities.

Workforce on December 31, 2025

Stakeholder Group	2025				
	Total	HO and Other	Fatima	PFL	FFT
2025	4,431	422	1,731	1,009	1,269

Remuneration and benefits

The Company offers compensation and benefits designed to attract, retain, and motivate a skilled workforce. Employees receive competitive salaries supplemented by benefits such as provident fund contributions, gratuity, medical coverage, group life insurance, and leave entitlements in accordance with Company policy and legal requirements. The Company maintains defined contribution retirement plans and fulfills its obligations through regular contributions to approved funds. Fatima and PFL contribute 8.3% while FFT contributes 15% of employees' salaries to the provident fund. See pages 203 and 277 in the Annual report for further details of defined benefit plans. The ratio of women's salary and remuneration to men's salary and remuneration is available on page 109.

Employees across management and staff categories receive a structured benefits package designed to support their well-being and financial security. These benefits include group life insurance, medical coverage, disability or invalidity protection, parental leave entitlements, and retirement benefits. Leave Fare Assistance is also available to both employee categories. Residential accommodations at plant sites are provided, where applicable, to management and staff to meet operational needs. Additionally, company-maintained vehicles are provided to eligible management personnel in accordance with established policy provisions, while this benefit does not extend to staff positions.

Parental Leave

Parental leave is granted to all eligible employees in compliance with applicable laws and regulations. The Company showed strong support for employees taking parental leave, with all eligible staff utilizing the benefit, returning to work, and remaining employed 12 months after their return. In 2025, 116 employees (107 men and 9 women) took parental leave; 115 returned to work, and 111 (104 men and 7 women) remained employed. In comparison, 74 employees (62 men and 12 women) took parental leave in 2024; all resumed their duties, and 65 (55 men and 10 women) were retained one year later. Across both years, return-to-work rates stayed consistently high for both men and women, reflecting the effectiveness of the Company’s supportive leave policies and reintegration practices.

Training and Education

The Company continues to invest in enhancing employees’ skills through a structured, forward-looking development framework aligned with operational priorities and long-term business continuity. Annual training plans drive capability development across the organization, covering technical, functional, and leadership competencies aligned with business-unit requirements. Programs are created to improve plant reliability, operational efficiency, safety results, and management effectiveness. Training needs are determined through performance reviews and functional assessments to ensure focused skill growth and readiness for succession. The Company does not provide transition assistance programs. During the reporting year, all employees participated in structured performance and career development reviews conducted in accordance with the Company’s established appraisal framework.

Along with core technical training, the Company emphasizes targeted leadership development programs to nurture internal talent. High-potential employees are guided through structured leadership pathways, including HiPo initiatives, the LUMS Advance Program, and the CEO Signature Series, to prepare them for strategic and operational roles.

Functional capability programs equip employees with specialized skills aligned with manufacturing excellence and corporate functions. Digital capability-building initiatives, including Digital and GenAI programs, further enhance workforce readiness for evolving technologies and process innovation.

Annual training hours per employee

	2025				2024			
	Total	Fatima	PFL	FFT	Total	Fatima	PFL	FFT
Training hours	115,620	51,756	29,445	34,419	94,722	46,204	32,069	16,449
Training hours per employee per year	32.5	30.02	37.31	33	26.65	26.8	40.65	15.76

Diversity, Equity and Inclusion

The Company remains dedicated to creating an inclusive workplace that offers equal opportunities and values diverse perspectives at every level of the organization. Building on the progress made in previous years, the Company continues to advance its Diversity, Equity, and Inclusion efforts through Sab Saath, a structured strategy that integrates inclusive practices across all business functions.

During the reporting year, efforts to implement initiatives continued across plant sites and the Lahore office, supported by capability-building workshops aimed at strengthening inclusive leadership and improving organizational effectiveness. A DE&I Corporate Council, along with site-level councils, remained active to guide execution in accordance with the multi-year roadmap and support accountability at the operational level.

The Company continues to pursue the gender diversity goal of 13% percent throughout the organization. Initiatives like Her Power, the Female Coaching Circle, and Women Leadership Today remain key to enhancing leadership readiness, offering structured mentorship, and increasing female representation across all levels. To promote collaboration across a multigenerational workforce, programs such as Time Bridge and Gen Blend continue to facilitate knowledge transfer, mentorship, and cross-generational engagement, thereby supporting organizational resilience and continuity.

In line with its inclusion priorities, the Company continued initiatives related to workplace accessibility, position mapping, and structured onboarding for differently abled interns, apprentices and employees.

Human Rights

The Company is committed to upholding internationally recognized human rights standards across its operations and business relationships. The Company's expectations are outlined in its Employee Code of Conduct and Supplier Code of Conduct, which reference globally recognized human rights principles, including the Universal Declaration of Human Rights, International Labor Organization Conventions, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact. Human rights oversight is supported through established governance structures, including dedicated Industrial Relations functions at plant sites. These teams oversee compliance with applicable labor legislation and facilitate structured engagement between management and workforce representatives.

Eligible employees are represented through recognized collective bargaining agents in accordance with Pakistani labor laws. Formal collective bargaining agreements are in place covering the eligible workforce, defining terms related to working conditions, compensation frameworks and mutual obligations. These agreements provide a structured platform for dialogue and dispute resolution, supporting stable industrial relations and operational continuity. Although forced and compulsory labor have not been identified as significant risks in the Company's operations, compliance with national laws banning such practices is mandatory. No instances of child labor forced or compulsory labor were found during the reporting period.

Human rights standards are also extended to the supply chain through the mandatory Supplier Code of Conduct. Under the Vendor Prequalification Policy, suppliers must formally acknowledge their adherence to these standards as a condition of engagement. The Code explicitly prohibits forced labor and includes provisions for corrective action or disqualification in cases of violations.



Health and Safety

Fatima Fertilizer places occupational health and safety at the center of its operational philosophy. It operates a certified Occupational Health and Safety Management System aligned with ISO 45001, supported by an ISO 14001-certified Environmental Management System, to ensure an integrated approach to risk and environmental control. The system complies with applicable labor and environmental regulations. Beyond compliance, the Company has voluntarily adopted a structured Process Safety Management framework aligned with DuPont PSM principles and Risk-Based Process Safety methodologies to strengthen hazard prevention and operational reliability.

The OHS Management System applies to all permanent employees and on-site contractors whose work and workplace fall under the Company's operational control. Its effectiveness is regularly evaluated through structured internal audits and independent external certification audits, reinforcing accountability and continual improvement. Governance is led by the HSEQT Department with oversight from senior management and the Executive HSE Committee. HSE performance is reviewed periodically, and dedicated budgets are allocated for training, engineering safeguards and system improvements.

Hazard Identification and Risk Management

Hazards are systematically identified and assessed using structured methodologies, including Hazard Identification and Risk Assessment (HIRA), Process Hazard Analysis, HAZOP studies, Job Safety Analysis, and Permit-to-Work systems. These tools address both routine and non-routine activities across manufacturing, maintenance and support operations.

High-consequence hazards inherent to fertilizer manufacturing include high-pressure ammonia and carbamate systems, toxic release potential, confined space entry, work at height, rotating equipment, steam systems, and electrical risks. Risk controls are implemented in accordance with the hierarchy of controls, prioritizing elimination and engineering safeguards such as gas detection systems, interlocks and process containment measures, supported by administrative controls and appropriate personal protective equipment.

Risk assessments are conducted by trained personnel who have completed certification and skill validation programs for safety-critical roles. Regular audits and management reviews maintain ongoing process integrity and system effectiveness. The Company maintains multiple channels for hazard reporting, including digital reporting platforms, near-miss systems, safety meetings, and direct supervisor escalation. Workers are authorized under the HSE Policy to stop work and remove themselves from situations involving imminent danger, without fear of retaliation. Supervisors must assess reported hazards before work resumes.

Health and safety risks associated with business relationships, including contractors and outsourced activities, through structured risk evaluations prior to and during engagement, particularly for high-risk operations such as maintenance, shutdowns and chemical handling. All work-related incidents, unsafe conditions and near misses are investigated using structured root cause analysis methodologies to identify immediate, underlying and systemic causes. Corrective and preventive actions are determined using the hierarchy of controls and tracked through the digital Safety Management Information System. Trends from risk assessments, audits, and investigations are analyzed to update SOPs, enhance training programs, and strengthen preventive controls for continual improvement.

Occupational Health Services and Worker Wellbeing

Occupational health services are available through on-site medical facilities, including a 24-hour clinic at plant townships. Services encompass health surveillance, exposure monitoring, fitness assessments, and emergency medical response to manage work-related health risks. Workers also have access to non-occupational medical services through company-supported healthcare facilities, medical insurance coverage, and referral arrangements with outside hospitals and specialists. These services include outpatient consultations, emergency treatments, and hospitalization support, in accordance with Company policy.

Personal medical information is maintained in secure records with access restricted to authorized healthcare personnel. Health data reported to management is aggregated and anonymized. Participation in occupational or wellness programs does not influence employment decisions. Beyond occupational health management, the Company promotes preventive healthcare and lifestyle management through voluntary wellness initiatives that address major non-work-related health risks, including cardiovascular health, diabetes, hypertension, and mental well-being. Programs such as the "Fit for Life" initiative support physical activity, healthy lifestyle choices and awareness through health screenings, vaccination drives and wellness campaigns. Participation is voluntary and accessible to employees through on-site sessions and communication platforms.

Worker Participation and Consultation

The Company ensures active worker participation in developing, implementing, and continuously improving its Occupational Health and Safety Management System. Employees are involved through structured methods, including toolbox talks, safety meetings, risk assessment workshops, and consultation during the development and revision of Standard Operating Procedures. Workers are encouraged to identify hazards, suggest control measures, and engage in emergency preparedness planning.

Formal joint management-worker HSE committees operate across sites, including D-level and EHSE forums. These HSE committees, consisting of management and worker representatives, review safety performance, incident investigations, audit findings, and monitor the implementation of corrective actions. Meetings are held periodically with documented minutes and action tracking, and recommendations are escalated to senior management when necessary. Occupational health and safety information, including policies, procedures, risk assessments, and lessons from incident investigations, is shared through regular training, safety bulletins, digital platforms, and workplace notice boards to promote transparency and accessibility. OHS matters are also addressed within formal worker representation arrangements in compliance with legal requirements.

Safety Training

All employees and on-site contractors undergo mandatory HSE induction training covering safety policies, emergency response procedures, hazard reporting systems, and individual legal responsibilities. Refresher courses are regularly held to reinforce safe practices and ensure regulatory compliance.

In addition to general safety awareness, structured task-specific training is provided for high-risk activities, including confined space entry, hot work, work at height, chemical handling, and permit-to-work execution. The training content is based on risk assessment outputs, including Job Safety Analysis, Process Hazard Analysis, and Job Cycle Check reviews, ensuring that workers understand hazard controls, safe operating procedures, and emergency preparedness requirements relevant to their roles. Competency is further supported through defined skill certification mechanisms for safety-critical positions, with periodic validation to maintain capability standards.

The effectiveness of training programs is monitored through risk-based leading indicators that assess both engagement and performance outcomes. These include total training man-hours delivered, training effectiveness evaluations, worker participation in hazard-identification activities, near-miss reporting frequency, Management Safety Audit coverage, and timely closure of corrective actions. Collectively, these indicators enable proactive monitoring of safety culture and support continuous improvement in occupational health and safety performance.



In 2025, HSE practices were strengthened through systematic safety engagement, improved reporting discipline, and data-driven monitoring. Regular safety talks, drills, inspections, and audits were carried out across regional offices, warehouses, and distribution sites. These efforts ensured consistent awareness, hazard identification, and timely corrective actions, leading to improved overall safety performance.

The effectiveness of the Company's HSE approach is reviewed through a structured evaluation framework that includes internal and external audits, digital incident-tracking systems, monitoring of leading and lagging performance indicators, management reviews, and trend analysis of near misses and corrective actions. Insights from investigations, audits and performance reviews are systematically analyzed and integrated into procedural enhancements, competency development initiatives and engineering improvements, ensuring continual strengthening of the HSE management system.

Health and Safety Performance

Work-related injuries

	2025					
	Fatima		PFL		FFT	
	Permanent	Contractor	Permanent	Contractor	Permanent	Contractor
Fatality	Nil	Nil	Nil	Nil	Nil	Nil
Number and rate of high-consequence work-related injuries	Nil	Nil	3 (0.11)	3 (0.18)	Nil	Nil
Number and rate of recordable work-related injuries	Nil	1	3 (0.11)	3 (0.18)	Nil	5 (0.45)
Man-hours worked	1.3 million	4.07 million	2.21 million	3.33 million	0.77 million	2.16 million

Work-related Ill Health

	2025					
	Fatima		PFL		FFT	
	Permanent	Contractor	Permanent	Contractor	Permanent	Contractor
Fatality	Nil	Nil	Nil	Nil	Nil	Nil
Recordable work-related ill health cases	Nil	Nil	6	6	Nil	Nil

Reported injuries were limited to isolated Medical Treatment Cases and Restricted Work Cases, with a small number of First Aid Cases. In one location, chemical exposure was identified as the primary cause of recordable injuries. Other work-related hazards observed across operations included falls and occasional animal or insect bites. During the reporting year, isolated cases of heat stress were reported at the PFL plant and were managed through medical attention, adjusted working hours and reinforced hydration and heat exposure controls.

Injury rates were calculated using the standard 200,000 work-hour denominator in line with international reporting practice, covering all permanent employees and on-site contractors under operational control. Data were compiled from internal incident reporting systems, medical records and formal investigation findings. All reported cases were investigated and appropriate corrective actions implemented to prevent recurrence.



Contributing to Communities

The Company recognizes that responsible operations require ongoing engagement with communities around its manufacturing and operational sites. The Company's approach emphasizes identifying, assessing, and managing actual and potential community impacts while supporting local socio-economic development.

Community needs and concerns are identified through structured engagement with local stakeholders, institutional partners, and established grievance channels. Environmental and social considerations are incorporated into project planning based on regulatory Environmental Impact Assessments, ongoing environmental monitoring, and compliance mechanisms. The Health, Safety, and Environment team oversees the management of environmental and safety risks that could impact surrounding populations, including emissions, effluents, and resource use. Our voluntary community development efforts focus on improving access to healthcare, education, and livelihood opportunities. The effectiveness of our programs is evaluated through partner reports, field assessments, and internal reviews. Lessons learned are incorporated into future program planning and prioritization to ensure lasting impact and responsible operations.

A significant portion of the Company's operational sites are supported by structured community engagement and development programs. Community involvement is promoted through institutional partnerships, local consultations, and established liaison mechanisms. In 2025, community development efforts were further enhanced, with expanded outreach to vulnerable groups and ongoing support for healthcare access, vocational training, and local welfare initiatives. Impact tracking is carried out through partner reporting, beneficiary reach assessments, and internal evaluations. During the reporting year, no significant unaddressed negative impacts on local communities were found. Potential health and environmental

risks were managed by adhering to relevant environmental standards and implementing ongoing monitoring and preventive measures. Community health was also supported through company-provided healthcare services and medical outreach programs in nearby areas.

Community Development Programs

Sarsabz Tabeer – Rural Empowerment

Sarsabz Tabeer continues to be a flagship rural empowerment initiative, promoting women's socio-economic participation nationwide. The program rests on four distinct verticals i.e. vocational training, health, finance and education.

Sarsabz Tabeer offers hands-on vocational training in food processing technologies and waste management, allowing rural women to increase the value of local agricultural products and develop income-generating skills. The program expanded significantly, training over 4,000 women by the end of 2025, compared to 2,300 in 2024, demonstrating accelerated outreach and impact. The program promotes pathways to entrepreneurship, self-reliance, and household income stability.

To promote financial inclusion, we teamed up with Akhuwat to provide access to interest-free microfinance. Akhuwat Foundation is a leading non-profit microfinance institution in Pakistan dedicated to promoting financial inclusion through interest-free lending. The foundation provides small, collateral-free loans to underserved communities, enabling individuals to start or expand small businesses and improve their livelihoods. This partnership helped beneficiaries start and maintain small businesses, supporting long-term economic resilience.

Recognizing the connection between livelihoods and health, the Company also partnered with MASH (Mukhtar A Sheikh Hospital) and the Government of Punjab to establish Sarsabz Tabeer Medical Clinics in underserved rural areas. These clinics, along with multiple nationwide medical camps held during the year, provided free medical consultations and essential medicines, enhancing access to primary healthcare and boosting community wellbeing. By focusing on skills development, financial empowerment, and improved access to healthcare, Sarsabz Tabeer steadily supports inclusive rural growth and sustainable community advancement.

In 2025, Fatima Fertilizer strengthened its commitment to youth development through its partnership with King Charles Trust International (UK) under the Enterprise Challenge Pakistan (ECP) initiative. As Pakistan's first Company to implement the UNDP SDG Impact Framework, the Company maintained its focus on aligning CSR efforts with tangible sustainability results. During the 9th cycle (2025–2026) of ECP, around 3,000 students from 100–120 rural schools in Pakistan participated in organized entrepreneurial training programs. The program provides young participants aged 14–18 years with entrepreneurship, innovation, and problem-solving skills to support early-stage business growth and long-term economic engagement.

Fatima Flagship Health Platform

Mukhtar A Sheikh Hospital (MASH)

Mukhtar A. Sheikh Hospital remains a key part of Fatima's long-term healthcare efforts in Southern Punjab. As a multidisciplinary tertiary care center, MASH delivers advanced, patient-focused care through modern infrastructure and specialized medical expertise. The hospital functions according to recognized international healthcare standards and aims to expand access to quality medical services in underserved areas.

Spring Clinic – Institute of Psychiatry

Spring Clinic provides dedicated psychiatric and psychological care for adults and children. Services include psychiatric consultations, clinical psychology and speech therapy support. In 2025, the clinic expanded outreach programs focused on mental health awareness.

Fatima Fertilizer Welfare Hospital

Located near the Sadiqabad plant site, Fatima Fertilizer Welfare Hospital continues to provide healthcare to surrounding communities through subsidized, accessible services. The facility features a dialysis center that supports patients with chronic kidney disease and contributes to public health efforts to reduce hepatitis rates in the Rahim Yar Khan district.

Friends of Mayo Hospital

The Company supported Friends of Mayo Hospital (FOMH) with annual contributions to help renovate and improve facilities at Mayo Hospital Lahore, one of the country's largest public healthcare institutions serving thousands of underprivileged patients. The initiative contributed to SDG 3 (Good Health & Well-Being) by improving access to healthcare and patient care within the public health system.

Strategic Healthcare and Education Partnerships

Beyond its own platforms, we continued to support reputable healthcare and education institutions to enhance access to quality services. These partnerships focused on subsidized medical treatment, access to education, and support for vulnerable populations.





Ethical Practices

Responsible Business Conduct
Supply Chain Practices

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Responsible Business Conduct

As a leading participant in Pakistan's fertilizer sector, we are committed to maintaining the highest standards of integrity, transparency and compliance across our operations and business relationships.

As a publicly listed company, the Company and its subsidiaries adhere to all applicable legal and regulatory requirements, including the Companies Act, 2017, Pakistan Stock Exchange listing regulations, employment laws, environmental and safety legislation, and competition laws. Ethical conduct is embedded within corporate governance frameworks and reinforced through internal controls, risk management processes, and oversight mechanisms.

Our approach to responsible business conduct emphasizes preventing corruption, ensuring legal compliance, and maintaining fair competition practices. Oversight is carried out by senior management and the Board, with enforcement and monitoring managed by the Audit Committee, which includes senior management representatives. The effectiveness of responsible business conduct controls is assessed through internal audits, compliance reviews, fraud risk assessments, whistleblowing reports, and periodic ERM reviews. Insights from investigations and monitoring activities are used to improve policies, update procedures, and strengthen awareness initiatives.

Anti-Corruption

The Company upholds a strict zero-tolerance policy against corruption, bribery, and unethical behavior. This stance is outlined in the Code of Conduct and supported by structured, risk-based controls, mandatory ethics awareness sessions, conflict-of-interest disclosures, and a confidential whistleblowing system accessible to employees and relevant stakeholders.

Corruption risks are managed through regular risk assessments conducted by process owners, compliance reviews by the Risk Management team, and internal audits. In 2025, a Fraud Risk Assessment was launched to further strengthen preventive controls across business functions. Findings from risk reviews and investigations are integrated into improved procedures, control mechanisms, and training initiatives to reduce the likelihood of recurrence.

Allegations received through formal reporting channels are investigated in accordance with established protocols. When confirmed, corrective and disciplinary actions are taken, and control weaknesses are addressed. Monitoring includes internal audits, Enterprise Risk Management reviews, and whistleblowing reports. Anti-corruption performance indicators are being incorporated into departmental and individual annual targets to strengthen accountability. During the reporting period, no significant corruption incidents were identified, and no specific training on anti-corruption policies and procedures was conducted.

Fair Competition and Anti-Competitive Conduct

We are dedicated to complying with competition laws and promoting fair market practices. Procedures are in place to ensure compliance with relevant regulations, supported by legal review and oversight mechanisms. During the reporting period, the Competition Commission of Pakistan imposed monetary penalties on the Fertilizer Association of Pakistan and certain industry participants. This decision has been appealed and is currently under review.

In 2025, no significant instances of non-compliance with laws and regulations resulting in finalized monetary or non-monetary sanctions were recorded.



Supply Chain Practices

The Company manages its supply chain through a structured, risk-based procurement framework that ensures operational reliability, cost savings, and responsible sourcing. Supplier selection and engagement are guided by established qualification criteria, contractual safeguards, and category-specific due diligence processes. Environmental, health, safety and regulatory considerations are integrated into procurement decisions, especially for high-risk categories such as bulk chemicals, catalysts and logistics involving hazardous materials. Long-term and short-term contractual arrangements are in place for strategic inputs and critical services, while operational procurement is managed through controlled processes and designated approval mechanisms.

Our organized approach allows us to balance global sourcing needs for specialized raw materials with solid domestic procurement for services and operational support, thereby boosting supply resilience while supporting national economic growth.

In 2025, we collaborated with 1,288 suppliers, of which 77 percent were local (based in Pakistan), and 23 percent were international. The supply chain includes providers of direct raw materials such as phosphate rock, phosphoric acid, catalysts, and bulk chemicals, as well as suppliers of plant machinery and equipment, engineering and maintenance contractors, manpower service providers, logistics operators, port and inspection agents and digital service providers. The sourcing of phosphate-based raw materials is driven by sector-specific technical requirements. Phosphate rock and phosphoric acid are mainly sourced from North Africa, shipped to Pakistan by sea freight, and then transported by rail or road to plant sites. Indirect materials and operational services are mostly sourced from domestic suppliers, including plant maintenance services, manpower contractors, and logistics providers.

Our procurement orders placed for 2025 was Rs 112.9 billion, of which about 66.3 percent was covered under contractual agreements, primarily for direct commodities and logistics

services. A large part of operational and support costs was paid to local suppliers, promoting domestic industrial participation and ensuring supply continuity.

Environmental and Social Considerations in the Supply Chain

Environmental considerations are part of the supplier evaluation and engagement process, especially for categories with higher environmental risks. New suppliers must demonstrate compliance with applicable environmental regulations and provide the required documentation. Contractors working on company-controlled sites must follow internal environmental and HSE guidelines.

Key environmental risk areas in the supply chain include upstream mining and extraction of phosphate resources, marine and inland transportation of hazardous materials, and contractor activities at plant sites. These risks are managed through contractual compliance clauses, oversight by internal HSE teams during inbound logistics and unloading operations, and performance monitoring of contractors.

Social risk management within the supply chain focuses primarily on contractor workforce conditions, occupational health and safety performance and compliance with labor requirements. Suppliers and service providers, particularly manpower contractors, engineering contractors and logistics operators, are subject to defined qualification and compliance checks prior to engagement.

When gaps are identified, corrective actions are communicated and tracked to ensure resolution. During the reporting year, no supplier relationships were terminated due to material non-compliance with environmental or social criteria. Procedural improvements identified were addressed through engagement and corrective actions in accordance with contractual and operational controls.





Economic Performance

Economic Returns

Sustainable Farm Management

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Economic Returns

The Company recognizes that sustained economic performance underpins its strategic role in Pakistan's agricultural value chain and its responsibility to deliver long-term value to shareholders while ensuring a reliable fertilizer supply to the farming community. Financial resilience, operational efficiency and disciplined capital allocation remain central to the Company's long-term sustainability.

Economic performance is governed through a robust oversight structure. The Board of Directors provides strategic direction on financial sustainability, while the Audit Committee oversees the integrity of financial reporting and the effectiveness of internal controls. Executive management is accountable for operational and financial outcomes, supported by an independent Internal Audit function and a control environment aligned with recognized governance frameworks. The financial and compliance risks are managed through disciplined cost management, prudent capital investment decisions and structured liquidity oversight. Where control gaps or performance deviations are identified, corrective measures are implemented to strengthen processes and reinforce financial discipline. At the same time, we enhance positive economic impacts by maintaining operational reliability, ensuring uninterrupted fertilizer availability and promoting responsible procurement practices that support local supply chains and domestic economic activity.

Performance is reviewed regularly at management and Board levels, supported by financial reporting, audit insights and forward-looking planning processes. Transparent communication through statutory reporting, investor engagements and regulatory disclosures ensures accountability and alignment with stakeholder expectations.

Economic value generated and distributed

	Rs. in million	
	2025	2024
Direct economic value generated	308,189	283,273
Revenues	308,189	283,273
Economic value distributed	270,413	229,781
Business partners	179,248	166,644
Employees	23,542	19,792
Capital providers	24,213	16,633
Government	42,275	41,075
Community	1,134	1,036
Economic value retained	37,776	38,093

During 2025, the Company did not receive any financial assistance or subsidies from the government.

Product Sales 2025

Product	MT in '000
Nitrophos	756
CAN	956
Urea	1,138
DAP	32



Sustainable Farm Management

We recognize that responsible nutrient management and farmer capacity building are vital for long-term agricultural productivity, soil health, and climate resilience. Through our Technical Services function, the Company promotes safe handling, balanced fertilizer use, and sustainable crop management practices across its operational areas.

We have adopted the International Fertilizer Association Product Stewardship framework and aligned our farmer engagement programs with the “4R Nutrient Stewardship” principles, promoting the fertilizer application based on “Right source, Right rate, Right time and Right place” principle. This framework supports improved nutrient-use efficiency, enhanced soil fertility, and optimized all other inputs while reducing environmental risks associated with nutrient imbalances.

The Technical Services Department holds primary responsibility for implementing sustainable agriculture initiatives, operating under executive oversight and structured budgetary controls. Performance is monitored through defined targets, field reporting systems and periodic internal reviews. Field officers’ performance objectives are aligned with farmer outreach, productivity enhancement and responsible product use, with

outcomes integrated into the annual performance appraisal framework.

Farmer Education and Outreach

Based on industry benchmark and farmer practice-based consumption, during 2025, around 2.8 million farmers consumed FG products on around 14 million acres of land. As an industry first, the technical team had specific one on one sessions on sustainable agricultural practices through structured farmer engagement activities with 277,793 farmers across Pakistan.

We provide farmer education through a multi-channel engagement model that combines on-farm advisory services, group interactions, and digital platforms. Technical Services Officers offer free of cost soil and water testing facility through an international accredited laboratory: based on analysis reports, tech team recommends site-specific fertilizer recommendations as per “4R Nutrient Stewardship framework”. Farm advisory programs focus on balanced nutrient management, improved soil health, enhanced water-use efficiency, and mitigation of climate risks.

Farmer Outreach and Sustainable Agriculture Activities

Activity	Description	2025	2024
Mega Farmer Seminars	Large-scale farmer awareness and education seminars	52	42
High-Profile Farmer Meetings	Targeted engagement sessions with progressive and lead farmers	159	100
Village-Level Farmer Meetings	Community-based farmer gatherings for crop and product awareness	1,355	1,113
Individual Farm Visits	One-on-one advisory visits providing site-specific agronomic guidance	26,222	25,985
Group Discussions	Structured small-group technical discussions	1,686	1,678
Soil and Water Testing Samples	Samples analyzed to support site-specific fertilizer recommendations	21,497	28,378
Field Days	Practical field demonstrations showcasing best practices	203	207
Demonstration Plots	Crop demonstration plots to validate balanced nutrient application	206	205
Collaborative Research Trials (CRT)	Joint research trials with agricultural institutions	35	34
Agri Staff Trainings	Technical capacity-building sessions for agricultural field staff	139	136
Sugar Mill / Rice Sheller / Ginning Staff Trainings	Awareness and technical sessions for allied agricultural value chain stakeholders	-	68
High profile farmer testimonials	High profile testimonials farmers testing Sarsbz Nitrophos and CAN at their field	1,074	1,094

In 2025, a total of 206 product demonstration trials were conducted across major crops, including wheat, cotton, rice, maize, sugarcane, and potato, compared to 205 demonstrations in 2024. Over both years, the trials consistently confirmed the agronomic and economic benefits of balanced nutrient application with Nitrophos and CAN compared with conventional DAP and Urea combinations. The demonstration data reveals that by using Nitrophos and CAN, more than 10 % incremental yield was observed versus traditional fertilizer products in all major crops across Pakistan. The increased yield showcases the effectiveness of FG's value-added fertilizer products, site-specific nutrient management, optimizing input efficiency, and boosting farmer profitability through evidence-based agronomic practices.

The same is endorsed through independent recognition in government-organized yield competitions. In Punjab during 2025, wheat yield competition was held & Sarsabz testimonial farmers achieved top 03 positions at provincial & 97 positions at district level, demonstrating improved yields and better ROIs.

District	Name of The Farmer	Yield mds/ acre	Provincial Position
Jhang	Muzaffar Mehmood	69.96	1st
Kasur	Muhammad Afzal	69.87	2nd
DG Khan	Shahid Abbas Khan	69.73	3rd

Sarsabz Nitrophos & Calcium Ammonium Nitrate user farmers produced highest yield of wheat and won top three provincial positions.

Moreover, out of 40 districts of Punjab, Sarsabz Nitrophos & CAN users won:

- 34 Sarsabz Testimonial farmers won top districts' positions
- 32 declared 2nd in their respective districts
- 31 stood 3rd in their respective districts.

Crop	Yield with Conventional Fertilizers (DAP + Urea) (mds/acre)	Yield with Balanced Nutrient Application (Nitrophos + CAN) (mds/acre)	Additional Yield (mds/acre)	Yield Increase (%)	Additional Income (PKR/ acre)
Wheat	45.28	51.30	6.02	13.30%	8,185
Cotton	24.20	28.60	4.40	18.19%	17,498
Rice (Coarse)	73.30	85.00	11.67	15.91%	21,132
Rice (Fine)	56.30	63.50	7.21	12.80%	28,927
Spring Maize	93.40	103.90	10.44	11.18%	15,657
Autumn Maize	68.00	80.80	12.75	18.75%	25,028
Sugarcane	948.60	1096.80	148.19	15.62%	42,658
Potato	316.30	352.70	36.33	11.49%	54,227



Yield and income improvements observed through balanced nutrient management using Nitrophos and CAN compared to conventional fertilizer combinations.

The Sarsabz Farmers App and Call Centre serve as digital support platforms, enabling farmers to access agronomic information, ask questions, and receive follow-up advisory support. Field activity data are integrated into reporting systems, while customer satisfaction feedback is collected through structured call centre interactions and ticket-based resolution processes. The Sarsabz Pakistan farmer application continued to grow, reaching 850,000 total downloads by the end of 2025. It allows farmers to access crop advisory services, best management practices, and agricultural updates through a digital platform.

Strategic Partnerships and Stewardship

The Company strengthens sustainable farm management through collaboration with international organizations, government extension services, research institutions and academia. All fertilizer manufacturing units, including

marketing and head office functions, retain excellence status under the International Fertilizer Association Product Stewardship certification program. The Company collaborates with provincial agricultural extension departments to run farmer awareness programs and productivity improvement initiatives. Government officials attend seminars and field activities to support coordinated outreach efforts. Strategic partnerships with crop-specific government research agencies enable joint product trials, development of crop production technologies, and soil-specific fertilizer recommendations.

Moreover, various partnerships at both national & international level are made, viz-e-viz, collaboration with US based proficiency testing providers for accreditation of soil and water testing laboratory to ensure that free of cost soil and water testing services through an accredited laboratory are provided to farmers as per international standards. Additionally, partnerships with academia & research institutions support in advancement in research and development in fertilizer industry, including crop response studies & climate resilience aspects. Collaborations with technology providers enable the use of GIS tools and data-driven crop monitoring to reduce the impacts of climate stress.







Annexures

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Independent Auditor Report on the Sustainability Report

To the Board of Directors of Fatima Fertilizer Company Limited

We have been engaged to perform limited assurance engagement on the sustainability report of Fatima Fertilizer Company Limited (the "Company") for the year ended on December 31, 2025.

Management's Responsibility on the Sustainability Report

The Management of the Company is responsible for the preparation of sustainability report in accordance with GRI sustainability reporting standards (GRI Standards) issued in 2021 by Global Reporting Initiative (GRI).

The Management is responsible for that part of the internal control that they consider necessary in order to enable the preparation of sustainability report that is free from material misstatement whether due to fraud or unintentional behavior or event.

The Management is also responsible for the definition of the objectives regarding the sustainability performance and the report of the achieved results as well as for the identification of the stakeholders and significant matters to report.

Auditor's Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

It is our responsibility to express a opinion, based on the procedures performed, regarding whether the disclosures in the sustainability report comply with the GRI Standards. We conducted our work in accordance with the principle included in International Standard on Assurance Engagement 3000" (ISAE 3000 Revised), issued by International Audit and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and execution of procedures in order to obtain limited assurance that sustainability report is free from material misstatement.

Therefore, the extend of work performed in our examination was lower than that required for a full examination in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and hence it does not provide assurance that we have become aware of all significant matters and event that would have been identified during the reasonable assurance engagement.

The procedures performed on the sustainability report were based on our professional judgement and included inquiries, primarily with the Company's personnel responsible for the preparation of information included in the sustainability report, document analysis, reconciliation and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

- Conducted interviews with few of the key personnel responsible for the activities mentioned, under the different areas, in the sustainability report to understand Company's commitment with regards to sustainability;
- Reviewed relevant documents to understand Company's approach to stakeholder engagement and mechanism to identify material issues through interviews and review of relevant documents;
- Performed limited substantive testing on sample basis to check that the data had been appropriately measured, recorded, collated and reported; and
- Discussed with ESG department of the Company about future plans and projects pertaining to social, environmental and sustainable development.

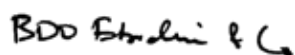
Limitations

Our scope of work did not involve the following:

- Aspect of the reports other those mentioned above.
- Data and information outside the defined reporting period.
- Technical information which required an expert for its verification.
- The Company's statement that describe expression of interest, brief, aspiration, expectation, aim or future intention and national or global social – economic and environmental aspects.
- Data and information on economic and financial performance of the Company, which, we are informed, are from the company's financial records.
- Information for which independence evidences were not available, the management of the Company has provided a written representation regarding the authentication of that information.
- The verification of financial figures and sustainability performance data and the review of the Annual Report, which is referenced in the Sustainability Report 2025.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the disclosures included in the report are not fairly presented, in all material respects, in line with the sustainability reporting guidelines of Global Reporting Initiatives (GRI) and supported by Company's internally defined procedures.



BDO EBRAHIM & CO.
Chartered Accountants

Lahore
Date: March 27, 2026

GRI Content Index

Statement of use	Fatima Fertilizer Company Ltd has reported in accordance with the GRI Standards for the period January 1, 2025 to December 31, 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No dedicated sector standard exists for our sector at this time.

		Omission			
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
General Disclosures					
Gri 2: General Disclosures 2021	2-1 Organizational details	118			
	2-2 Entities included in the organization's sustainability reporting	114			
	2-3 Reporting period, frequency and contact point	114			
	2-4 Restatements of information	114, 160			
	2-5 External assurance	118, 119			
	2-6 Activities, value chain and other business relationships	141			
	2-7 Employees	141	2-7 a and b	Information not available as per GRI requirements	
	2-8 Workers who are not employees	124			
	2-9 Governance structure and composition	124			
	2-10 Nomination and selection of the highest governance body	124			
	2-11 Chair of the highest governance body	124			
	2-12 Role of the highest governance body in overseeing the management of impacts	124			
	2-13 Delegation of responsibility for managing impacts	124			
	2-14 Role of the highest governance body in sustainability reporting	125			
	2-15 Conflicts of interest	125			
	2-16 Communication of critical concerns	124			
	2-17 Collective knowledge of the highest governance body	124			
	2-18 Evaluation of the performance of the highest governance body	124			

GRI Standard/Other Source	Disclosure	Omission			
		Location	Requirement(s) Omitted	Reason	Explanation
	2-19 Remuneration policies	124			
	2-20 Process to determine remuneration	124			
	2-21 Annual total compensation ratio	-	a, b, c	Sensitive information	
	2-22 Statement on sustainable development strategy	40, 117, 123			
	2-23 Policy commitments	126			
	2-24 Embedding policy commitments	126			
	2-25 Processes to remediate negative impacts	126			
	2-26 Mechanisms for seeking advice and raising concerns	125-126			
	2-27 Compliance with laws and regulations	150			
	2-28 Membership associations	120			
	2-29 Approach to stakeholder engagement	127			
	2-30 Collective bargaining agreements	143	2-30 a	Information not available as per GRI requirements	
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	128			
	3-2 List of material topics	128			
Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	154			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	154			
	201-2 Financial implications and other risks and opportunities due to climate change	171-182			
	201-3 Defined benefit plan obligations and other retirement plans	141			
	201-4 Financial assistance received from government	154			

		Omission			
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
Procurement Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	151			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	151			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	150			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	150			
	205-2 Communication and training about anti-corruption policies and procedures	150			
	205-3 Confirmed incidents of corruption and actions taken	150			
Sustainable Farm Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	155			
FFCL Disclosure	Farmers’ outreach through Agri-services	155			
FFCL Disclosure	Value cost ratio for minor and major crops	157			
GHG Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	130, 131			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	132			
	305-2 Energy indirect (Scope 2) GHG emissions	132			
	305-3 Other indirect (Scope 3) GHG emissions	132			
	305-4 GHG emissions intensity	132			
	305-5 Reduction of GHG emissions	133			
	305-6 Emissions of ozone-depleting substances (ODS)	-	Not applicable		
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	133			

		Omission			
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	130, 131			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	133			
	302-2 Energy consumption outside of the organisation	-			
	302-3 Energy intensity	133			
	302-4 Reduction of energy consumption	133			
	302-5 Reduction in energy requirements of products and services	-			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	130, 134			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	134			
	301-2 Recycled input materials used	134			
	301-3 Reclaimed products and their packaging materials	134			
Water and Effluent					
GRI 3: Material Topics 2021	3-3 Management of material topics	130, 135			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	135			
	303-2 Management of water discharge-related impacts	135, 136			
	303-3 Water withdrawal	135			
	303-4 Water discharge	136			
	303-5 Water consumption	136			

		Omission			
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	130,137			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	137			
	306-2 Management of significant waste-related impacts	137			
	306-3 Waste generated	-	306-3 a-b	Information not available as per GRI requirements	
	306-4 Waste diverted from disposal	-	306-4 a-e	Information not available as per GRI requirements	
	306-5 Waste directed to disposal	-	306-5 a-e	Information not available as per GRI requirements	
Supply Chain Impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	151			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	151			
	308-2 Negative environmental impacts in the supply chain and actions taken	151			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	151			
	414-2 Negative social impacts in the supply chain and actions taken	151			
Employment Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	140			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	-	401 a-b	Information not available as per GRI requirements	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	141			
	401-3 Parental leave	142			

GRI Standard/Other Source	Disclosure	Omission			
		Location	Requirement(s) Omitted	Reason	Explanation
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	142	405 a-b	Information not available as per GRI requirements	
	405-2 Ratio of basic salary and remuneration of women to men	141			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	143, 151			
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	144-145			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	144			
	403-2 Hazard identification, risk assessment and incident investigation	144			
	403-3 Occupational health services	144			
	403-4 Worker participation, consultation and communication on occupational health and safety	144			
	403-5 Worker training on occupational health and safety	145			
	403-6 Promotion of worker health	144			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	144			
	403-8 Workers covered by an occupational health and safety management system	144			
	403-9 Work-related injuries	146			
	403-10 Work-related ill health	146			

		Omission			
GRI Standard/Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
Training & Education					
GRI 3: Material Topics 2021	3-3 Management of material topics	140			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	142	404-1 a	Information not available as per GRI requirements	
	404-2 Programs for upgrading employee skills and transition assistance programs	142			
	404-3 Percentage of employees receiving regular performance and career development reviews	142			
Human Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	143			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	143			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	143			
Local Communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	147			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	147-148			
	413-2 Operations with significant actual and potential negative impacts on local communities	147			

SDGs index

Fatima Fertilizer is dedicated to integrating the UN Sustainable Development Goals (SDGs) into its core business strategy, recognizing the fertilizer sector's vital role in promoting sustainable agriculture and national progress. Guided by the belief that sustainability is crucial for long-term business growth and community well-being, the Company continues to adapt its operations to meet the evolving needs of farmers while making meaningful contributions to key SDGs such as Zero Hunger, Responsible Consumption and Production, Climate Action, and Gender Equality. These focus areas direct our efforts to minimize environmental impacts, address social challenges, and foster inclusive and resilient progress throughout our value chain.

SDGs		Page No.	GRI Standards Disclosure
	End poverty in all its forms everywhere	147-148	413-1, 413-2
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	147, 154	201-1, 413-2
	Ensure healthy lives and promote well-being for all at all ages	132, 133, 137, 144, 146	305-1, 305-2, 305-3, 305-7, 306-1, 306-2, 306-3, 306-4, 403-8, 403-9, 403-10
	Ensure inclusive and quality education for all and promote lifelong learning	124, 142	2-17, 404-1
	Achieve gender equality and empower all women and girls	124, 141, 142, 151, 154	2-9, 2-10, 201-1, 401-1, 401-3, 404-1, 405-1, 405-2, 414-1, 414-2
	Ensure access to water and sanitation for all	135, 136, 137	303-3, 303-4, 303-5, 306-1, 306-2
	Ensure access to affordable, reliable, sustainable and modern energy for all	133, 154	201-1, 302-1, 302-2, 302-3
	Promote inclusive and sustainable economic growth, employment and decent work for all	133, 136, 141, 142, 143, 144, 146, 151, 154	2-7, 2-8, 2-30, 201-1, 302-1, 302-2, 302-3, 303-5, 401-1, 401-2, 401-3, 403-8, 403-9, 403-10, 404-1, 404-2, 405-1, 405-2, 407-1, 408-1, 409-1, 414-1, 414-2
	Build resilient infrastructure, promote sustainable industrialization and foster innovation	154	201-1

SDGs		Page No.	GRI Standards Disclosure
	Reduce inequality within and among countries	141	405-2
	Make cities inclusive, safe, resilient and sustainable	147-148	413-1
	Ensure sustainable consumption and production patterns	132, 133, 137	302-1, 302-2, 302-3, 305-1, 305-2, 305-3, 305-7, 306-1, 306-2
	Take urgent action to combat climate change and its impacts	132, 133, 171-182	201-2, 302-1, 302-2, 302-3, 305-1, 305-2, 305-3, 305-4
	Conserve and sustainably use the oceans, seas and marine resources	132, 133, 137	305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1
	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	132, 133, 137	305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1
	Promote just, peaceful and inclusive societies	124, 125, 126, 143, 150, 151	2-9, 2-10, 2-11, 2-12, 2-15, 2-20, 2-23, 2-26, 2-27, 205-1, 205-2, 205-3, 408-1, 414-1, 414-2
	Strengthen the means of implementation and revitalize the global partnership for sustainable development	123, 148, 157	Not Applicable

Sustainability-Related Financial Disclosures

Prepared With Reference To IFRS Sustainability Disclosure Standards (IFRS S1 And IFRS S2)

Disclaimer Statement

The Securities and Exchange Commission of Pakistan (SECP), through its adoption order dated 31 December 2024, has mandated the listed companies to disclose sustainability-related financial information in accordance with IFRS "Sustainability Disclosure Standards" IFRS S1 and IFRS S2 (referred as "SDS").

These sustainability-related financial disclosures ("the Disclosures") have been prepared for Fatima Fertilizer Company Limited and its wholly owned subsidiaries in the fertilizer business (combinedly referred as "the Company") for the financial year ended 31 December 2025.

These Sustainability-related Financial Disclosures are prepared with reference to the IFRS S1 and IFRS S2, without voluntary or mandatory adoption. The Disclosures are intended to demonstrate the Company's readiness efforts towards future compliance.

Fatima Fertilizer Company Limited is subject to mandatory disclosures of its sustainability-related financial information from the annual reporting period commencing January 01, 2026.

1. The Reporting Entity

1.1 Reporting entity and relationship with financial statements

The sustainability-related financial disclosures ("the Disclosures") are prepared for the year ended December 31, 2025 on a consolidated basis, encompassing Fatima Fertilizer Company Limited (the Parent company or "Fatima") and its wholly owned subsidiaries Pakarab Fertilizers Limited ("PFL") and Fatimafert Limited ("FFT").

- Fatima Fertilizer Company Limited (Parent company) operating "Sadiqabad plant"
- Pakarab Fertilizers Limited (wholly owned subsidiary) operating "Multan plant".
- Fatimafert Limited (wholly owned subsidiary) operating "Sheikhupura plant".

Other wholly owned subsidiaries of the parent company are presently excluded from sustainability-related disclosures due to limited availability of sustainability-related data. The company is working to integrate processes and controls to ensure data availability during next reporting cycle.

The sustainability-related financial disclosures relate to the Company's Consolidated Financial Statements with exception that the excluded-subsidaries are not yet part of the sustainability-related disclosures (despite being consolidated in financial statements). Therefore, the scope of sustainability-related information and assessments does not fully align with the Company's financial reporting boundary for FY 2025.

The Company's Annual Report 2025 includes separate financial statements of Fatima Fertilizer Company Limited (the parent company) as well as the consolidated financial statements (comprising parent company and its wholly owned subsidiaries).

1.2 Group's overview of fertilizer business

Fatima Fertilizer Company Limited, together with its fertilizer manufacturing subsidiaries Pakarab Fertilizers Limited and Fatimafert Limited, operates fertilizer production facilities in Pakistan and plays an important role in supporting agricultural productivity and food security in the country. The Company manufactures nitrogen and phosphate based fertilizers using natural gas as the primary feedstock and energy source, and rock phosphate.

Fertilizer production, particularly ammonia and urea manufacturing, is an energy-intensive industrial activity that relies on natural gas for both feedstock and process energy. As a result, the Company's operations are closely linked to issues relating to energy efficiency, greenhouse gas emissions, and responsible management of environmental impacts. Climate-related developments, including evolving environmental regulations, energy transition trends, and potential physical climate risks, may therefore influence the Company's operating environment over time.

The Company operates its manufacturing facilities in a manner that promotes operational efficiency, responsible resource use, and compliance with applicable environmental requirements. Plant operations incorporate monitoring of energy consumption, emissions, and environmental performance, while operational improvement initiatives focus on maintaining efficient production processes and optimizing the use of energy and other resources.

There were no material changes in the nature of the Company's principal activities during the reporting period.

2. GHG Reporting Boundary

The Company's boundary for greenhouse gas (GHG) emissions consists of its organizational and operational boundaries, as described below.

2.1 Greenhouse gas emissions organisational boundary (reporting approach)

The Company has established its reporting boundary using the Operational Control Approach in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Under this approach, the Company accounts for the GHG emissions from operations over which the Company or its subsidiaries have full authority to introduce and implement operating policies regardless of their legal ownership. This boundary encompasses all manufacturing facilities, administrative offices, and distribution centres managed by:

Fatima Fertilizer Company Limited (Sadiqabad Plant).
Pakarab Fertilizers Limited (Multan Plant).
Fatimafert Limited (Sheikhupura Plant).

By adopting the operational control approach, the Company ensures that the reported data reflects the areas where it has direct influence to implement emission reduction strategies and climate-mitigation initiatives.

2.2 Operational boundary for GHG Emissions

Within the organisational boundary (defined using operational control approach), the operational boundary defines the scope of GHG emissions. The Company applies the definitions of Scope 1, Scope 2, and Scope 3 emissions as set out in the GHG Protocol Corporate Accounting and Reporting Standard 2004.

Scope 1 (Direct Emissions): These include all direct GHG emissions from sources owned or controlled by the reporting entities, primarily resulting from:

- The use of natural gas and RLNG as feedstock for ammonia and urea production.
- Process emissions from chemical synthesis within the fertilizer manufacturing units.
- Fuel consumption for on-site power generation and the company-owned vehicle fleet.
- Fugitive GHG emissions intentional and unintentional venting and leakages etc.

Scope 2 (Indirect Emissions): These include indirect GHG emissions from the generation of purchased electricity, consumed by the company's facilities. These are calculated based on the grid emission factors applicable for national grid.

Scope 3 (Indirect Value Chain Emissions): Scope 3 emissions comprise of indirect emission occurring in the upstream and downstream of the value chain.

For the current reporting period, the Company has disclosed its Scope 1 and Scope 2 GHG emissions. Scope 3 (comprising of relevant material categories) will be measured in accordance with the GHG Protocol Corporate Value Chain Standard and when reported in future reporting cycles.

3. Sustainability Governance

The governance of sustainability-related risks and opportunities are integrated into the Company's broader corporate governance and risk oversight framework. Oversight is exercised by the Board

of Directors, with support from Board's Audit Committee and senior management through established reporting, monitoring, and internal control mechanisms. These structures enable the Board to oversee emerging sustainability considerations, including climate-related matters, within the context of the Company's overall strategic planning, risk management, and operational decision-making processes.

Oversight by the Board

The Board of Directors of the Company has overall responsibility for overseeing sustainability-related risks and opportunity. The Board exercises its oversight role through review of performance, regulatory compliance, enterprise risk management and reports and recommendations received from Board Audit Committee.

Role of the Board's Audit Committee

The Board of Directors has assigned its specific oversight role for Sustainability and climate-related matters to its the Board's Audit Committee. The Committee operates under approved terms of reference and is responsible for, among other matters, oversight of the Company's sustainability strategy and policies, monitoring sustainability targets and performance, reviewing sustainability-related disclosures and reports and overseeing management initiatives relating to environmental and social matters. The Audit Committee reports to the Board on its activities and observations. The Audit Committee meets on quarterly basis.

The existing committee of the Board namely the "Audit Committee" was assigned oversight role of sustainability-related matters on March 13, 2025 while its formal terms of reference (TORs) were approved on August 27, 2025 mandating the oversight function. At this stage, emphasis is being placed on strengthening internal processes and developing the necessary institutional capacity to support more structured monitoring and oversight of sustainability-related risks, opportunities, and disclosures in future reporting periods. Detailed TORs of the Audit Committee and their meeting frequency is provided on pages 28 to 30.

Management's role in sustainability oversight

At the management level, responsibility for sustainability-related matters is currently addressed through existing operational and functional structures within the Company. For the current year, the Company has not yet established a dedicated sustainability council or a standalone sustainability function. Instead, sustainability-related initiatives and monitoring activities are being advanced primarily through the Marketing and Health, Safety and Environment (HSE) departments within the framework of their existing responsibilities.

These functions support the implementation of sustainability initiatives, coordination of relevant operational data, and monitoring of environmental performance across the Company's fertilizer manufacturing operations. Management oversight is exercised through regular internal reporting and coordination among operational, technical, and corporate functions.

As the Company continues to strengthen its sustainability-related internal processes, it intends to progressively enhance management structures for sustainability governance. This may include establishing more formalized management roles and coordination mechanisms to support the identification, monitoring, and management of sustainability-related risks and opportunities in line with emerging reporting expectations and the evolving requirements. The Company is progressively looking to enhance its capability, systems and cross functional coordination to align its governance practices with the objectives of the standards.

4. Risk Management

The Company maintains an established Enterprise Risk Management (ERM) framework designed to support the systematic identification, assessment, monitoring, and management of risks that may affect its operations and strategic objectives. This framework forms an integral part of the Company's governance structure and supports informed decision-making across operational and strategic levels.

As the Company continues to align its internal processes with emerging sustainability disclosure

expectations, the integration of sustainability and climate-related risks into the existing ERM framework is currently at an early stage of development.

For the year ended 31 December 2025, the identification and assessment of climate and sustainability-related risks have primarily been undertaken through a qualitative evaluation process. At this stage, the assessment has focused on identifying key areas of potential exposure rather than conducting detailed quantitative modelling or granular risk analysis. The preliminary risk identification process has been carried out with the involvement of relevant internal functions and external subject-matter expertise to support the preparation of the Company's initial sustainability-related disclosures.

Since the sustainability-related disclosure standards introduced more structured approach, the Company's prioritisation of climate-related risks during the current reporting period is primarily based on qualitative judgement and management experience. Even prior to the adoption of sustainability-related financial disclosures, certain climate-related considerations particularly those associated with energy use, environmental compliance, and operational efficiency were already monitored within existing operational and environmental management practices. Accordingly, the initial prioritisation process has focused on climate-related matters that are most relevant to the Company's operations, including energy consumption, greenhouse gas emissions, and potential regulatory developments affecting energy-intensive industrial activities.

As internal capabilities, data systems, and reporting processes continue to evolve, the Company intends to progressively refine its approach to sustainability risk management. The Company continues to enhance its sustainability-related risk assessment processes and integrate these considerations more formally within the Enterprise Risk Management framework, climate-related factors are expected to be progressively incorporated into longer-term business planning, investment evaluation, and operational performance monitoring. This gradual integration is intended to support a more structured evaluation of potential financial implications arising from climate-related risks and opportunities in future reporting periods.

5. Strategy

Pakistan is recognized as one of the countries most vulnerable to climate change due to its exposure to climate hazards such as floods, heatwaves, droughts, and water stress. According to the World Bank climate studies and reports of Pakistan's National Disaster Management Authority, the country faces growing exposure to extreme weather events, including more intense monsoon rainfall, prolonged heatwaves, and increasing drought conditions. Flooding remains the most frequent natural hazard in Pakistan, historically affecting millions of people each year and causing significant economic losses, while climate projections indicate that flood risk, drought frequency, and heat extremes are likely to increase over the coming decades effecting various sectors including agriculture.

For industrial sectors such as fertilizer manufacturing, these climatic trends present both acute physical risks and chronic environmental pressures. Acute risks may arise from extreme weather events such as floods or intense storms that could disrupt plant operations, transportation networks, supply chains and downstream farm areas. At the same time, chronic climate trends such as rising temperatures, increasing water stress, and changing rainfall patterns may influence the long-term availability of water resources and workforce productivity under extreme heat conditions. Critically, these dynamics are also introducing significant volatility in fertilizer demand. Unpredictable weather patterns are disrupting traditional planting windows and nutrient application cycles, while longer-term climatic shifts may drive crop migration or undermine the economic viability of input-intensive farming in regions vulnerable to desertification.

In parallel, transition toward a lower-carbon economy is also influencing the regulatory, technological, and market environment in which fertilizer producers operate. The production of both nitrogenous and phosphatic fertilizers is intrinsically energy-intensive and dependent on distinct raw material streams. Nitrogen fertilizer production relies heavily on natural gas as both feedstock and fuel in ammonia synthesis, whereas phosphate manufacturing entails chemical processing of phosphate rock. As a result, developments related to climate

policy, energy transition pathways, emissions management expectations, and potential carbon pricing mechanisms may influence operating costs, new technology integration and long-term competitiveness. The Company acknowledges that the disclosure requirements under IFRS S2 represent new regulatory landscape which needs structured efforts to comply. The Company is embarking on enhanced climate risk assessment within next reporting cycle to inform its future strategy including capital allocation decisions.

Below are the Company's assessment of climate-related risks and opportunities across its operations and value chain considering given time horizon (see section 8.2), categorized in accordance with the risk classifications outlined under IFRS S2.

Climate-related transition risks	Time horizon	Value chain Concentration	Relevant Metrics
Policy and Legal Risks	Medium and Long-term	Production operations	6.1 and 6.5

Description of risk

Global climate policies are focused on reducing GHG emissions. Ammonia production, which forms the core of nitrogen fertilizer manufacturing, is a carbon-intensive industrial process due to its reliance on fossil fuels and energy-intensive reforming processes. Similarly, the phosphate value chain involves substantial energy consumption for chemical processing required for phosphate rock synthesis. International climate commitments (Paris Goal) and domestic developments (i.e. National Determined Commitments) continue to strengthen with increasing expectation regarding regulatory frameworks aimed at reducing industrial emissions. Emission policies may influence the regulatory environment governing fertilizer production. Policy measures already have introduced expanded emissions monitoring and reporting requirements (e.g. introduced by IFRS S2).

Effects on business model and value chain and financial implications

Significant exposure for the Company arises in the production stage, where natural gas is used both as feedstock and as a fuel source for ammonia synthesis, while the phosphate value chain is centered on the chemical processing and granulation

of rock phosphate. Regulatory measures targeting emissions or fossil fuel consumption would result in higher compliance costs, additional capital expenditure for emissions monitoring or process optimization, and changes in operating costs associated with fertilizer production. These risks may arise over medium to long-term horizons.

Our strategic response

The Company continues to pursue operational improvements aimed at reducing emissions. Several emission reduction and efficiency initiatives have been implemented, including optimization of plant operations and utilization of Clean Development Mechanism (CDM)-related efficiency improvements that contribute to significant reductions in process emissions. Waste gas boiler systems have also been installed to recover energy from methane-containing waste gases, thereby reducing emissions and improving fuel efficiency. In addition, the Company continues to enhance energy efficiency across its operations and has initiated deployment of renewable energy sources, including solar power installations at manufacturing facilities.

Climate-related transition risks	Time horizon	Value chain Concentration	Relevant Metrics
Technology Risk	Long-term	Operations (Manufacturing plants)	6.4

Description of risk

Technological innovation is emerging as a key driver of transition within the fertilizer sector. Globally, there is increasing investment in alternative ammonia production technologies, including hydrogen-based ammonia production, renewable-powered electrolysis processes, and carbon capture solutions aimed at reducing the carbon intensity of conventional ammonia production alongside technological innovations in the phosphate sector focused on rock phosphate processing and enhancing the nutrient-use efficiency (NUE) of processed rock. Although most of these technologies are still developing and may require significant infrastructure and energy system transformation before large-scale adoption, they may influence long-term expectations for industrial emissions performance. As these technologies mature and become commercially viable, fertilizer producers may face increasing pressure to adopt lower-carbon production pathways.

Effects on business model and value chain and financial implications

For the Company, this transition risk is concentrated primarily in the core production segment, where existing plants rely on established natural gas-based ammonia synthesis technologies. Over time, the emergence of new technologies may require investment in plant upgrades, modernization programs, or efficiency improvements to maintain competitiveness and align with evolving industry standards. The financial implications may include increased capital expenditure requirements or accelerated technology replacement cycles. These risks are considered relevant over the long term.

Our strategic response

To address these risks, the Company continues to focus on improving operational efficiency and maintaining the reliability of its existing manufacturing infrastructure through continuous plant optimization and technological upgrades. Regular catalyst replacement programs, heat exchanger cleaning, and operational improvements contribute to improved process efficiency. The Company has introduced steam-fired chillers that utilize process steam for cooling applications, thereby reducing natural gas consumption and reliance on electricity-powered systems with improving energy utilization. The Company continues its monitoring of technological developments within the fertilizer industry.

Climate-related transition risks	Time horizon	Value chain Concentration	Relevant Metrics
Market Risk	Long-term	Downstream	To be monitored

Description of risk

Market risks may arise from evolving agricultural and food value chain expectations associated with climate change and sustainable farming practices. Increasing attention to greenhouse gas emissions from agricultural systems may influence fertilizer demand patterns, including greater emphasis on nutrient efficiency, optimized fertilizer application, and the gradual emergence of lower-carbon fertilizer products.

Effects on business model and value chain and financial implications

Changes could affect the downstream portion of the value chain of the Company, particularly in relation to fertilizer product demand, nutrient efficiency requirements, and evolving farmer practices. Greater emphasis on optimized fertilizer application or sustainable nutrient management may gradually influence product preferences or encourage demand for fertilizers designed to improve nutrient utilization efficiency or fertilizers conserving water requirements. The financial implications of such market developments may include shifts in product demand, the need for continued product innovation, or adjustments in marketing and agronomic support services to align with evolving agricultural practices.

Our strategic response

In response, the Company continues to engage with the agricultural sector through farmer outreach and agronomic support programs aimed at promoting efficient fertilizer use and improving crop productivity. Product development and innovation efforts are also pursued to support improved nutrient utilization and maintain the Company's fertilizer portfolio. Through these initiatives, the Company seeks to ensure that its products continue to support agricultural productivity while remaining aligned with evolving sustainability expectations within the agricultural value chain.

Climate-related transition risks	Time horizon	Value chain Concentration	Relevant Metrics
Reputational risk	Short, medium and long term	Own operations	6.1, 6.5 and 6.6

Description of risk

Stakeholder expectations regarding environmental performance and corporate transparency are increasing across global capital markets. Investors, lenders, regulators, and other stakeholders are evaluating companies based on environmental performance indicators, climate risk disclosures, and alignment with emerging sustainability reporting frameworks.

Effects on business model and value chain and financial implications

For the Company, reputational risks relate primarily to corporate credibility, stakeholder trust, and access to financial markets. As sustainability disclosures become more widely adopted across global industries, companies may face increasing expectations to demonstrate transparency in climate-related risk management and environmental performance. Failure to adequately respond to evolving stakeholder expectations could influence investor confidence or access to competitive financing conditions. Conversely, strengthening climate-related governance, disclosures, and operational transparency may enhance stakeholder confidence and support the Company's long-term corporate reputation. Reputational risks are therefore relevant across all time horizons.

Our strategic response

Reputational risks associated with stakeholder expectations on environmental transparency are addressed through the gradual development of sustainability-related governance structures and disclosure practices. The Company intends to strengthen environmental management practices across its operations and implements community and environmental initiatives, including plantation programs around operational areas, which contribute to improved environmental stewardship and stakeholder confidence.

Climate-related transition risks	Time horizon	Value chain Concentration	Relevant Metrics
Acute physical risks (Extreme weather events: catastrophic floods, heavy rains)	Short, medium and long term	Operations and downstream (Distribution network and support infrastructure at plants)	6.2

Description of risk

Acute physical climate risks primarily relate to the increasing frequency and intensity of extreme weather events such as heavy rainfall and flooding, which are recognized climate hazards in Pakistan.

Such events may disrupt transportation infrastructure, agricultural activities, and supply chains within the fertilizer value chain. Widespread flooding can inundate agricultural land for extended periods, delaying crop cycles and limiting farmers' ability to apply fertilizers during normal planting seasons.

Effects on business model and value chain and financial implications

Severe flooding may disrupt transportation infrastructure used for the distribution of fertilizers and supply of inputs, potentially affecting logistics networks that connect manufacturing facilities with agricultural markets. Flooding may also temporarily affect surrounding areas near plant locations, potentially creating operational challenges for workforce access, utilities, and site logistics. In addition, when agricultural lands remain submerged for extended periods, farming activities may be delayed, which can disrupt fertilizer application cycles and influence seasonal demand patterns. The potential financial implications may include temporary disruptions in fertilizer sales cycles, inventory fluctuations due to delayed market demand, and additional logistics costs associated with transportation disruptions. In extreme cases, severe weather events could also require temporary operational adjustments at manufacturing sites or result in increased maintenance or infrastructure protection costs.

Our strategic response

In response, the Company maintains operational preparedness and infrastructure measures designed to manage potential extreme weather impacts. Plant facilities incorporate basic engineered drainage systems and rainwater channel infrastructure to manage heavy rainfall events and reduce site-level flooding risks. Preventive maintenance programs, operational monitoring systems, and contingency planning processes are in place to support operational continuity during adverse weather conditions. The Company will further review its processes and procedures in next reporting cycles using refined inputs.

Climate-related transition risks	Time horizon	Value chain Concentration	Relevant Metrics
Chronic physical risks (systemic change of climatic conditions)	Long-term	Operations and downstream	6.3 and 6.6

Description of risk

In addition to extreme weather events, Pakistan is also experiencing long-term climatic changes such as rising temperatures, increasing heatwaves, and growing water scarcity. Studies indicate that the country has already crossed the threshold for water stress, with per-capita water availability falling below internationally recognized scarcity levels. These gradual environmental changes may influence operations that rely on stable environment and water availability. Fertilizer production requires reliable water for cooling, steam generation, and operational needs. Systemic climate changes may disrupt farming patterns and crop preferences.

Effects on business model and value chain and financial implications

Chronic physical risks may therefore affect production and end use of products, particularly in relation to water availability under higher ambient temperatures. Rising temperatures may also affect workforce productivity and increase cooling requirements within industrial facilities. In addition, climate impacts on agriculture including drought conditions or changing rainfall patterns may indirectly influence fertilizer demand patterns over time. Chronic physical risks are therefore expected to become more significant over long-term, as gradual climate trends continue to evolve. Though the current year has no costs associated with chronic climate changes, the future implications may involve investment in water conservation initiatives.

Our strategic response

The Company has implemented several initiatives aimed at strengthening operational resilience and improving resource efficiency at its manufacturing facilities. Infrastructure design at plant sites incorporates natural ventilation systems that support operations under high temperature conditions and improve workplace comfort. The Company has also implemented water stewardship and conservation initiatives, including water recycling, effluent optimization programs, and reuse of cooling water blowdown for horticulture and landscaping purposes. At certain facilities, sustainable water management practices have been strengthened through alignment with international water stewardship standards. In addition, plantation initiatives around plant sites and nearby communities contribute to improving local environmental conditions, supporting carbon sequestration, and mitigating localized heat stress impacts.

Climate-related Opportunities

Climate change, specially transition to low carbon economy provides opportunities influencing our operational efficiency, product innovation and long-term resilience.

Climate-related transition risks	Time horizon	Value chain Concentration	Relevant Metrics
Resource Efficiency and Low Carbon Energy Source	Short, medium and long-term	Production operations	6.4

Opportunity: Leveraging on resource efficiency and use of low carbon energy sources

Resource efficiency and the gradual transition toward lower-carbon energy sources present opportunities for improving operational performance while reducing the environmental footprint of fertilizer production. As fertilizer manufacturing are energy-intensive processes, improvements in energy efficiency and energy sourcing can contribute to lower operating costs, reduced greenhouse gas emissions, and enhanced long-term competitiveness. Primarily initiatives relate to the production stage of the value chain, where natural gas consumption, process heat, and electricity demand represent significant operational inputs. Energy efficiency and the use of alternative energy sources can contribute to reduced energy costs, improved plant efficiency, and lower exposure to future energy price volatility.

Our strategic response

The Company continues to implement several initiatives aimed at improving resource efficiency and diversifying energy sources within its operations. These include process optimization and operational efficiency programs designed to reduce energy consumption and emissions intensity across manufacturing facilities. Waste gas recovery systems have been installed to capture and utilize methane-containing waste gases, improving energy utilization and reducing emissions. Steam-based cooling systems have also been introduced to repurpose process steam for cooling applications, thereby reducing reliance on electricity-powered chillers and enhancing overall energy efficiency. In addition, the Company has initiated the deployment of solar energy at its manufacturing sites, with solar installations contributing renewable electricity generation and supporting reductions in natural gas consumption and operational emissions.

Cumulative financial effect of climate-related risks and opportunities

The Company is in the process of improving its processes and data systems to identify financial implications of sustainability and climate-related risks and opportunities.

Climate resilience and scenario analysis

Currently, the Company has not yet undertaken formal climate resilience testing or scenario analysis. However, based on the preliminary qualitative assessment conducted by management, the overall business model of the Company is considered reasonably resilient to climate-related risks in the near term.

Management's assessment is informed by several operational and structural factors. Fertilizer production remains an essential component of the agricultural value chain and continues to play a critical role in supporting food security and crop productivity. Demand for fertilizers is therefore expected to remain structurally stable in the near term. In addition, the Company operates established industrial facilities that are designed to operate under higher temperatures.

Operational resilience is further supported by established systems for energy management, water supply management, preventive maintenance, and operational monitoring across production facilities. The Company also continues to pursue efficiency improvements within its manufacturing processes, which contribute to maintaining operational reliability and cost competitiveness. The Company has implemented a range of operational initiatives aimed at improving energy efficiency, reducing greenhouse gas emissions, and strengthening the

resilience of its manufacturing operations. These initiatives address both transition risks associated with emissions management and physical risks linked to changing environmental conditions.

Based on these considerations and the qualitative assessment of both physical and transition-related climate risks, management considers the Company's operations to be resilient in the short term and medium term.

The Company recognizes that climate-related risks are evolving in nature. Accordingly, it intends to progressively strengthen its climate risk assessment processes, including the potential introduction of climate scenario analysis and resilience testing in line with the expectations of IFRS S2 as internal capabilities and data systems continue to develop.

6. Metrics

Following cross industry and industry-based metrics are disclosed for the current year.

Cross industry metrics (IFRS-S2)

6.1 GHG Emission

Gross GHG Emission	Unit	FY 2025	FY 2024	% Decrease
Scope 1	Tons CO ₂ e	3,044,404	3,007,859	1.21
Scope 2		366	370	<1.08>
Total Scope 1 and 2		3,044,770	3,008,229	1.21
Emissions intensity (Scope 1 and 2)	Tons CO ₂ e / Ton production	1.066	1.076	

There are no biogenic emissions included in Scope 1 & 2.

Measurement approach: Inline with GHG Protocol Corporate Standard 2004, the Company applies the operational control approach for consolidating GHG emissions under which the Scope 1 and Scope 2 emissions are reported for own operations, subsidiaries, assets and facilities where the company has operational control (authority to introduce and implement policies) regardless of ownership share. (See section 2 for details). The company believes that this approach aligns with company ability to manage the GHG emissions in its boundary of influence. Due to the group's 100% ownership and management of its subsidiaries, present boundary is also consistent with the Financial Control approach.

Emission sources:

Scope 1 emissions primarily arise from combustion, arising from the burning of fuel gas in boilers, primary reformers, and gas turbines to generate steam and electricity for plant operations. Process emissions are another source at manufacturing plants where CO₂ is released during the chemical transformation of raw materials as a byproduct of ammonia synthesis and during the production of Nitric

Acid and Nitrophos. Emissions are also generated due to use of vehicles (mobile combustion) and office heating/ air conditioning systems.

Scope 2 emissions arise from consumption of purchased electricity for use at offices and facilities.

Scope 3 emissions relate to value chain (upstream and downstream). These are not reported for current year.

Calculation and estimation methodologies: GHG emissions are measured using tiered calculations consistent with the GHG Protocol. Mass Balance is utilized for Ammonia synthesis to account for CO₂ recovery in urea production. Fuel analysis using specific values is applied to stationary combustion, while stoichiometric methods are used for process-related nitrous oxide (N₂O) emissions, adjusted for abatement technology efficiencies. Metered fuel data is used for mobile combustion sources (vehicles owned or controlled by the company). Fugitive emissions (leaks) will be conculcated in next reporting cycles.

Emission factors: Emission factors were determined using a tiered approach: (1) In-house facility-specific factors for fuel combustions at manufacturing plants (2) Recognised default factors such as US EPA GHG Emission Factors Hub (January 2025), 2006 IPCC Guidelines -2019 Refinement for other emissions (such as vehicles combustion, air conditioning etc). Scope 2 emissions factors are drawn from CPPA-G/IGES CDM Database (Combined Margin for NTDC) and Harmonized IFI Default Grid Factors (Version 3.1-2021)-UNFCCC.

Gases included: The GHG emissions reported comprise emissions of carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). Emissions of fluorinated gases (HFCs, PFCs, SF₆, or NF₃) have been identified or measured for the current reporting period.

Source of GWP: Global warming potentials (GWPs) have been applied using values from Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6).

Estimates and assumptions and uncertainties: Preparation of GHG emissions data involves the use of estimates and assumptions, particularly process emissions and fugitive sources. The estimation of process emissions is based on best available information and industry practices. For the current year, emissions from use of vehicles, fugitive emissions including leaks from air-conditioning are not fully disclosed due to data limitations. The company is working to improve the data quality during the next report cycles.

Carbon credits and offsets: GHG emission presented in the report are absolute gross values measured as per stated methodology without any offset.

Internal carbon price: The Company does not use internal carbon prices for analysis or decision making.

Emission Limits: The scope 1 and 2 emissions are not subject to any mandatory or voluntary limiting regulations.

Discussion and analysis

Abatement Strategies: Nitrous Oxide (N₂O) with GWP potential of 273 times (to CO₂) is a major byproduct of Nitric Acid production. Fatima Fertilizer used Clean Development Mechanism (CDM) initiatives to install catalysts that breaks down N₂O before it is released, significantly reducing Scope 1 footprint (process emissions). The abatement project implemented at the 1500 MTPD Nitric Acid plant, employs a tertiary catalytic reactor to decompose ~98% of N₂O, and additionally more than 99% NOx (NO+NO₂), reducing emissions by more than 1 million tCO₂e annually.

The Company continues to implement operational initiatives aimed at reducing greenhouse gas emissions and improving the energy efficiency of its fertilizer production processes. These initiatives include the optimization of plant operations, recovery and utilization of waste gases, deployment of energy-efficient cooling systems, and gradual integration of renewable energy sources such as solar power at manufacturing facilities.

Continued - Cross industry metrics (IFRS-S2)

S No	Metric category	Measuring Unit	FY 2025
		% of manufacturing assets	Being assessed
6.2	Assets vulnerable to Physical risk Comments The Company has qualitatively assessed the exposure of its manufacturing assets to acute physical climate risks, considering factors such as geographic location, plant design, historical operating performance, and existing mitigation measures across the operations. The Company considers vulnerability of its manufacturing plants to acute physical climate risks to be limited in the short term. The manufacturing facilities are designed to operate under high-temperature industrial conditions and are supported by established systems for water management, energy reliability, and preventive maintenance. These operational controls contribute to the overall resilience of plant operations. Accordingly, no material exposure to acute or chronic physical climate effects were identified. The Company continues to monitor climate trends to assess potential impacts and will improve its assessment of both acute and chronic climate risks in the coming reporting cycles.		
6.3	Assets vulnerable to Transition risk Comments The Company has assessed its exposure to climate-related transition risks, including potential developments in policy and regulation, technological change, and evolving market expectations using qualitative information. As a natural gas-intensive manufacturer operating in a strategically important agricultural sector, the Company may over time be exposed to changes in energy pricing, environmental regulations, and broader decarbonisation policies. Based on the current assessment, transition-related exposure is considered limited in the short to medium term. This reflects the essential role of fertilizer production in supporting agricultural productivity, the absence of explicit carbon pricing mechanisms affecting industrial sectors in Pakistan, and the Company's ongoing efforts to improve operational energy efficiency and product performance. The Company will further refine its assessment during next reporting cycle.		

		PKR (million) expenditure	Tracking system under development
6.4	Capital deployed towards climate-related risks and opportunities		
	Comments		
	The Company has been traditionally spending on climate mitigation and adaptations initiatives, however these spending have been part of combined plans aimed at addressing various risks. The Company is developing processes to track this metric separately online with requirements of IFRS S2.		

Industry-Based Metrics

The Company has considered the industry-based Guidance on Implementing IFRS S2 (Volume 47- Chemicals) to disclose relevant climate-specific metrics. The Company is establishing data systems to report the other relevant metrics which may be necessary metrics to monitor performance.

S No	Metric category	Metric description	Unit	FY 2025	FY 2024	Comments
6.5	Energy Management	Total energy consumed (excluding energy consumed outside organisation)	Gigajoules (GJ)	58,001,215	55,341,802	Fossil based energy is being gradually reduced over time with renewable integration
		Energy Intensity	(Gigajoules per ton)	20.30	19.80	
		Data on share of energy from renewable sources and % use from national grid will be measured and disclosed in the next reporting cycles.				
S No	Metric category	Metric description	Unit	FY 2025	FY 2024	Comments
6.5	Water Management	Total water withdrawn	Mega Litres	25,199	25,206	Fossil based energy is being gradually reduced over time with renewable integration
		% withdrawn from high water stress	%	0	0	
		Number of incidents of non-compliance of water related regulations	Number	0.00	0.00	

7. Targets

The Company is establishing its base line data and will consider set-up targets in the future reporting cycles.

The current remuneration policies do not include performance evaluation linked to sustainability-related performance.

currency used for reporting of financial statements, with amounts rounded to the nearest thousand unless stated otherwise.

8.2 Time Horizons

In assessing climate-related risks and opportunities, the Company considers different time horizons to evaluate how climate-related developments may influence its operations, strategy, and financial planning over time. For these disclosures, the Company has adopted the following time horizons:

Short term (up to 3 years)

This horizon aligns with the Company's operational planning cycles and reflects the period over which immediate operational and regulatory developments may influence business performance. Climate-related considerations within this timeframe may include evolving environmental regulations, climate-related disruptions and near-term efficiency initiatives at production facilities.

Medium term (3–10 years)

The medium-term horizon reflects the period over which strategic investment decisions, operational optimization projects, and technology upgrades typically materialize.

8. General Disclosures

8.1 Basis of preparation

a) IFRS Sustainability Disclosure Standards

These disclosures are prepared with reference to IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) and do not represent voluntary or mandatory adoption.

b) Reporting period

The sustainability-related disclosures cover a 12 month period ended December 31, 2025, aligning with the Company's financial reporting period.

c) Presentation currency

The sustainability-related financial disclosures are presented in Pakistan Rupees, consistent with the

within the fertilizer industry. Within this timeframe, the Company may experience evolving regulatory frameworks related to climate policy, changes in energy markets, advancements in industrial process efficiency, and increasing expectations regarding emissions management and environmental performance.

Long term (beyond 10 years)

The long-term horizon reflects the extended operating life of fertilizer manufacturing assets and the structural transformation that may occur in energy systems and industrial production pathways as part of the global transition. Over this timeframe, developments such as large-scale technological shifts in ammonia production, potential carbon pricing mechanisms, and broader policy measures may influence industry competitiveness, investment decisions, and long-term business strategy.

8.3 Judgements and uncertainties

The preparation of this sustainability-related financial disclosure involves the application of management's judgment in several key areas. Significant judgment has been applied in determining the scope of disclosures and identifying sustainability-related risks and opportunities.

Estimates have been applied where information is not directly measurable, is subject to data limitations, or involves forward-looking assumptions. These judgements and estimates reflect management's assessment of the relevance and potential financial impact of sustainability-related factors on the Company's strategy, business model, and cash flows over the short, medium, and long term.

Use of significant judgements

Significant areas of judgement and estimation uncertainty are highlighted below, with further details provided in the referenced note disclosures.

Nature	Description	Section
Materiality Process	Management exercised judgement in identifying sustainability-related risks and opportunities relevant to the Company and the group and in determining the material information to be disclosed in relation to those matters. This assessment considered which issues could reasonably be expected to affect the Company's prospects or influence the decisions of primary users.	5 Strategy
	Judgement is also applied in evaluating the applicability of metrics including Industry-based Guidance on Implementing IFRS S2 (Volume B47-Chemicals) considering context of our business.	6.2 to 6.6

Emissions Measurement Approach	The Company has used judgment in selecting its GHG emissions measurement and consolidation in line with GHG Protocol Corporate Standard. This selected approach is considered most appropriate.	6.1
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Key area of measurement uncertainty

The following metrics are subject to measurement uncertainty.

Nature	Description	Section
GHG Emissions Metrics	The Company measures its greenhouse gas (GHG) emissions in accordance with the GHG Protocol. The reported emissions metrics are subject to inherent estimation uncertainty due to the reliance on activity data, emission factors and assumptions regarding combustion efficiency. Where activity data is incomplete or unavailable, management applies estimation techniques, which may introduce a degree of measurement uncertainty into the disclosures. Fugitive and process related emissions have more element of measurement uncertainty than other sources of emissions in the Scope 1. The Company intends to adopt all feasible means to improve measurement techniques in the future reporting cycles. The Company has not yet reported Scope3 emissions, however estimation involved in measuring Scope 3 emissions also involves uncertainty due to data limitations.	6.1

8.4 Restatement and errors

There are no changes due to estimates or restatement required due to material errors.

8.5 Events after the reporting period

No transactions, events, or conditions that require further disclosure have occurred after the reporting period and up to the date of presenting this report.

8.6 Approval

These disclosures have been prepared for inclusion in the Annual Report 2025 and are subject to internal approval processes. SECP requires that sustainability-related disclosure will require same approval and authorization process as applicable to the financial statements. The Company will comply with approval requirements from its mandatory reporting year.