

SUSTAINABILITY AND ENVIRONMENTAL SOCIAL GOVERNANCE REPORT



Citi Pharma Limited remains committed to conducting its business in a responsible, sustainable and ethical manner, while creating long-term value for its stakeholders and minimizing the environmental and social impacts associated with its operations. During FY2026, the Company continued to strengthen its environmental stewardship, occupational health and safety practices, employee welfare initiatives, community engagement, product responsibility and governance framework.

Basis of Sustainability and ESG Disclosure

The Company has considered the Securities and Exchange Commission of Pakistan (SECP) ESG Disclosure Guidelines for Listed Companies, updated in December 2025, together with the sustainability-related responsibilities prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019, as amended. The Company is also progressing towards readiness for the phased application of IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures.

Based on the Company's FY2026 position, including total assets exceeding PKR 18.44 billion and a workforce exceeding 600 employees, the Company meets two of the applicable Phase II criteria under the SECP-notified framework. Accordingly, the Company is preparing for the application of IFRS S1 and IFRS S2 for annual reporting periods beginning on or after July 1, 2026. During FY2026, the Company continued to strengthen its governance, systems, controls and data-collection processes to support the quality and consistency of sustainability-related information in future reporting periods.

1. GOVERNANCE & BOARD OVERSIGHT

1.1. Sustainability Governance and Framework

The Board recognizes that environmental, social and governance considerations are increasingly relevant to the Company's long-term value creation. The Company is therefore continuing to strengthen its sustainability governance, data collection, risk assessment and disclosure practices. The Company has set a target to substantially reduce carbon emissions by 2030 and to integrate greener practices into its operations.

1.2. Corporate Ethics, Compliance and Patient Safety

CitiPharma continues to emphasize ethical conduct, regulatory compliance and patient safety as integral components of its business operations. The Company maintains strong emphasis on compliance with applicable SECP requirements and the Code of Corporate Governance, supported by an independent whistleblowing hotline designed to facilitate the reporting of concerns through an appropriate channel.



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The Company's product-responsibility framework is further supported by an active pharmacovigilance network and automated batch-tracking systems, strengthening its ability to monitor product quality, traceability and patient-safety considerations throughout the relevant stages of the product lifecycle.

2. ENVIRONMENTAL STEWARDSHIP

2.1. Environment, Health, Safety and Sustainability Commitments

The Company is committed to maintaining appropriate standards of environmental protection, occupational health and safety and responsible business practices. The Company continues to identify and manage operational hazards, promote safe working practices and monitor compliance with applicable environmental and health-and-safety requirements.

2.2. Clean Energy and Climate Action

The Company continued to utilize its on-site 4.5 MW solar power plant at the Bhai Pheru facility as an important component of its energy and sustainability strategy. The solar facility contributes towards reducing reliance on grid electricity and associated Scope 2 emissions, while also providing greater resilience against increases in grid electricity tariffs.

In parallel, the Company continued to deploy energy-efficiency measures, including variable frequency drives (VFDs) and high-efficiency chillers, as part of its broader efforts to improve energy efficiency and progress towards its 2030 target of reducing carbon emissions by 90%.

The Company is also strengthening the measurement of Scope 1 and Scope 2 greenhouse gas emissions, including the development of an appropriate baseline, methodology and annual progress measurement framework to support its long-term decarbonization objectives.

2.3. Water Resource Conservation

Water conservation remains an important component of the Company's environmental management approach. Industrial and domestic wastewater generated at the facility is treated through an on-site three-stage Effluent Treatment Plant (ETP) comprising primary, secondary and tertiary treatment processes. The treatment system operates in accordance with applicable provincial National Environmental Quality Standards (NEQS). The Company also utilizes closed-loop cooling towers to reduce water consumption and minimize dependence on groundwater resources.

2.4. Waste Management and Environmental Compliance

The Company maintains structured waste-management practices designed to ensure the appropriate handling and disposal of waste generated through its pharmaceutical operations. Hazardous pharmaceutical residues and packaging materials are segregated at source and disposed of through certified third-party incineration facilities, while non-hazardous materials are directed towards appropriate recycling channels.



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During FY2026, the Company recorded zero environmental incidents and zero Environmental Protection Agency (EPA) non-compliance notices, based on Company records. The Company is further strengthening its sustainability data systems to support the progressive quantification and reporting of hazardous and non-hazardous waste generated, recycled, incinerated and otherwise disposed of, together with material environmental compliance matters and related actions.

3. SOCIAL RESPONSIBILITY, COMMUNITY & HUMAN CAPITAL

3.1. Occupational Health and Safety

The health and safety of employees remains a fundamental priority across the Company's manufacturing and operational facilities. During FY2026, the Company maintained a record of zero industrial fatalities and zero Lost-Time Injuries (LTIs) across its synthesis, formulation and solvent-storage operations. This performance was supported through routine emergency preparedness drills, regular auditing of fire-suppression systems and mandatory use of specialized personal protective equipment (PPE) appropriate to the nature of the work performed.

The Company is also strengthening its systems for the progressive collection and reporting of standardized safety indicators, including Lost-Time Injury Frequency Rate (LTIFR), total recordable injury rates, near-miss reporting, occupational illnesses, safety training hours and material corrective actions, with the objective of improving comparability and monitoring performance against defined targets.



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3.2. Human Resource, Employee Welfare, Training and Development

The Company considers its employees a key component of its long-term success. During the year, management continued to focus on employee capability, training and development, workplace safety, performance management, employee engagement and welfare.

The Company continued to invest in employee development and workplace welfare through structured training and employee-support initiatives. Training programmes covered areas including current Good Manufacturing Practices (cGMP), chemical spill response and industrial hygiene, helping employees maintain the technical knowledge and safety awareness required in a pharmaceutical manufacturing environment.



The Company also continued to provide a range of employee welfare facilities, including subsidized meals, clean and dedicated dining facilities, secure commuting transportation and access to an on-site medical dispensary, supporting employee well-being and a safe and supportive working environment.

3.3. Diversity, Equity and Inclusion

The Company is committed to providing equal opportunities and maintaining a respectful, inclusive and merit-based workplace. The Company continues to support diversity, equity and inclusion across recruitment, development, retention and career progression, consistent with applicable law and the Company's policies. Citi Pharma maintains merit-based recruitment and retention practices aimed at providing equal opportunities to employees and fostering an inclusive workplace. During FY2026, female representation continued to be supported across key functions, including analytical research and development, quality control, administration and regulatory affairs.

These practices are complemented by a formal anti-harassment policy and grievance mechanism, providing employees with established channels for raising concerns and supporting a respectful and professional workplace culture.

The Board continues to review the Company's progress in relation to gender diversity and broader DE&I considerations and will continue to strengthen relevant policies and practices.

3.4. Gender Pay Gap

The Company's gender pay gap for the year ended June 30, 2026, is presented below in accordance with the applicable SECP requirements:

Gender Pay Gap Indicator	FY2026
Mean Gender Pay Gap	23%
Median Gender Pay Gap	14.8%

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3.5. Corporate Social Responsibility and Community Impact

As part of its commitment to corporate social responsibility, Citi Pharma Limited continues to contribute towards community upliftment and social well-being, with a particular focus on the communities surrounding its plant site. Its CSR initiatives include education, livelihood opportunities, healthcare, vocational training and support for underprivileged individuals, including access to medical services for those in need.

- **Public Health and Access to Potable Water:** The Company continued to support surrounding communities through initiatives focused on basic healthcare and access to safe drinking water. A community water filtration plant operated by the Company provides free, laboratory-tested drinking water to neighboring villages in Kasur on a daily basis.

In addition, the Company's on-site dispensary contributes to community welfare by providing free medical consultations, clinical triage and essential medicines, thereby supporting access to basic healthcare services for members of the surrounding community.

- **Institutional Philanthropy:** Citi Pharma continued its philanthropic support for institutions serving vulnerable members of society. The Company sustained operational funding for an orphanage providing food, housing and schooling for children in need and continued its patronage of specialized institutions providing services in the fields of psychiatric care, sleep-related healthcare and addiction rehabilitation.
- **Local Economic Empowerment:** As part of its contribution to local economic development, the Company continued to prioritize qualified candidates from the Kasur and Bhai Pheru districts for employment and development opportunities, particularly in technical apprenticeships and roles associated with packaging and warehousing operations. This approach supports local employment while strengthening the Company's connection with the communities in which it operates.

4. SUSTAINABLE FUTURE & STRATEGY

4.1. Manufacturing Standards and Research & Development

Maintaining high standards of manufacturing quality and regulatory compliance remains central to the Company's operations. During FY2026, Citi Pharma continued to maintain DRAP cGMP compliance across its production lines, supported by its dedicated pharmaceutical research and development infrastructure.

The Company's 25,000 sq. ft. pharmaceutical R&D facility, together with the continued expansion of its Bioequivalence Center, supports the Company's efforts in pharmaceutical research, therapeutic testing and the development of products for potential export registrations.

4.2. Strategic Import Substitution

The Company continued to advance its strategic objective of supporting local pharmaceutical manufacturing and reducing dependence on imported products. During FY2026, Citi Pharma accelerated the commercial scale-up of localized biosimilar insulin manufacturing, with the objective of expanding access to affordable diabetes treatment within Pakistan while contributing towards the reduction of foreign exchange expenditure associated with imported pharmaceuticals.

4.3. Pakistan Green Taxonomy and ESG Data Readiness

The revised SECP ESG Disclosure Guidelines incorporate the Pakistan Green Taxonomy (PGT). The Company is evaluating the applicability of the PGT to its relevant economic activities and sustainability initiatives and is

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strengthening the underlying data and documentation required to support future taxonomy-related disclosures. Any taxonomy eligibility or alignment disclosures will be made only where the relevant criteria are met and supported by appropriate evidence.

4.4. Regulatory Framework and Phased Readiness Roadmap

This disclosure has been prepared with reference to the Securities and Exchange Commission of Pakistan (SECP) ESG Disclosure Guidelines for Listed Companies, updated in December 2025, and aligns with the sustainability-related oversight responsibilities of the Board of Directors under the amended Listed Companies (Code of Corporate Governance) Regulations, 2019.

Based on the Company's audited FY2026 financial and operational metrics, comprising total assets exceeding PKR 18.44 billion and a workforce of over 600 employees, the Company meets two of the applicable Phase II criteria under the SECP-notified framework. The Company is therefore preparing for the application of IFRS S1 and IFRS S2 for annual reporting periods beginning on or after July 1, 2026.

During FY2026, the Company continued to strengthen its internal data architecture, governance structures, internal controls and quantitative data-collection mechanisms to support the quality and consistency of sustainability-related information in future reporting periods.

Based on the SECP-notified transition provisions, the Company's reporting is expected to follow a structured phase-in approach, with the first reporting year focusing on the climate-related transition approach and Scope 1 and Scope 2 information under IFRS S2, followed by broader sustainability-related disclosures under IFRS S1 in subsequent reporting periods, including the progressive integration of Scope 3 value-chain emissions and applicable sustainability assurance requirements.

4.5. Product Responsibility and Patient Safety

The Company's product-responsibility framework is supported by an active pharmacovigilance network and automated batch-tracking systems, strengthening its ability to monitor product quality, traceability and patient-safety considerations throughout the relevant stages of the product lifecycle.

4.6. Looking Ahead

Citi Pharma remains focused on integrating sustainability, responsible business practices and long-term value creation into its operating and strategic priorities. The Company will continue to pursue improvements in energy efficiency and environmental management, maintain high standards of occupational health and safety, strengthen employee development and community initiatives, and uphold robust standards of governance, product quality and regulatory compliance.

As the Company progresses towards the phased application of IFRS S1 and IFRS S2, it will continue to enhance the governance, processes, controls and data capabilities required to support reliable, consistent and decision-useful sustainability-related disclosures. Through these initiatives, the Company seeks to support sustainable business growth while contributing positively to its employees, customers, shareholders, communities and the wider healthcare ecosystem.

