

Engro Corporation Limited

Policy on Sale / Lease of Property, Plant and Equipment (PPE)

Purpose / Scope

The purpose of this policy is to establish a framework of broad principles relating to acquisition and disposal of Property, Plant & Equipment (PPE). This policy will assist to ensure that a consistent approach is used which is also aligned with the overall corporate strategy.

Under the Code of Corporate Governance, the required policy has been named 'Policy on Sale / Lease of Assets, Undertaking, Capital Expenditure and Planning & Control.' However, this policy does not cover Long term equity investment in undertakings and businesses, which is covered under a separate policy.

Policy Statements

1 – Governance requirements

Management will obtain approval from the Board of Directors incurring capital expenditure on any single item and to dispose of any fixed assets, inventories and Property, Plant & Equipment, in accordance with the limits specified under the applicable law.

2 - Financial and technical evaluation

Capital expenditure is necessary to continue operations, fuel growth and enhance operational effectiveness and efficiencies. Since, capital expenditure has a major impact on cashflows and can encumber corporate funds for years, it requires close scrutiny at appropriate levels. Therefore, in making recommendation for incurring capital expenditure the management will ensure that evaluation of such an expenditure is carried out and reviewed by the appropriate level of authority. This may include financial and technical reviews, as well as compliance with HSE and other applicable standards.

3 - Monitoring and control

Management will ensure timely tracking and monitoring of all approved capital expenditure. Any substitution, addition or removal of existing approved items shall be approved by the appropriate authority (as delegated by the Company) or the Board where-ever required by law.
