

## Draft Terms of Reference of the Board Sustainability Committee

### Purpose

The Board Sustainability Committee (“BSC”) supports the Board in reinforcing the Company’s long-term commitment to all three pillars of sustainable development i.e. People, Planet and Prosperity. The BSC will provide focused oversight on environmental, social and governance (ESG) initiatives to drive responsible business practices, manage risks related to climate change, social impact and enhance stakeholder value. Additionally, it will ensure compliance with the Securities and Exchange Commission of Pakistan (SECP) ESG Guidelines, 2023 as well as with IFRS S-1 and S-2 standards, ensuring that sustainability reporting aligns with global best practices. The BSC will also strengthen transparency and accountability in meeting sustainability targets, fostering trust with investors, customers and the broader community.

#### I. Strategy and Policy Oversight

- a. Review and recommend the Company’s overall Sustainability and ESG (Environmental, Social, and Governance) Strategy, including alignment with global best practices & frameworks and local regulatory requirements.
- b. Oversee the development and annual review of key sustainability policies, including:
  - i. Environmental Policy (Focusing on water management, effluent treatment, energy efficiency, and GHG emissions reduction);
  - ii. Occupational Health, Safety, and Environment (OHS&E) Policy;
  - iii. Human Rights and Labor Practices Policy (covering wages, working hours, and prevention of forced / child labor);
  - iv. Diversity, Equity, and Inclusion (DE&I) Policy; and
  - v. Anti-Harassment Policy.

#### II. Climate Risk Management

Review and monitor the Company’s exposure to climate-related risks and opportunities, assessing their potential financial and operational impact.

##### Transition Risk

Review of potential transition risk which may result in financial loss or business disruption as the economy shifts toward low-carbon and climate-resilient business practices such as Carbon pricing, trade restrictions or carbon border taxes.

### Physical Risk

Review of both acute (flooding, wildfires and extreme heat & rainfall etc.) and chronic (Drought & water scarcity, shifting growing seasons and longer-term shifts in agricultural conditions etc.) risks associated with climate events to determine potential impacts on assets, infrastructure and supply chains.

### Regulatory Risk

Both current and emerging regulations are evaluated to ensure compliance and adaptability to evolving legal requirements for instance stricter emissions targets, access to green finance.

### Technological Risk

Considerations to technological advancements and their role in reducing carbon emissions or enhancing operational efficiency.

### Legal Risk

Review of potential legal exposures due to climate-related regulations and analyze market dynamics affected by consumer and investor climate awareness.

### Reputational Risk

Review and monitor potential reputational damage and loss of market share, brand/customer loyalty especially in key markets.

## III. Environmental Management

Resource Efficiency: Review and monitor performance on key environmental metrics including but not limited to:

- i. Efficient use of water and wastewater management;
- ii. Energy Consumption and renewable energy adoption targets;
- iii. Waste Management and circular economy initiatives;
- iv. Greenhouse Gas (GHG) emissions reduction targets;
- v. Biodiversity and Ecosystem Health; and
- vi. Compliance to local and international laws on Environment.

## IV. Social Responsibility

Workforce & Labor: Monitor management's adherence to fair labor standards, anti-harassment policies, and compliance with all relevant labour laws (e.g., Child Labour Law, Protection Against Harassment of Women at the Workplace Act, 2010).

Health and Safety: Oversee the Company's safety culture and performance, reviewing major incidents, key safety indicators (e.g., Lost Time Injury Frequency Rate), and proactive measures.

Community Engagement & Supply Chain: Review the Company's Corporate Social Responsibility (CSR) activities, community investment, and ethical sourcing practices throughout the textile supply chain, ensuring suppliers comply with the Company's sustainability standards.

Diversity & Inclusion: Monitor the implementation of DE&I strategies, priorities, and targets across the Board, management and workforce, including gender representation.

V. Governance and Reporting

Risk Integration: Ensure that sustainability-related risks and opportunities are effectively integrated into the Company's overall enterprise risk management (ERM) framework.

Disclosure: Oversee the integrity and accuracy of the Company's sustainability-related disclosures, including the Annual Sustainability Report, ensuring compliance with SECP ESG Disclosure Guidelines and alignment with frameworks like IFRS S1 and S2.

Stakeholder Engagement: Review the process and effectiveness of stakeholder engagement concerning sustainability issues.

Diversity & Inclusion: periodically review the data on gender diversity, pay gap ratio, minimum wage and ensure compliance with mandatory disclosures.

External Assurance: Recommend whether external assurance should be sought for the sustainability data and disclosures.

VI. Review of Terms of Reference

The BSC may review the ToRs of the BSC and shall revise from time to time with the approval of the Board; either when it is required by any change in law / Code of Corporate Governance or there is any need to do so, as decided by the BSC or the Board.

VII. Secretary

The BSC shall appoint a Secretary for necessary support who shall attend the BSC meetings, and be responsible for all meeting preparations, which would include ensuring that the Committee Members receive the necessary information and meeting documents in a timely manner. The Secretary shall also be responsible for the preparation and proper maintenance of the meeting minutes.

VIII. Quorum

The quorum for the transaction of any business of the BSC shall be of two Members.

IX. Meetings

The BSC shall meet at least twice in a financial year. The meeting shall be held prior to the Board meeting for approval of annual financial statement of the Company.

A meeting of the BSC shall also be held if requested by the stakeholders, or to discuss any specific agenda as desired by the Members of the BSC.

X. Notice of Meetings

The notice of the meeting confirming the venue, time, date and agenda shall be sent to each BSC Member at least seven days prior to the date of the meeting.

In special circumstances, or if there is a requirement for an urgent meeting, the notice period may be reduced or waived by the BSC, with the reasons being noted in the meeting minutes.

XI. Reporting to the Board

The BSC Chair shall report to the Board after each BSC meeting on the key deliberations, findings, recommendations and decisions taken.

XII. Minutes

The Secretary shall circulate the minutes of meetings of the BSC to all Members within fourteen days from the date of the BSC meeting and where this is not practicable or possible, the Chair of the BSC shall communicate a synopsis of the proceedings to the Board in the next Board meeting.

XIII. Self-Assessment and Review

The BSC shall conduct an annual review of its own performance and effectiveness, discuss the results of this evaluation and recommend improvements. At its discretion, the Committee may assign the evaluation of its performance and effectiveness to an external consultant