



INTERNATIONAL KNITWEAR LIMITED

BOARD OPERATIONS AND DECISION-MAKING

How board operates

The Board operates as stewards on behalf of shareholders for the governance of the Company. The Board performs its duties by giving guidelines to the management, setting performance targets and monitoring their achievements.

The primary role of the Board of Directors of the Company is to enhance shareholder value. The Board of International Knitwear is concerned with Strategic matters and overseeing the business of the Company in light of emerging risks and opportunities, regularly. The Board of International Knitwear is also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Company. The Board is also responsible for the Company's system of internal controls, policy frameworks, corporate governance, and risk assessments and is ultimately accountable for reviewing its effectiveness.

Decisions taken by the board

As per requirements of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, Board meetings of the Company are held on a quarterly basis where all matters that are considered significant or material are approved. In cases where urgent approvals are required, these are approved through circular resolutions, duly signed by each director. The policy of materiality specifies which transactions are considered as significant or material and are to be presented to the Board for their approval or ratification. Certain tasks are also delegated by the Board of Directors to its Committees in line with the approved Terms of References.

Decisions delegated to the management

Management is primarily concerned with setting in motion the strategies approved by the Board of Directors. It is the responsibility of management to operate the day-to-day business affairs of the Company effectively and ethically in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities, which could affect the Company in the course of carrying out its business.



INTERNATIONAL KNITWEAR LIMITED

ANNUAL EVALUATION OF THE BOARD, ITS MEMBERS AND ITS COMMITTEES AND DETAILS OF CRITERIA USED

The Code of Corporate Governance stipulates that the Board should put in place a mechanism for an annual evaluation of its performance. In line with this requirement, the Board has set a well-defined criteria for the evaluation of its performance, which focuses on the following areas:

Board Composition: Requisite knowledge and experience, diversity, size, number of independent directors, succession planning of the Board of Directors to gauge effective governance.

Board and CEO Compensation: Competitiveness of remuneration policy for the Board and its committees as well as the CEO.

Strategic Planning: Contributions towards robust and effective risk management and monitoring the Company's performance against its objectives.

Board Procedures: Evaluation of the transparency and effectiveness of the procedures of the Board.

Board Information: Whether appropriate and timely information was provided to the Board and its Committees.

Board and its Committees: To evaluate the effectiveness and efficiency of the operation of the Board and its committees.

Chairman & CEO Effectiveness: To evaluate the effectiveness of the Chairman and CEO.

Control Environment: Assessment of the oversight of the financial reporting process, including Internal controls in place.

Environmental, Social and Governance-(ESG): To assess the Board's commitment towards ESG, efforts and progress made on ESG initiatives.



INTERNATIONAL KNITWEAR LIMITED

RELATED PARTY TRANSACTIONS

Approved policy for related party transactions

The Company has a formal policy of Related Parties' Transactions which has been approved by the Board of Directors. The policy covers the procedures about review, approval and ratification of related party transactions and for providing disclosures as required under Section 208 of the Companies Act, 2017 and other applicable law. The Company maintains a party-wise record of transactions and ensures that it includes the minimum information as prescribed by the law. All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

Under the Company Policy for related party transactions, all related party transactions are reviewed periodically by the Board Audit Committee which is chaired by an Independent Director.



INTERNATIONAL KNITWEAR LIMITED

Directors' Remuneration

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the Board of Directors.

The salient features of the policy are:

- The Company will not pay any remuneration to its non-executive directors (including independent directors) except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A director shall be provided or reimbursed all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.



INTERNATIONAL KNITWEAR LIMITED

Social and environmental responsibility

Protecting the healthy environment

International Knitwear is committed to safeguarding a healthy environment for everyone by reducing adverse environmental impacts of our business across our value chain. This commitment shapes the way we source, manufacture, design, and distribute our products and forms the basis for our environmental management systems and governance.

International Knitwear has a policy on Environment, Health and Safety (EHS) which governs all operations and employee behaviour to ensure that the Company conducts its business in a manner which is protective of human health, safety, and the environment.

The policy is designed to achieve the following objectives:

- Maintain a safe and healthy workplace and environment;
- Continuously reduce the use of materials or practices that may hurt human health and the environment;
- Conserve energy and other natural resources;
- Integrate health, safety, and environmental concepts into business and operations planning and decision-making;
- Educate and engage employees to optimize health, safety, and environmental performance and provide other stakeholders with relevant information on these efforts; and
- Comply with all applicable laws and affiliate policies and standards designed to protect human health, safety and the environment.



INTERNATIONAL KNITWEAR LIMITED

Succession planning

International Knitwear's Board of Directors and senior management teams place a strong emphasis on succession and talent planning and on ensuring diversity and inclusion through this process. Talent Management Reviews (TMR) are carried out annually to assess critical positions, identify succession plans and create development plans. We identify potential next roles for each incumbent and successor, with a focus on ensuring the right experiences for a successful ongoing career at International Knitwear. We aim to make sure that current and future leaders are building the skills they will need for success.

Similar succession planning takes place at every level of the company. The senior leadership team conducts TMR's, each of which are sets out to identify "Ready Now" and "Ready Future" successors. This helps ensure that our pipeline of future leaders at all levels is continually maintained. Our people managers also have annual talent development goals.



INTERNATIONAL KNITWEAR LIMITED

Whistleblowing policy - “SPEAK UP”

Our Code of Business Conduct emphasizes our employees’ responsibility to report concerns. This requires us to create an environment where they can do so in good faith, without fear of retaliation. The code outlines International Knitwear’s responsibilities for handling employee grievances and complaints in an ethical way, and it strictly forbids any retaliation against any person who raises a complaint.

We have clearly defined systems and processes for asking questions and reporting suspected or actual violations of our code, policies or procedures. These include our Speak Up tool, which allows employees and external parties to raise concerns of potential misconduct in a manner that is confidential and (where permitted) anonymous, either by email, by telephone or through a website.



INTERNATIONAL KNITWEAR LIMITED

Safety of records of the Company

The company's policy for the safety of records extends beyond the legal and regulatory requirements. The records include books of accounts, and documentation about secretarial, legal, contractual, taxation and other matters. The objective of the Policy for Safety of Records is to safeguard the Company's records by taking effective actions about the creation, confidentiality, maintenance and disposal of the documents.

The policy for Safety of Records consists of the following points:

- To ensure and maintain digital back-up of all the relevant Legal, Administrative, Operational and other documents, intellectual property and records.
- The creation, maintenance, confidentiality and disposal of any official document should adhere to SOPs mentioned in the department.
- Real-time backup of data at on and off-site locations.



INTERNATIONAL KNITWEAR LIMITED

ROLE OF CHAIRMAN

The chairman of the Board has the responsibility to lead the Board and ensure its effective functioning and continuous development. The Chairman represents the non-executive directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings.

The main responsibilities of the Chairman of the Board are as follows:

- Ensure that the Board is operating effectively, and all matters relevant to the effective functioning of the Company are placed on the agenda of Board meetings;
- Conduct the Board meetings including fixing the agenda;
- Ensure that all the Directors are enabled and encouraged to fully participate in the deliberations and decisions of the Board; and
- Ensure that relevant, accurate and up-to-date Company information is received from the management and shared with the board members to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.



INTERNATIONAL KNITWEAR LIMITED

ROLE OF CEO

The Chief Executive is the senior executive on the Board and is primarily responsible for the management of the Company and its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Companies Act, 2017.

The main responsibilities of the CEO are as follows:

- To develop strategies involving the executive team, for the implementation of decisions established by the Board and its Committees.
- To maintain effective communication with the Chairman and bring all important Company matters to the attention of the Board.
- Working in the best interest of the Company and directing its overall growth by achieving and surpassing the performance targets set by the Board.
- Oversee the implementation of the Company's financial and operational plans in accordance with its business strategy.
- To ensure that all strategic and operational risks are effectively managed and that an adequate system of internal controls is in place for all major operational and financial areas.
- Develop Key Performance Indicators (KPI's) of the Company for the approval of the Board and International Knitwear to ensure dissemination of the same throughout the organization.
- To communicate on behalf of the Company with shareholders, employees, government authorities, other stakeholders and the public.
- To promote the highest moral, ethical and professional values and good governance throughout the Company.



INTERNATIONAL KNITWEAR LIMITED

SALIENT FEATURES OF TERMS OF REFERENCE OF BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee comprises of three members, all of whom are Non-Executive Directors. The committee is chaired by an Independent Director. The Audit Committee meets at least four times a year. The Company Secretary acts as the secretary to the Audit Committee.

The brief terms of reference of the Audit Committee are as follows:

- Requirements of the Company, prior to their approval by the Board of Director;
- Review of preliminary announcements of results prior to external communication and publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by the external auditors and management's response thereto;
- Review of scope and extent of the internal audit, audit plan, reporting framework and procedures and ensure that the internal audit function has adequate resources and is appropriately placed within the Company;
- Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, and the provision of any service permissible to be rendered to the Company by the external auditors in addition to the audit of its financial statements;
- Determination of appropriate measures to safeguard the Company's assets; and
- Consideration of any other issue or matter as may be assigned to the Committee by the Board of Directors.



INTERNATIONAL KNITWEAR LIMITED

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee comprises of an Independent Director, one Non-Executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director. The director of Human Resources acts as the secretary to the Human Resources and remuneration committee.

The terms of reference of the Committee as framed by the Board are as follows:

- Adopt the Company HR and remuneration policies as applicable; while ensuring that these remain within the framework of country laws and regulations;
- Make recommendations to the Board regarding selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary, Head of Internal Audit & Compliance, and any other key officers of the Company which shall normally be the direct reports of the CEO and Heads of Staff Functions; and
- Ensure the remuneration approach is consistent with the performance assessment and compensation framework of the Company.

Recommending human resource management policies to the Board;

- Developing, maintaining and monitoring appropriate Human Resource Policies and Procedures;
- Developing, maintaining and monitoring appropriate talent management programs including succession planning, recruitment, development, retention and termination policies and procedures for senior management;
- Developing and monitoring Workplace Health and Safety metrics and initiatives to ensure a safe working environment



INTERNATIONAL KNITWEAR LIMITED

BANKING COMMITTEE

The Committee comprises of an Independent Director, one Executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director. The Banking Committee is conferred with authorities related to banking management, including issuing instructions to the Company's bankers with regard to the Company's banking transactions and business, as it may consider appropriate.

The brief terms of reference of the Banking Committee are as follows:

- Approve any changes in the banking signatory matrix;
- Approve increase, decrease and cancellation of existing facility with a particular bank;
- Sign/approve agreements and documents pertaining to the acquisition of funded and non funded facilities with the bank(s); and
- Execute service execution agreement with bank(s).



INTERNATIONAL KNITWEAR LIMITED

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of an Independent Director, one Non-Executive Director, one Executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director.

The brief terms of reference of the Risk Management Committee are as follows:

- Approve and review the risk management framework and policies;
- Assess the adequacy of the systems and risk readiness of the Company;
- Evaluate risk exposure and tolerance of the Company;
- Review risk identified by the management and measures suggested for mitigation;
- Evaluate risk management controls devised by management; and
- Assist the Board in the formulation of risk management policies.



INTERNATIONAL KNITWEAR LIMITED

Nomination Committee

The nomination committee of a board is a group of directors responsible for selecting and recommending candidates for board membership to the full board. Its primary role is to ensure that the board is composed of highly qualified individuals with diverse backgrounds, experiences, and perspectives, who can effectively oversee the company's management and strategy.

The nomination committee is responsible for considering and making recommendations to the Board in respect of the Board's committee and its chairmanship. It is engaged in regular review of the structure, size and composition of the Board and to recommend any changes in respect thereof.



INTERNATIONAL KNITWEAR LIMITED

Terms of Reference (ToR) of the Share Transfer Committee

1. Purpose

The Share Transfer Committee is established to oversee and execute the process of transferring shares, ensuring that all share transfers are carried out in compliance with the company's Articles of Association, applicable laws, and regulations. The committee is also responsible for resolving any disputes related to share transfers and ensuring accurate record-keeping.

2. Composition

The committee consist of three members appointed by the Board of Directors.

One member will be appointed as Chairperson of the committee.

The Company Secretary or another designated officer will act as the secretary of the committee.

3. Roles and Responsibilities

The Share Transfer Committee shall:

Review and approve all share transfer requests submitted to the company.

Ensure that all share transfers comply with the company's Articles of Association, Securities and Exchange Commission of Pakistan (SECP) regulations, and the applicable listing rules of the stock exchange.

Verify the authenticity of the transfer instruments and supporting documents, including share certificates, transfer deeds, and identity verification documents.

Ensure that transfers are not in breach of any restrictions imposed by the company or regulatory authorities.

Handle and resolve any disputes or objections related to share transfers.

Maintain a clear and accurate record of all transfers in the company's register of members.

Liaise with the company's Registrar and Transfer Agent (RTA) to ensure proper execution and documentation of share transfers.

Report to the Board of Directors on the status of share transfers and any issues encountered.

4. Meeting Frequency

The committee will meet as needed, depending on the volume of share transfer requests, but at least on a quarterly/half-year/annual basis.

5. Reporting to the Board

The Share Transfer Committee shall regularly report its activities and decisions to the Board of Directors, including any significant issues related to share transfers.

The committee will also present an annual summary report to the Board detailing the volume and nature of transfers handled during the year.



INTERNATIONAL KNITWEAR LIMITED

SUSTAINABILITY & SOCIAL IMPACT STRATEGY

1. Environmental Disclosures

Energy and Resource Efficiency

- Efforts to reduce energy consumption through renewable energy sources and efficient technologies in manufacturing processes.
- Water conservation initiatives, such as wastewater treatment and reuse in production.

Waste Management

- Recycling programs for textile waste and packaging materials.
- Reduction in the use of hazardous chemicals in production.

Carbon Footprint

- Measures to reduce greenhouse gas emissions, such as improving logistics and transportation efficiency.
- Progress toward reducing the company's carbon footprint and achieving climate-related goals.

2. Social Disclosures

- **Labor and Working Conditions**

- Compliance with labour laws and ensuring safe, fair, and healthy working conditions for employees.
- Employee development programs, including skill enhancement and career growth opportunities.

- **Diversity and Inclusion**

- Promoting gender equality and diversity within the workforce.
- Support for women's empowerment and local communities, including fair wages and benefits.

- **Community Engagement**

CSR initiatives focusing on education, healthcare, and improving livelihoods in the communities where the company operates.

3. Governance Disclosures

- **Business Ethics**

Implementation of ethical business practices, including anti-corruption policies and a code of conduct for suppliers and employees.

- **Supply Chain Transparency**

Efforts to ensure sustainable and ethical sourcing of materials, including supplier audits and certifications for fair labour practices.

- **Sustainability Governance**

The Board's role is to oversee sustainability practices and progress toward ESG goals.

4. Sustainable Products

- **Eco-friendly Materials**

Use of organic, recycled, or sustainably sourced fabrics in production.

- **Sustainable Design and Innovation**

Initiatives to create durable, environmentally friendly garments that minimize waste through efficient design.



INTERNATIONAL KNITWEAR LIMITED

Anti-Harassment Policy

1. Purpose

The purpose of this policy is to promote a safe, respectful, and harassment-free workplace for all employees, contractors, and visitors of the Company. The company is committed to providing an environment where all individuals are treated with dignity and respect, free from all forms of harassment, including sexual harassment, discrimination, bullying, and any inappropriate behavior.

2. Scope

This policy applies to all employees, contractors, vendors, suppliers, clients, and any other individual associated with the Company, both on-site and during off-site work-related activities. It covers harassment occurring in the workplace, during business trips, work-related events, or through electronic communications.

3. Definitions

Harassment:

Unwelcome conduct based on race, colour, religion, sex, gender identity, sexual orientation, national origin, age, disability, or any other legally protected characteristic. Harassment becomes unlawful when enduring it becomes a condition of continued employment, or when it creates a hostile, intimidating, or abusive work environment.

Sexual Harassment:

Any unwelcome sexual advances, requests for sexual favours, or other verbal or physical conduct of a sexual nature that interferes with an individual's work performance or creates an intimidating, hostile, or offensive work environment.

Bullying:

Repeated and unreasonable behaviour directed towards an employee or group of employees creates a risk to health and safety, such as threatening, humiliating, or intimidating conduct.

4. Prohibited Conduct

The following behaviours are considered harassment and are prohibited under this policy:

Verbal harassment, including offensive jokes, slurs, name-calling, or insults.

Physical harassment, including unwelcome touching, physical assault, or threats.

Visual harassment, including offensive images, emails, or gestures.

Sexual harassment, including inappropriate comments, unwanted sexual advances, or requests for sexual favours.

Bullying, including spreading rumours, social exclusion, or any behaviour that undermines an individual's dignity and safety.

Retaliation against individuals who report harassment or participate in an investigation.

5. Employee Responsibilities

All employees are responsible for:

Treating colleagues, clients, and visitors with respect.

Refraining from engaging in any form of harassment or inappropriate conduct.

Reporting any incidents of harassment they witness or experience as soon as possible.

Cooperating in investigations related to harassment complaints.

6. Reporting Procedure

Employees who believe they have been harassed or have witnessed harassment should report the matter promptly to:

Their immediate supervisor or manager.

Human Resources Department.

Any designated anti-harassment officer or external complaint hotline.

Reports may be made verbally or in writing, and employees are encouraged to provide as much detail as possible.

7. Investigation Process

All reports of harassment will be treated seriously, promptly, and confidentially.

Upon receiving a complaint, Human Resources or a designated team will conduct a thorough investigation, including interviewing the complainant, the alleged harasser, and any witnesses.

The investigation will be conducted impartially, ensuring fairness to all parties involved.

Once the investigation is complete, the company will take appropriate action, which may include disciplinary measures such as warnings, suspension, or termination, depending on the severity of the offence.

8. Confidentiality

All complaints and investigations will be handled confidentially to the extent possible. Information will only be shared on a need-to-know basis to ensure a fair investigation. Employees involved in an investigation are expected to maintain confidentiality and not discuss the matter outside of the process.

9. Retaliation Prohibition

Retaliation against anyone who reports harassment provides information, or participates in an investigation is strictly prohibited. Retaliation may include demotion, unfair treatment, or termination. Any act of retaliation will be subject to disciplinary action.

10. Disciplinary Action

Any employee found to have violated this Anti-Harassment Policy will face appropriate disciplinary action, which may include:

Verbal or written warnings.

Mandatory counselling or training.

Suspension or demotion.

Termination of employment.

For non-employees (e.g., contractors, clients), the company may terminate contracts, report behavior to their employers, or take legal action where necessary.

11. Training and Awareness

The company will provide regular training to all employees on anti-harassment policies and the importance of maintaining a respectful workplace.

New employees will receive training as part of their onboarding process.

Managers and supervisors will receive additional training on handling complaints and maintaining a harassment-free workplace.

12. Policy Review

This policy will be reviewed annually to ensure it remains compliant with relevant laws and aligned with the company's values. Any changes or updates will be communicated to all employees.

13. Contact Information

For questions regarding this policy or to report an incident, employees can contact the Human Resources Department by calling them or through email.