

# **NAGINA COTTON MILLS LIMITED**

## **SIGNIFICANT BUSINESS POLICIES**

### **1. Risk Management**

The company shall protect all of its assets (human, financial and non-financial) against various risks by taking appropriate measures including effective and efficient internal controls and adequate insurance covers.

### **2. Human Resource**

The company gives prime importance to its most valuable resource, its people and has formulated comprehensive policies to manage the team members, to employ the most able persons without any discrimination and make them a valuable part of the organization by appraising their performance and improving their skills through continuous training and development.

The Company also seeks to attract and retain qualified employees who are willing to contribute their best possible efforts to achieve the business objectives of the company.

The management has succession plans in place whereby young professional qualified individuals are hired as "Management Trainees" for the key positions to fill the gaps that may be created after the retirement or separation of existing experienced employees.

### **3. Procurement of Goods and Services**

Goods and services would be bought at best prices only for the business purposes without compromising quality. The management would follow the approved procedures and controls to ensure timely and economical procurement.

### **4. Marketing**

The company would take different measures for introducing its products to the customers locally and internationally. The marketing department will visit overseas customers to introduce its product and to determine any product development in the international market including gathering information regarding innovations in latest textile machinery.

Local sales will be made with the help of local sales agents. Local and international visits shall be made with the object of strengthen bond with existing customers and to explore new markets.

### **5. Credit And Discount to Customers**

For export sales shipment would be made mostly against irrevocable letter of credit. However, in special circumstance, goods may be shipped on credit or any other mode of settlement.

If goods are shipped on credit, specific permission in writing will be taken from the Chief Financial Officer of the company.

For local sales credit to customers would be allowed on the basis of their credit evaluation reports, reputation and supply and demand conditions of the market.

Discount is not allowed to all customers rather it is limited to a small number of local and foreign buyers keeping in view their creditworthiness and norms of the industry.

### **6. Write-off of bad debts and other assets**

Doubtful receivables outstanding for more than 3 years shall be written off by Chief Financial Officer. However, prior approval of Chief Executive Officer is required to write-off any asset of the company including receivables, advances, inventory and fixed assets.

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### **7. Acquisition and Disposal of Fixed Assets**

Fixed Assets shall be acquired keeping in view the expansion plans and long term benefits of the company. Redundant, obsolete and expired fixed assets should be disposed at best available price. Decisions for acquisition and disposal shall be approved by the Board and applicable laws, regulations and its own internal control procedures should be followed for this purpose.

### **8. Investment**

- Surplus funds should be invested preferably in risk-free securities and deposits, including but not limited to Corporate Securities, Government securities, TFC's, Sukuks, scheduled banks' fixed deposits, and money market instruments subject to tax adjusted returns.
- Investments shall be guided by the principles of financial risks, liquidity, and return.
- The Director Finance shall evaluate and recommend investment opportunities for consideration of the management.
- All investments must comply with applicable laws, regulations, and internal risk management policies.

### **9. Disinvestment**

- Disinvestment decisions shall be made considering liquidity needs, market conditions, and risk exposure.
- Routine disinvestment of short-term investments may be approved by the CEO/ Director Finance.
- Any disinvestment exceeding six (6) months maturity or resulting in significant financial impact shall require Board approval.
- The rationale and performance of each disinvestment decision shall be documented and reported to the Board.

### **10. Debt Coverage Policy**

- The Company shall maintain an optimal balance between equity and debt to ensure long-term financial sustainability.
- Debt shall be raised only for purposes that create long-term value, such as capital expansion, working capital requirements, or other strategic initiatives approved by the Board.
- The Company shall maintain a current ratio, debt-to-equity ratio and debt service coverage ratio (DSCR) within acceptable industry benchmarks.
- The Director Finance shall monitor all debt obligations, ensuring timely payment of principal and interest.

### **11. Borrowing Powers**

The Board is empowered by the Articles of Association of the company and the Companies Act, 2017 for borrowing money to meet the day to day financial needs of the company.

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### **12. Donations and Charities**

The company would contribute in the betterment of society by donating its funds to deprived and deserving persons/organization. However investigations shall be conducted before the release of funds, to verify the request of applicant, by the CEO or any other person authorized by him in this behalf.

Prior approval of the Board is required to release the funds. However, the Board may authorize Chairman and/or CEO to approve payments in its behalf.

### **13. Delegation of Financial Powers**

The list of authorized signatories alongwith respective authority levels shall be approved by the Board of Directors and no other person is authorized to exercise financial powers except prior approval of Board. The Board may authorize Chief Executive Officer of the Company to authorize officers of the Company to exercise financial powers. The Board is responsible to communicate the list of authorized signatories to concerned organizations.

### **14. Transactions with Associated Undertakings**

The transactions with associated undertakings will be governed in accordance with section 208 of the Companies Ordinance, 1984 and no preferential treatment would be given while dealing with associated undertakings and related parties.

### **15. Health, Safety and Environment**

Industrial growth and increased population has raised concerns for environmental issues. We endeavor to provide safe and healthy working environment.

The management will ensure, as far as is reasonably practicable, the safety of their employees and other people at work by maintaining safe premises, plant & machinery and implementing system of proper safety instructions.

The company shall have adequate health insurance cover for its employees.

## **Grievances Handling Policy**

### **Objective**

1. To encourage employees of the Company to share their grievances at the appropriate forum within the Company.
2. To build confidence amongst employees in the management's unbiased approach and resolve to treat all employees in just and fair manner.
3. To devise a procedure for grievances reporting and resolution.

### **SCOPE**

This policy is applicable to all employees of the Company.

### **PROCEDURES**

1. Employees are encouraged to bring to the attention of immediate supervisors / managers any dissatisfaction with alleged discrimination and unfair treatment with regards to work schedules, assignments and working conditions.
2. Employees can raise concerns without fear of reprisal. Informal resolution of disputes is encouraged. However if a matter is deemed important, the following steps may be taken.

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Step One: To encourage informal resolution, an employee shall orally discuss the dispute with the immediate supervisor/manager. They will discuss it and agree upon a plan to resolve it.

Step Two: If informal resolution is not successful or if the dispute is with the employee's immediate supervisor/manager, a written statement of the dispute shall be submitted to the General Manager Admin / Human Resource. He will meet with the employees involved in the dispute and they will agree upon a plan to resolve it.

Step Three: If informal resolution is not successful or if the dispute is not settled by General Manager Admin / Human Resource, a written statement of the dispute / grievance shall be submitted to the Chairman and /or Mg. Director. He will meet with the employee concerned and agree upon a plan to resolve it. Employee is bound to act upon the recommendation(s) of the Chairman / Mg. Director.

### **Succession Plan:**

To ensure availability of sufficient number of appropriately qualified and competent employees from internal sources to meet the future human resource needs of the organization, Human Resource Department shall identify suitable employees in the early stages of their careers and groom through a process of job rotation and training, to assume more responsible positions in the organization arising due to promotions, transfers, retirement or death of key employees.

### **Whistle Blowing Policy:**

#### **Objectives**

The Company is committed to high standards of ethical, moral and legal business conduct. In line with this commitment, the main objective of the policy is to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information, which they believe shows serious malpractice and impropriety. Other objective is the whistleblower's protection from victimization, harassment or disciplinary proceedings.

#### **What is Whistle blowing:**

Whistleblowing is the confidential disclosure by an individual of any concern encountered in the workplace relating to a perceived wrongdoing.

#### **Scope of The Policy:**

This policy shall cover the concerns relating to the Company, its Sponsors, Employees and trading partners.

#### **Types of Concerns**

1. Financial malpractice or impropriety or fraud.
2. Un-ethical and illegal conduct including sexual, physical or other abuses.
3. Damage to the environment including health and safety risks.
4. Gross misconduct of Company's code of ethics.

#### **Safe Guards**

Whistle blower shall be safeguarded from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.

The identity of the whistleblower will be protected at all stages in any internal matter.

#### **Process for Raising a Concern**

Types of concerns as mentioned above should be reported to the Investigating authority in the following hierarchy.

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1. If the matter relates to whistle blower's own department or relates to his/her colleague, then he/she should raise the matter to the concerned department's manager and/or Head of the department.
2. If the matter relates to misconduct and/or malpractice committed by the Head of the department or any other matter, which cannot be addressed as per serial-1 above, then whistle blower should report the matter to Concerned Sponsor Director of the Company.

### **How to Communicate the Concerns**

1. Whistle blower can raise the matter in person by meeting the concerned Investigation authority.
2. The Whistleblower can raise concern by email or Postal mail (named or anonymous) Reports should be marked Private and Confidential,

### **Procedure**

- a. Whistle blower to provide full details, clarifications along with supporting evidences of the complaint.
- b. The investigating authority should inform the member of staff against whom the complaint is made as soon as is practically possible.
- c. The allegations should be fully investigated by the investigating officer with the assistance where appropriate, of other individuals / bodies.
- d. The investigating authority will make a judgment concerning the bona fide of the Concern raised by the whistle blower. This judgment will be detailed in a written report containing the findings of the investigations and reasons for the judgment.
- e. The Whistle blower should be kept informed of the progress of the investigations and, if appropriate, of the final outcome.
- f. The investigation authority will prepare a report and its recommendations and submit to the Chief Executive and/or Chairman of the Company.
- g. The Chief Executive and/or Chairman of the Company shall specifically ensure that whistle blower raised the matter without any malicious mind and investigation done by the investigating authority in a objective and fair manner.
- h. The Chief Executive and/or Chairman of the Company will review the report and assess the accuracy and facts mentioned in the report and if found suitable allow implementation of recommendations or otherwise decide what action(s) to be taken including Disciplinary and Misconduct proceedings.

If the whistle blower is not satisfied that his/her concerns are not addressed properly by the Investigation authority, then they have the right to raise it in confidence with the Chief Executive or the Chairman as the case may be.

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### **FORMAL REMUNERATION POLICY**

**POLICY:** The Company is committed to achieving sustained improvements in performance and this depends crucially on the individual contributions made by the executive team and by employees at all levels. The Board believes that an effective remuneration strategy plays an essential part in the future success of the Company.

Accordingly, the remuneration policy will reflect the following broad principles:

- the remuneration of both Executive and Non-Executive Directors and other members of Senior Management should reflect their responsibilities and contain incentives to deliver the Company's performance objectives without encouraging excessive risk taking;
- remuneration must be capable of attracting and retaining the individuals necessary for business success without being able to be perceived as compromising their independence;
- remuneration policy must be sufficiently flexible to take account of changes in the business environment and market practices;
- total remuneration should be based on Company's and individual performance, both in the short and long term;
- the system of remuneration should establish a close identity of interest between senior executives and shareholders through measures such as encouraging the senior executives to acquire shares in the Company.
- When determining remuneration, the committee will take into account pay and employment conditions elsewhere in the Group.

**PROCEDURE:** Keeping in view the above policy, HR & R Committee of the Board will recommend the remuneration / meeting fee of the Executive and Non-Executive directors of the Company for rendering services / attending the Board meetings and its committee meetings.

### **Communication and Investor Relations Policy**

The Company has formulated and implemented this Communication and Investor Relations Policy, recognizing that effective communication is critical for building trust, ensuring transparency, and maintaining a productive and engaged corporate environment.

The policy is guided by the principles of the 7-Cs of Communication — Clear, Correct, Complete, Concrete, Concise, Considered, and Courteous — which underpin both internal and external communication.

This Policy covers the following:

1. Role of the Board of Directors
2. Scope, Intent and Objectives
3. Principles of Communication and Communication Systems
4. Procedures and Methods of Communication
5. Roles and Responsibilities of Executive and Senior Management
6. Investor and Shareholder Relations

#### **1. Investor and Shareholder Relations**

Nagina Cotton Mills Limited is committed to ensuring timely, accurate, balanced, and transparent disclosure of information to shareholders, investors, regulators, and the public in accordance with the rules and regulations of the Pakistan Stock Exchange (PSX) and the Securities and Exchange Commission of Pakistan (SECP).

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- All statutory disclosures, announcements, and submissions to the PSX and SECP will simultaneously be made available on the Company's official Investor Relations section of the corporate website.
- In the event that previously undisclosed material information becomes known to the public, the Company will promptly disseminate such information through PSX and update the corporate website accordingly.
- The Company ensures that communication with shareholders and prospective investors is fair, transparent, timely, accurate, and easily understandable.
- Only authorized spokespersons will represent the Company in communications with investors, shareholders, analysts, and media. They will also maintain regular dialogue with shareholders to understand their concerns and provide clarifications where required.

### **2. Communication Channels**

The Company employs multiple channels to ensure effective dissemination of information, including but not limited to:

- **General Meetings:** Annual General Meeting (AGM) and Extraordinary General Meeting (EGM), where applicable.
- **Financial Reporting:** Publication of quarterly, half-yearly, and annual financial statements along with management commentary.
- **Investor Briefings:** Presentations and sessions with media, analysts, and investors, particularly on half-yearly and annual results.
- **Corporate Announcements:** **Press releases, circulars, and statements regarding significant corporate developments, all made available on the corporate website.**
- **Direct Engagement:** Investor meetings, conference calls, , and participation in local/overseas investor conferences.
- **Corporate Website:** [www.nagina.com](http://www.nagina.com), which hosts annual reports, disclosures, investor updates, press releases, and other shareholder information.
- **Investor Relations Contact:** Shareholders and prospective investors may contact the Investor Relations Department at +92-42-35756270 or via email at [info@nagina.com](mailto:info@nagina.com).

### **3. Commitment to Shareholders and Stakeholders**

Through this Policy, the Company reaffirms its commitment to:

- Upholding the highest standards of transparency, fairness, and accountability in communication.
- Ensuring that all shareholders have equal access to material information.
- Maintaining open, two-way communication to build and strengthen long-term relationships with shareholders and investors.

## **Governance of Risks and Internal Control Measures Policy**

### **1. Purpose and Objective**

The purpose of this Policy is to establish a structured framework for governance of risks and internal controls within **Nagina Cotton Mills Limited** ("the Company").

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The objectives of this Policy are to:

- Identify, assess, and manage potential risks that may affect the Company's ability to achieve its strategic, operational, financial, and compliance objectives.
- Ensure the integrity and reliability of financial and non-financial reporting.
- Safeguard Company assets and stakeholders' interests.
- Promote a culture of accountability, transparency, and ethical conduct across the organization.

### **2. Scope**

This Policy applies to:

- The **Board of Directors**, Committees of the Board, and Executive Management.
- All employees of the Company, including subsidiaries and business units.
- Key stakeholders such as regulators, investors, shareholders, suppliers, and customers.

### **3. Governance Framework**

#### **3.1 Role of the Board of Directors**

The Board has ultimate responsibility for oversight of the Company's risk management and internal control system. The Board shall:

- Review the risk management and internal control framework.
- Set the Company's risk appetite and tolerance limits.
- Ensure that adequate resources, processes, and controls are in place.
- Review reports from the Audit Committee and internal/external auditors on the effectiveness of risk and control systems.

#### **3.2 Role of Management**

Executive and Senior Management shall:

- Identify, assess, and monitor risks in their respective areas.
- Implement effective internal controls and risk mitigation measures.
- Promote compliance with applicable laws, regulations, and Company policies.
- Report periodically to the Board/Audit Committee on risk exposures and mitigation strategies.

### **4. Risk Management Framework**

The Company adopts a **structured approach to risk management** based on the following steps:

1. **Risk Identification:**
  - Regularly identify internal and external risks including operational, financial, compliance, reputational, environmental, social, and technological risks.
2. **Risk Assessment:**
  - Analyze and prioritize risks based on likelihood and impact.

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- Classify risks as High, Medium, or Low.
- 3. **Risk Mitigation:**
  - Develop and implement preventive and corrective controls.
  - Define contingency and business continuity plans.
- 4. **Risk Monitoring and Reporting:**
  - Continuously monitor risk indicators and control effectiveness.
  - Submit risk reports to the Audit Committee and the Board periodically.
- 5. **Review and Improvement:**
  - Conduct annual review of risk management policies and procedures.
  - Update framework to reflect changes in business environment, laws, or best practices.

### **5. Internal Control Measures**

The Company's internal control system is designed to:

- Safeguard assets against loss from unauthorized use or disposal.
- Ensure proper authorization and recording of transactions.
- Guarantee compliance with laws, regulations, and contractual obligations.
- Provide reliable financial and operational reporting.
- Detect and prevent errors, irregularities, or fraud.

Key internal control components include:

- **Control Environment:** Ethical culture, code of conduct, and governance structure.
- **Risk Assessment:** Ongoing evaluation of risks and vulnerabilities.
- **Control Activities:** Policies, approvals, reconciliations, segregation of duties, and authorization limits.
- **Information and Communication:** Transparent and timely reporting within the Company and to stakeholders.
- **Monitoring Activities:** Internal audits, external audits, management reviews, and Board oversight.

### **6. Compliance and Assurance**

- Internal Audit shall independently evaluate the effectiveness of internal controls and risk management processes.
- External Audit shall provide assurance on the accuracy of financial reporting.
- Management shall ensure compliance with all regulatory requirements and CCG.

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### **Anti-Harassment for Employees and Protection of Women at Workplace Act 2010 Act (Amended 2022) Policy**

#### **Objective:**

The purpose of this Anti-Harassment Policy is to promote a safe, respectful, and workplace free from harassment, abuse, intimidation in compliance with the Protection Against Harassment of Women at the Workplace Act 2010 and respective provincial laws currently in force. This policy is applicable to all employees, contractors, visitors, and any person associated with the workplace.

#### **Scope:**

This policy applies to all employees, regardless of their position, location, or contractual status, and covers all interactions that occur within the workplace or during work-related activities.

#### ***Types of Harassment***

- **Abuse of Authority:** demanding sexual favors from subordinate in exchange for the subordinate to keep or obtain job benefits.
- **Hostile environment:** One where the complainant feels uneasy, abused and intimidated which interferes with the complainant's work performance.
- **Retaliation:** Refusing a sexual favor results in limiting promotion, generating gossip or distorting evaluation reports etc.

#### ***Procedure to Register Complaint***

- A complainant or a staff member designated by the complainant for the purpose may report an incident of harassment informally to his/her supervisor, or a member of the Inquiry Committee, in which case the supervisor or the Committee member may address the issue at her discretion in the spirit of this Code. The request may be made orally or in writing.
- If the case is taken up for investigation at an informal level, a senior manager from the office or the head office will conduct the investigation in a confidential manner. The alleged accused will be approached with the intention of resolving the matter in a confidential manner.
- If the incident or the case reported does constitute sexual harassment of a higher degree and the officer or a member reviewing the case feels that it needs to be pursued formally for a disciplinary action, with the consent of the complainant, the case can be taken as a formal complaint.
- The complainant may make formal complaint through her supervisor, Collective Bargaining Agreement (CBA) nominee or worker's representative, as the case may be, or directly to any member of the Inquiry Committee.
- The Committee member approached is obligated to initiate the process of investigation. The supervisor shall facilitate the process and is obligated not to cover up or obstruct the inquiry.
- Assistance in the inquiry procedure can be sought from any member of the organization who should be contacted to assist in such a case.
- The employer shall do its best to temporarily make adjustments so that the accused and the complainant do not have to interact for official purposes during the investigation period. This would include temporarily changing the office, in case both sit in one office, or taking away any extra charge over and above their contract which may give one party excessive powers over the other's job conditions. The employer can also decide to send the accused on leave, or suspend the accused in accordance with the applicable procedures for dealing with the cases of misconduct, if required.

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- Retaliation from either party should be strictly monitored. During the process of the investigation work, evaluation, daily duties, reporting structure and any parallel inquiries initiated should be strictly monitored to avoid any retaliation from either side.
- The harassment usually occurs between colleagues when they are alone therefore usually it is difficult to produce evidence. It is strongly recommended that staff should report an offensive behavior immediately to someone they trust, even if they do not wish to make a formal complaint at the time. Although not reporting immediately shall not affect the merits of the case.

### ***Members in Inquiry Committee***

The committee consisting of following three members to address the complaints:

- i. Anyone of GM Admin or GM HR.
- ii. Department head of accused and accuser.
- iii. A senior female member.

The Inquiry Committee will determine a chairperson among themselves and will fix the time and place for its meetings.

The Inquiry Committee after the receipt of a written complaint, shall

- a. within three days communicate in writing the charges and statement of allegations to the accused.
- b. require the accused, within seven days from the day the charge is communicated to him, to submit a written defense and on his failure to do so without reasonable cause, the Committee shall proceed ex-parte.
- c. enquire into the charge and may examine such oral or documentary evidence in support of the charge or in defense of the accused as the Committee may consider necessary and each party shall be entitled to cross-examine the witnesses against him/her.

### ***Powers of the Inquiry Committee***

The Inquiry Committee shall have the power to summon and enforce attendance of any person and examine him on oath, require the discovery and production of any document, receive evidence on affidavits, record evidence, get the complainant or the accused medically examined by authorized doctor, if necessary.

### ***Findings, Recommendations and Penalties***

The Inquiry Committee shall submit its findings and recommendations to the Competent Authority within thirty days of the initiation of inquiry. If the Inquiry Committee finds the accused to be guilty it shall recommend to the Competent Authority for imposing one or more of the following penalties:

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Minor penalties:

- a. Censure.
- b. Withholding, for a specific period, promotion or increment.
- c. Recovery of the compensation payable to the complainant from pay or any other source of the accused.

Major penalties:

- a. Reduction to a lower post or time-scale, or to a lower stage in a time-scale.
- b. Compulsory retirement.
- c. Termination / Removal from service.

### **Competent Authority:**

Chief Executive Officer (CEO) of the Company and in case of CEO being accused, the committee of any two Board members.

### **Implementation of the Decision**

The Human Resource Department shall impose the penalty recommended by the Inquiry Committee within one week of the receipt of the recommendations. The Inquiry Committee shall meet on a regular basis and monitor the situation regularly until they are satisfied that their recommendations subject to decision. In case the complainant is in trauma the organization will arrange for psycho-social counseling or medical treatment and for additional medical leave. The organization may also offer compensation to the complainant in case of loss of salary or other damages.

### **Appeal**

Any party on whom minor or major penalty is imposed and is dissatisfied by the decision of the Human Resource Department may within (30) thirty days of written communication of the decision file an appeal before Human Resource Department for this purpose. The Appellate Authority may, on consideration of the appeal and any other relevant material, confirm, set aside, vary or modify the decision within thirty days in respect of which such appeal is made. It shall communicate the decision to both the parties and the inquiry committee.

### **Mala Fide Accusation**

The Inquiry Committee may recommend to Ombudsperson for appropriate action against the complainant if allegations leveled against the accused are found to be false and made with mala fide intentions.

The Code of Conduct of the policy is disseminated via email and /or displayed at prominent in workplace both in English and Urdu.

# **NAGINA COTTON MILLS LIMITED**

## **Sustainability Risks Policy**

**1. Introduction** At Nagina Cotton Mills Limited, we acknowledge the textile industry's profound impact on the global environment, society, and economy. Sustainability is central to our operations, ensuring a harmonious approach to economic growth, environmental care, and social responsibility. This policy formalizes our dedication to identifying, managing, and mitigating sustainability risks in accordance with the Securities and Exchange Commission of Pakistan (SECP) notification dated June 12, 2024.

The Company strictly adheres to its mission and commitment to the sustainability of society and is actively exploring and collaborating with society for the development of a sustainable future through our business.

**2. Purpose** The objectives of this policy are to:

- Address sustainability risks linked to Environmental, Social, and Governance (ESG) factors.
- Align our practices with global standards, including the Sustainable Development Goals (SDGs).
- Ensure adherence to national and international regulations.
- Foster sustainable business growth and create long-term value for stakeholders.

**3. Scope** This policy is applicable to all business activities, stakeholders, and processes within Nagina Cotton Mills Limited. It includes:

- Internal operations.
- Collaboration with suppliers, employees, and business partners.

## **4. Key Sustainability Risks**

### **4.1 Environmental Risks:**

- Overuse of water and improper wastewater management.
- Excessive energy consumption and greenhouse gas (GHG) emissions.
- Inefficient waste generation and disposal practices.

### **4.2 Social Risks**

- Ensuring workplace health and safety.
- Preventing child labor and protecting labor rights.
- Enhancing employee welfare and fostering skill development.

### **4.3 Governance Risks**

- Failure to comply with regulations and standards.
- Weak stakeholder engagement and accountability mechanisms.
- Insufficient transparency in reporting practices.

## **5. Sustainability Practices and Mitigation Measures**

ESG strategy includes specific goals, targets and actions related to environmental, social, and governance considerations.

**5.1 Environmental Sustainability:** We are committed to reducing our environmental impact and promoting sustainable practices across our operations and supply chain. We aim to

- Optimize water usage through advanced recycling systems and innovative technologies.

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- Replace harmful chemicals with eco-friendly alternatives in production processes.
- Invest in renewable energy to reduce carbon emissions.
- Establish efficient waste management systems, promoting recycling and material reuse.

**5.2 Social Responsibility:** We are committed to upholding fair labor practices, promoting diversity and inclusion, and supporting the communities where we operate. We aim to

- Enforce fair labor policies and maintain safe work environments.
- Conduct regular training on sustainability topics and skill enhancement programs.
- Engage with communities through development initiatives to promote social well-being.
- Provide opportunities for dialogue, a comfortable working environment, and a place for growth to all employees who share our business philosophy.

**5.3 Governance:** We are committed to promoting ethical governance and transparency in all our business practices. We aim to

- Maintain a high standard of corporate governance and create internal systems to ensure adherence to sustainability standards.
- Conduct periodic internal audits and assessments of ESG performance metrics.
- Maintain open and transparent communication with stakeholders via sustainability reports.

## **6. Additional Commitments**

**6.1 Products, Services & Solutions** In collaboration with our customers and partners, we will develop a sustainable future for society by creating solutions and products to solve social and environmental problems and enhance the quality of life throughout the world.

**6.2 Workplaces and Local Communities** We respect diverse cultures and values and will contribute to the development of local regions with a particular focus on local issues.

**6.3 Supply Chain** We understand the impact of our business activities on the environment and society and will work with our suppliers to promote socially responsible procurement.

**6.4 Multi-Stakeholder Cooperation** We will work with governments, industry, civil society, employees, consumers, investors, NGOs, and specialists to develop proposals for public policy and rules for the industry.

**6.5 Human Resources and Innovation** We will foster a collaborative culture to maximize the expertise and abilities of all employees. We will provide opportunities for career development to create professionals who bring about changes in society and who create innovative solutions to solve.

**6.6 Environment** Toward achieving a sustainable society, we will strive to develop our business through the creation of environmental value. For this purpose, we will address environmental challenges through our business activities and expand our environmental initiatives based on collaboration with stakeholders.

**7. Sustainability Goals and Metrics** To measure progress, Nagina Cotton Mills Limited has set the following goals:

- **Water Consumption:** Reduce water usage per production unit by 15% by 2030.
- **Renewable Energy:** Achieve 10% reliance on renewable energy sources by 2028.
- **GHG Emissions:** Lower greenhouse gas emissions by 20% by 2030.
- **Health and Safety Compliance:** Achieve compliance with occupational health and safety standards.

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**8. Stakeholder Engagement:** The Company engages with its stakeholders such as employees, customers, suppliers, investors, and communities in its ESG agenda and decision-making processes:

- Partner with suppliers for sustainable sourcing practices.
- Train employees through workshops and initiatives on sustainability awareness.
- Maintain transparent communication with customers about sustainable production.
- Collaborate with regulators, NGOs, and industry groups to advance sustainability goals.

**9. ESG Performance Tracking and Reporting Framework:** This system is designed to assess the company's progress in meeting ESG-related goals and share these insights with stakeholders through consistent reporting.

- Continuously track and assess sustainability Key Performance Indicators (KPIs).
- Publish an annual Sustainability Report in accordance with standards such as GRI (Global Reporting Initiative).
- Periodically review and update the policy to reflect evolving standards, regulations, and industry best practices.

**10. Challenges and Future Actions** We recognize the challenges of incorporating sustainability into a resource-intensive industry. To address these challenges, we commit to:

- Investing in research and development for sustainable innovations.
- Continuously upgrading machinery to enhance energy and resource efficiency.
- Strengthening collaborations to promote a circular economy, reducing waste and maximizing resource reuse.

**11. Policy Review** This policy will be reviewed annually or as necessary to ensure:

- Alignment with regulatory updates.
- Effectiveness in meeting organizational sustainability objectives.

### **Diversity, Equity, and Inclusion (DE&I) Policy**

At Nagina Cotton Mills Limited (NCML), we recognize the immense value of creating a workplace that embraces **diversity**, promotes **equity**, and fosters **inclusion**. These principles are foundational to building a work environment where everyone feels respected, valued, and empowered to thrive, regardless of race, gender, religion, sexual orientation, or other defining characteristics.

#### **Scope:**

The Company's diversity and inclusion initiatives are applicable to all employees and management of NCML.

#### **Our Commitment**

This policy reflects our unwavering commitment to:

- Cultivating an environment and workplace where all employees are treated with fairness and dignity without any discretion
- Encouraging diverse perspectives and fostering innovation.
- Creating opportunities for growth and leadership development across all demographics
- Prevent discrimination among employees and mitigate any potential implications

By prioritizing DE&I, we not only enhance employee satisfaction but also strengthen the fabric of our company, ensuring long-term success and social responsibility.

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### **Embracing Diversity at NCML**

Diversity goes beyond visible differences. We strive to create a workplace enriched by the following types of diversity:

- **Race:** Celebrating individuals with diverse physical traits and cultural backgrounds.
- **Ethnicity:** Valuing traditions, languages, and histories from across the globe.
- **Gender and Sexual Orientation:** Advocating for inclusivity across all gender identities.
- **Age:** Building a multigenerational workforce that fosters collaboration and shared knowledge.
- **Culture:** Respecting diverse practices, religions, and values.
- **Physical Abilities:** Ensuring equitable opportunities for employees of all physical abilities.
- **Veteran Status:** Supporting veterans as valued contributors to our team.
- **Education Level:** Encouraging innovation through varied educational backgrounds.

This list is not exhaustive, as diversity encompasses countless attributes that make each individual unique.

### **Our DE&I Initiatives**

To achieve a truly inclusive workplace, NCML is dedicated to:

- Ensuring fair treatment and equal access to opportunities for all employees.
- Actively recruiting and promoting a workforce reflective of diverse communities.
- Providing leadership and staff development programs to prepare employees for future needs.
- Fostering collaboration, innovation, and respect for different perspectives.
- Incorporating diverse voices in decision-making at every organizational level.
- Maintaining responsive and flexible policies to support DE&I goals.
- Implementing conflict resolution processes that encourage collaboration and mutual understanding.

### **Inclusive Recruitment and Hiring Practices**

We recognize that inclusive hiring practices are vital to building a diverse workforce. NCML is committed to:

- Expanding outreach to underrepresented groups, including ethnic minorities and different age demographics.
- Crafting job listings free from exclusionary language and ensuring clarity for all applicants.
- Utilizing unbiased tools and methods, such as all people fulfilling required criteria are free to apply and structured interviews, to evaluate candidates objectively.
- Actively reducing reliance on referrals that may perpetuate homogeneity in the workforce.
- Improving the representation of Females at workplace.

### **Training and Development**

At NCML there will be a constant drive to empower our employees by providing them with external and internally designed training that caters to their professional growth.

## **NAGINA COTTON MILLS LIMITED**

### **Facilities**

The Company shall ensure that suitable facilities are available and in place for females and person with disabilities including but not limited to, transportation, washrooms, ramps, prayer areas etc which would reasonably require to perform their duties.

### **Advocating for Anti-Discrimination and Inclusivity**

We are committed to supporting anti-racism, ethnic discrimination, through actionable measures, such as:

1. **Empowering Leadership:** Equipping leaders with the knowledge and resources to champion diversity and actively combat discrimination.
2. **Promoting Open Dialogue:** Facilitating discussions on crucial topics like anti-racism, workplace equity, and the impact of systemic biases.

By creating a workplace culture that prioritizes safety, respect, and equity, NCML fosters a productive, innovative, and inclusive environment for all.