

MASOOD TEXTILE MILLS LIMITED

Sustainability Policy

SUSTAINABILITY (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) POLICY

Introduction

Purpose

The purpose of the Sustainability (Environmental, Social and Governance) Policy (the “Sustainability Policy”) is to establish Masood Textile Mills Limited framework to address environmental, social and governance (“ESG”) matters.

Applicability

This Sustainability Policy applies to the members of the Board of Directors (the “Board”), all employees of the Company, and all relevant stakeholders outlined in Section IV of this policy.

Policy

The Company (also referred to as “we,” “us,” or “our”) is committed to operating its business with integrity, supporting environmental and social responsibility, and building a diverse and inclusive workplace where our employees can thrive. We are committed to integrating sustainability into our overall business strategy, primarily in areas where the Company has the most influence, such as our operations and value chain.

We define Environmental, Social, and Governance criteria as follows:

- The environmental component of ESG refers to how our business practices affect the environment and vice versa. The scope of environment includes energy use, consumption of resources, waste disposal, water management, and climate risk. Our policies and programs strive to achieve sustainable operations and minimize impact on the planet.
- The social component of ESG refers to how our organization’s operations affect our people, our customers, and the communities where we live and work. Our social policies and practices strive to build a healthy corporate culture and positive relationships with our stakeholders.
- The governance component of ESG refers to how we operate, govern, and manage risk in a way that promotes sustainability and the longevity of the organization. Our governance policies and practices outline the way in which we make decisions, set business strategy and goals, comply with applicable laws and regulations, and communicate our progress.

This Sustainability Policy outlines our company-wide activities and commitments for each ESG focus area. We see sustainability leadership as a business opportunity, a risk mitigant and an essential aspect of our core values.

MASOOD TEXTILE MILLS LIMITED

I. Scope

The Sustainability Policy applies across the Company and applies to all relevant stakeholders outlined in section IV. Different business units within the Company are expected to use this policy as guidance to assess ESG and sustainability considerations in their respective decision-making processes. This document outlines our commitments but will not include metrics of progress. ESG metrics will be reported in other forms of disclosure (i.e., ESG Report).

II. Governance

Sustainability starts with our Board. Our Board sets the tone at the top for responsible business practices and our commitment to ESG. The following five committees of the Board, which meet regularly and report back to the full Board, play a role in ESG oversight:

1. The Corporate Governance and Nominating Committee has direct oversight of ESG policies, practices, and disclosure, in addition to oversight of corporate governance and operational risks related to human capital;
2. The Risk Committee is responsible for the oversight of the Company's enterprise risk framework and is responsible for establishing the Company's risk tolerance and risk profile. This includes oversight of certain key company risks, including emerging risks;
3. The Compensation and Benefits Committee has oversight of compensation structure for the executive leadership team and Board;
4. The Credit Committee has oversight of the Company's policies related to all aspects of the lending function and credit risk management; and
5. The Asset/Liability Committee has oversight of policies and practices relating to asset and liability management, including the Company's investment portfolio management.

The responsibility for implementation and management of our ESG framework and strategy has been delegated to an Environmental, Social and Governance Committee (the "ESG Committee"), a management committee composed of a cross-functional team of senior management that operationalize the Company's ESG policies and strategy. The ESG Committee is composed of leaders from corporate strategy & investor relations, corporate affairs, credit, marketing, human resources, finance, risk management, and compliance. The ESG Committee aligns ESG priorities and initiatives for the year for Board's Corporate Governance and Nominating Committee approval, sets long-term objectives and goals, and leads the annual reporting process on ESG related topics. The purpose of the ESG Committee is to guide advancement of the Company ESG disclosure along the disclosure spectrum, starting with qualitative disclosures, followed by establishment of metrics and goals to support qualitative disclosures. The ESG Committee is also responsible for prioritizing initiatives, develop internal capabilities, and drive/monitor implementation. The ESG Committee meets on a quarterly basis and reports to the Chief

MASOOD TEXTILE MILLS LIMITED

Executive Officer. The ESG Committee also periodically reports to the Corporate Governance and Nominating Committee of the Board.

III. Principles and Philosophy

The Company is committed to incorporating ESG into how we manage our business. The Company is committed to assessing the environmental, social, and governance factors that impact our business, managing the risks associated with such factors, and striving to improve the way the Company operates its business in accordance with these factors. This includes identifying opportunities to reduce the Company's environmental footprint, enhancing the diversity of the organization, deepening our employee's engagement and development, and increasing transparency in our supply chain, having a positive impact on the communities in which the Company operates, and operating with a strong culture of compliance. However, the Company recognizes that there is not a one-size-fits-all approach to ESG integration; rather, the Company strives to employ best practices and evaluate ESG factors in our decision-making. The following topics are considered ESG areas of focus for the Company. ESG is continuously evolving, therefore the list below is subject to change.

Environmental

- Energy Management
- Climate change risk
- Ecological conservation
- Recycling and waste management
- Water management

Social

- Customer experience
- Access and affordability
- Responsible selling practices
- Customer privacy
- Community engagement
- Diversity, equity and inclusion
- Training and development
- Health and safety

Governance

- Governance of ESG
- Board composition, accountability, and executive compensation

MASOOD TEXTILE MILLS LIMITED

- Business ethics and compliance
- Government relations and partnerships
- Cyber security
- Systemic risk management and business continuity
- Vendor management
- Incorporation of ESG in credit analysis

IV. Relevant Stakeholders

We recognize that our commitment to managing ESG risks and opportunities is essential to long-term value creation for our stockholders, employees, customers, communities, and other stakeholders. To that end, the Company integrates sustainability and ESG into our activities, focusing on certain aspects among the different stakeholders as detailed below.

A. Employees

- Respect for diversity, and non-discrimination because of gender, race, age, sexual orientation, or any other condition.
- Promotion of employment stability, work flexibility and work-life balance, as well as a safe and healthy workplace for employees.
- Encourage equal opportunities among its employees, aspiring to have a balanced representation between men and women in all functions and responsibilities.
- Ensure employees behave in accordance with certain ethical and responsible conduct principles and rules in accordance with our Code of Conduct.
- Promote programs to make employees aware of social and environmental issues, including measures for good environmental management practices, social and environmental risks, and business opportunities.
- Encourage corporate volunteering to help the communities we serve prosper and increase our employees' pride in belonging to the Company.

B. Customers

- Offer products and services that are accessible to our customers and provide them with accurate, sufficient and appropriate information.
- Monitor exceptional situations or settings that may influence certain customers in order to offer them alternative solutions, in particular, among those groups in a situation of vulnerability or risk of social exclusion.
- Consider ethical, social and environmental matters and financial and risk criteria pursuant to this Sustainability Policy.

C. Shareholders

MASOOD TEXTILE MILLS LIMITED

- Offer thorough, clear, and accurate information to all shareholders through various communication channels annually.
- Listen and incorporate advice and recommendations about ESG trends and disclosures.
- Include ESG information and metrics in our annual financial disclosures and incorporate updates, where relevant, in shareholder communication.
- Engage rating agencies that evaluate and rate the Company's performance on ESG matters.

D. Suppliers and Vendors

- .
- Procure materials for the Company's real estate portfolio that have ESG benefits, such as upcycled furniture, recyclable utensils and energy efficient appliances and lighting.

E. Communities

- Improve the social and economic well-being of our communities, including the continuation of sponsorships and collaborative projects directly impact economic development, entrepreneurship, social services, education, health, affordable housing, and environmental conservation.

V. Sustainability Commitments

A. Internal Management

- Comply with applicable environmental laws and regulations.
- Operate our facilities with cross-functional leadership driving continuous improvement and pollution prevention throughout our operations.
- Reduce our carbon footprint through focused system optimization, energy conservation, renewable energy when feasible, and innovation for energy efficiency - within our direct operations and our supplier and customer collaborations.
- Mitigate and prepare for the physical risks of climate change and emergency preparedness.

B

VI. Training

The Company provides face-to-face, online, and virtual training, development activities, and workshops on various topics pertinent to our employee base. Upon onboarding and every year thereafter, every employee must acknowledge the Code of Conduct. Every employee also undergoes annual cybersecurity training. The Company also offers diversity and unconscious bias online training. In addition, our hiring managers receive training on sexual harassment, recruitment process and best practices to promote fair competition. The ESG Committee is required to upkeep knowledge on external ESG factors and regulations influencing the Company.

MASOOD TEXTILE MILLS LIMITED

VII. Our Continuing Commitment

We strive to advance the principles outlined in this Sustainability Policy and continue to mitigate and manage relevant ESG risks, including the implementation of monitoring and due diligence protocols to ensure progress and adherence to our values. The Company is committed to issue an ESG Report on an annual basis which aligns to leading standards and frameworks, including the Sustainability Accounting Standard Board, and the United Nations Sustainable Development Goals.