

AHMAD HASSAN TEXTILE MILLS LIMITED

SIGNIFICANT POLICIES

Governance of Risk and Internal Control Measures:

A mechanism of corporate governance which enables management to make prompt and sound management decisions under appropriate and effective supervision is indispensable for enabling to continuously grow and increase its mid-and long-term corporate value, and the Company shall create, maintain and ceaselessly improve this mechanism.

Furthermore, the Company believes that a company's raison d'être lies in its contribution to society. Based on this belief, the Company stipulates as part of its corporate philosophy 'Listen sincerely to our stakeholders and improve our corporate value' in order to create relationships of trust with all stakeholders, and shall proceed its business activities in accordance with this principle.

Internal Control Measures

[1] Improving Operational Effectiveness and Efficiency

The Company shall establish a mid-term management plan and specific management targets, and shall strive to develop systems that will improve operational effectiveness and efficiency.

[2] Ensuring the Reliability of Financial Reports

The Company shall establish a "Basic Policy for Appropriate Financial Reporting" and strive to foster a sincere corporate culture of rule compliance, in order to ensure the reliability of financial reporting.

[3] Compliance with Laws and Regulations pertaining to Business Activities

The Company shall, in recognition of compliance as one of the most critical issues to execution of business operation, establish the "Ahmad Hassan Company Charter of Corporate Behavior" and "Company Compliance Basic Regulations", based on which all of the Company's employees shall act ethically in compliance all with laws and regulations, social norms and in-house regulations.

[4] Preservation of company Assets (Risk Management)

The Company is faced with various types of risks in connection with its business activities. It shall develop a common risk classification system for the Company to share and centralize the management of risks throughout the entire Company. It shall also develop preventive measures and countermeasures against the occurrence of risk events in order to safeguard its assets.

[5] Control Environment

This is an important factor which decides the Company's character and impacts the understanding of all individuals in the organization concerning the governance of the Company, and shall form the basis of other key factors.

[6] Assessment of Risk and Response

There are events that may impact the achievement of organizational targets. The Company shall identify, analyze and assess those events which would prevent those organizational targets from being achieved, and select an appropriate response based on that assessment.

[7] Control Activities

The Company shall establish policies and procedures in order to ensure appropriate implementation of orders and directions from management.

[8] Information and Communication

The Company shall ensure that all information required is recognized, understood and processed, and correctly transmitted both within and outside the organization to all parties concerned.

[9] Monitoring

The Company shall continually monitor and assess how effectively internal control is functioning, and make corrections as necessary.

Permissible fee for Non-Executive Directors including Independent director

AHTML believes in compliance of law and regulations. Therefore, only fee are paid according to relevant code/act. Currently, AHTML is paying only meeting fee for attending Board meeting.

Procurement of Goods & Services:

Procurement is the acquisition of goods, works and services. The process covers a whole cycle from the identification of needs through the supply of the product and to the end of the service contact and even the end of the useful life of the asset procured. Following g Procedure adopt for Procurement of Goods and Services.

1. Demand Generated
2. Call quotation from suitable vendors
3. Make compressive analysis regarding Price quality and In time Supplying
4. Send Purchase Order to Approved Supplier
5. Received goods
6. Proper testing of Goods Received
7. Send to concerned Department

8. Generate Goods Received Note

Communication Policy:

Company used appropriate Communication channels for In hose communication and Out Side Communication to address his policies practices. Followings are the Key points of Company Communication Policy.

1. Every SOP proper Communicate to employees
2. Used E mail Channel for communication
3. Every notice placed at Notice Board
4. Employees communicated via Inter office Memo
5. For Other stake holders Information Shared on Official website of Company
6. Essential Notice published in news papers

Marketing:

Marketing is traditionally the means by which an organization communicates to, connects with, and engages its target audience to convey the value of and ultimately sell its products and services.

However, since the emergence of digital media, in particular social media and technology innovations, it has increasingly become more about companies building deeper, more meaningful and lasting relationships with the people that they want to buy their products and services. The ever-increasingly fragmented world of media complicates marketers' ability connect and, at the same, time presents incredible opportunity to forge new territory. Marketing is key tool for successes of any Company so AHTML used variety of marketing techniques.

1. Set Marketing Goal
2. Target Market (Local or international)
3. Regular review about prices in Pakistan

4. Make cost cutting Program to compete in market
5. Use Web Marketing techniques
6. Consult with Brokers
7. Regular visit to Buyers
8. Introduce new attractable variety of Goods
9. Review marketing policy regularly.

Determination of Credit and Discount to Customers:

There's no one-size-fits-all credit policy--your policy will be based on your particular business and cash-flow circumstances, industry standards, current economic conditions, and the degree of risk involved. In AHTML credit and discount policy following areas is to be considered

1. Customer History
2. Volume of Business with Customer
3. Customer Good Will in market
4. Proper Documentation with customer
5. Risk analysis
6. Market condition and trend
7. Terms of sale contract
8. Proper collection
9. Cash Flow

Write off of Advances, Receivables and Bad Debts:

As AHTML credit policy is too much strong it is often happened when company have need to write off his advances, receivables and bad debts. Company treat all these according to Accounting standards. All entries should be approved by BOD

Whistle Blowing Policy:

In this **policy 'Whistleblowing'** means the reporting by employees of suspected misconduct, illegal acts or failure to act within the Council. The aim of this **Policy** is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. Every case report to council and AHTML council consider following

1. The type of issues that can be raised
2. How the person raising a concern will be protected from victimisation and harassment
3. How to raise a concern
4. conduct which is an offence or a breach of the law (a criminal offence has been committed or failing to comply with any other legal obligation)
5. disclosures related to miscarriages of justice
6. Health and safety of the public and/or other employees
7. Proper Actions on each complaint

Corporate Social Responsibility:

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental. To engage in CSR means that, in the normal course of business, a company is operating in ways that enhance society and the environment. AHTML fulfill their corporate social responsibility and have wider policy. Following are the key Area of CSR.

1. Conduct compliance Audit
2. Review and implement compliance policy
3. Adopt safety measures for environment pollution
4. Use wastage plant
5. Water treatment Plant
6. Health Insurance
7. Group Insurance
8. Fire fighting tanning sessions
9. First Aid tanning sessions
10. Maintain play grounds
11. Regular Arboriculture
12. Maintenance of Roads
13. Provides good and healthy environment to workers
14. Workers safety Training Programs
15. Provide excellent residence to workers
16. Charity Programs
17. Donations to needy persons
18. Marriage Grants
19. Death Grants
20. Promote plantations