

AHMAD HASSAN TEXTILE MILLS LIMITED

TERMS OF REFERENCE OF HR & REMUNERATION COMMITTEE ISSUED BY: BOARD OF DIRECTORS

1- FORMATION

The board of directors (“the board”) of Ahmad Hassan Textile Mills Limited (“the company”) has established a human resources and remuneration committee (“the committee”).

This terms of reference set out the role, responsibilities, composition and structure of the committee. The committee is appointed by the board with the board delegating certain responsibilities which require reporting back to the board.

2- ROLE

The role of the Committee is to assist the Board in fulfilling its corporate governance responsibilities in regard to remuneration and strategic human resources matters, including:

- a) Establishing and implementing a human resources strategy to ensure that appropriately talented and trained people are available to achieve the business goals;
- b) Formation of succession planning; and
- c) Providing effective remuneration policies keeping in view the external remuneration market.

3- MEMBERS

There shall be a human resource and remuneration committee of at least of three members comprising a majority of non-executive directors of whom atleast one member shall be an independent director. The chairman of the committee shall be an independent director. The chief executive officer may be included as a member of the committee

4- MEETINGS

The committee shall meet at least once in a financial year and may meet more often if requested by a member of the board, or committee itself or the chief executive officer. The head of human resource or any other person appointed by the board of directors may act as the secretary of the committee.

The chief executive officer (if not a member of the committee), head of human resource (if not the secretary to committee) or any other advisor or person may attend the meeting only by invitation. A member of committee shall not participate in the proceedings of the committee when an agenda item relating to his performance or review or renewal of the terms and conditions of his service comes up for consideration

5- TERMS OF REFERENCE

The Terms of reference of committee shall be determined by the board of directors which may include the following:

- i. recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior

management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;

ii. undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;

iii. recommending human resource management policies to the board;

iv. recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;

v. consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and

vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

**CHAIRMAN
BOARD OF DIRECTORS**

MIAN MUHAMMAD JAVED