JK SPINNING MILLS LIMITED

DIRECTORS' REMUNERATION POLICY

1. Purpose

The purpose of this Directors' Remuneration Policy ("Policy") is to establish a formal, transparent and consistent framework for determining the remuneration of the Directors of JK Spinning Mills Limited ("the Company") in accordance with the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, as amended from time to time, the Company's Articles of Association and other applicable laws and regulatory requirements.

The Policy is intended to ensure that the remuneration of Directors is appropriate and commensurate with their responsibilities, experience, expertise and contribution to the affairs of the Company, while maintaining the independence of non-executive and independent Directors.

2. Scope

This Policy applies to:

- Chairman of the Board;
- Chief Executive Officer/Executive Directors;
- Non-Executive Directors;
- Independent Directors; and
- Directors serving on Board Committees.

3. General Principles

The Company shall follow the following principles in determining Directors' remuneration:

a) remuneration shall be fair, reasonable, transparent and commensurate with the responsibilities and level of expertise of the Director;

b) remuneration shall be determined in accordance with applicable provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Company's Articles of Association;

c) no Director shall participate in or determine his or her own remuneration;

d) remuneration of non-executive and independent Directors shall be structured in a manner that does not compromise, or appear to compromise, their independence and objectivity;

e) the remuneration structure shall be designed to attract and retain Directors having the appropriate skills, experience and knowledge necessary for effective governance of the Company;

f) remuneration shall take into consideration the size, nature and complexity of the Company's business, the responsibilities attached to the relevant position and the time commitment required; and

g) the remuneration framework shall promote long-term sustainable growth and value creation for shareholders.

4. Remuneration of Non-Executive and Independent Directors

Non-Executive and Independent Directors shall generally be entitled to:

- fee for attending meetings of the Board;
- fee for attending meetings of Board Committees, where applicable;
- reimbursement of reasonable travelling, accommodation and other out-of-pocket expenses incurred in connection with attending meetings or performing authorized duties on behalf of the Company; and
- such other remuneration or benefits as may be permissible under applicable laws and approved in accordance with the Company's Articles of Association and applicable regulatory requirements.

The level of meeting fees shall be determined by the Board, taking into consideration the responsibilities, time commitment, market practices and the financial position of the Company.

5. Remuneration of Chairman

The remuneration of the Chairman of the Board, where applicable, shall be determined in accordance with applicable law and the Articles of Association of the Company.

Where the Chairman is a Non-Executive Director, his remuneration shall be determined independently of his participation in the decision relating to his own remuneration.

6. Remuneration of Executive Directors

The remuneration of the Chief Executive Officer and other Executive Directors shall be determined in accordance with the Companies Act, 2017, the Company's Articles of Association and applicable regulatory requirements.

The remuneration may comprise:

- salary;

- allowances and other employment-related benefits;
- performance-related remuneration, where approved;
- retirement or other employment benefits; and
- other benefits permissible under applicable law and approved by the competent authority.

The remuneration of Executive Directors shall take into consideration their responsibilities, qualifications, experience, performance, contribution to the Company and prevailing market practices.

7. Performance-Linked Remuneration

Where performance-linked remuneration is applicable, it shall be based on objective and measurable performance criteria and shall be designed to align the interests of Executive Directors with the long-term interests of the Company and its shareholders.

Such remuneration may take into consideration, where appropriate:

- financial performance;
- operational performance;
- achievement of strategic objectives;
- business growth and sustainability;
- risk management and compliance;
- corporate governance standards; and
- individual performance and contribution.

Any performance-linked remuneration shall be subject to applicable legal and regulatory requirements and the approvals required under the Companies Act, 2017 and the Company's Articles of Association.

8. Board and Committee Meeting Fees

The Board may determine appropriate meeting fees for Directors attending:

- meetings of the Board;
- Audit Committee meetings;
- Human Resource and Remuneration Committee meetings;
- Nomination Committee meetings;
- Risk Management Committee meetings; and
- other Board Committees duly constituted by the Board.

The meeting fee structure may be reviewed periodically by the Board having regard to the level of responsibility, time commitment and prevailing market practices.

9. Role of Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee shall, where applicable, review and recommend to the Board the framework and policy for determining remuneration of Executive and Non-Executive Directors and senior management.

The Committee shall ensure that remuneration matters are considered objectively and transparently and that no Director participates in proceedings concerning his or her own performance, remuneration or terms and conditions of service.

The Committee may recommend changes in the remuneration framework to the Board from time to time, where considered appropriate.

10. Determination and Approval

The remuneration of Directors shall be determined and approved in accordance with the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company's Articles of Association and other applicable regulatory requirements.

No Director shall determine or vote on his or her own remuneration.

Where a matter relating to the remuneration, performance or terms and conditions of a particular Director is considered, the concerned Director shall not participate in the relevant proceedings to the extent required by applicable law and the Company's governance framework.

11. Independence of Non-Executive and Independent Directors

The remuneration of Non-Executive and Independent Directors shall be set at a level that enables the Company to attract and retain competent individuals while ensuring that such remuneration does not compromise their independence.

The Company shall avoid remuneration arrangements that could create an actual, potential or perceived conflict of interest or impair the independent judgment of an Independent Director.

12. Reimbursement of Expenses

Directors shall be entitled to reimbursement of reasonable expenses properly incurred in connection with attending Board or Committee meetings or undertaking authorized business on behalf of the Company, subject to the Company's applicable policies and procedures.

13. Conflict of Interest

Any Director having a direct or indirect interest in a matter relating to his or her remuneration shall disclose such interest and shall not participate in the relevant decision-making process except to the extent permitted by applicable law.

14. Review of the Policy

The Human Resource and Remuneration Committee, where applicable, shall periodically review this Policy and recommend any amendments to the Board.

The Board shall review the Policy whenever there is a change in applicable law, regulations, governance requirements or circumstances of the Company that materially affects the Policy.

15. Disclosure

The Company shall make appropriate disclosures regarding Directors' remuneration in its Annual Report and financial statements in accordance with applicable laws, regulations and accounting requirements.

The Directors' Report shall state the remuneration policy for Non-Executive Directors, including Independent Directors, together with its significant features and elements, as required under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The key elements of this Policy may also be placed on the Company's website.

16. Compliance with Law

In the event of any conflict between this Policy and any applicable law, regulation, notification, direction or requirement of the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited or any other competent authority, the applicable legal or regulatory requirement shall prevail.

17. Effective Date

This Policy shall become effective from the date of its approval by the Board of Directors and shall remain in force until amended or replaced by the Board.

Approved by the Board of Directors

Date: September 07, 2026

Chairperson: Mrs Farhat Jehan

JK Spinning Mills Limited