

# **CORPORATE GOVERNANCE POLICY**

| <b>Particulars</b>  |   |
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| Version No.         | 1.1   |
| Approving Authority | Board of Directors of ABL AMCL                    |
| Approval Date       | August 17, 2016                                   |
| Availability        | Effective from date of approval                   |
| Last Reviewed Date  | 24th August, 2023                                 |
| Next Review Date    | August, 2026                                      |
| Review Frequency    | As and when required at least once in three years |

## **Introduction**

The ABL AMC's Corporate Governance Policies (the "Policies") are designed to ensure the independence of the Board and its ability to effectively supervise management's operation of the ABL AMCL.

"Corporate governance" refers to the oversight mechanisms and the way in which ABL Asset Management Company Limited (the "ABL AMCL or Company") is governed. The Board of Directors of the ABL AMCL (the "Board") is elected by shareholders to supervise the management of the ABL AMCL's business and affairs with a view to enhancing long-term shareholder value. Corporate governance encompasses processes and policies, how decisions are made and how the ABL AMCL deals with the stakeholders including shareholders, customers, employees and the broader community.

The ABL AMCL recognizes the need to adhere to best practices in corporate governance. Sound corporate governance policies and practices are important to the creation of shareholder value and maintaining the confidence of customers and investors alike.

The ABL AMCL adopts practices and policies in consistent with the applicable provisions of the NBFC Rules, NBFC & NE Regulations, Voluntary Pension System Rules, PSX Listing Regulations, Companies Act, etc. and other Federal & Provincial Laws & Regulations.

### **The Board of Directors**

The Board's primary responsibility is to supervise the management of the ABL AMCL's business and affairs. Senior management is accountable for implementing the Board's decisions and responsible for directing the ABL AMCL's operations. The Board must provide effective governance over the ABL AMCL's affairs. In doing so it must strive to balance the interests of the ABL AMCL's diverse constituencies, including its shareholders, customers, employees and the communities in which it operates. In discharging that obligation, Directors may rely on the honesty and integrity of the ABL AMCL's Senior Management, its outside advisors and auditors.

### **The Committees of the Board**

The Board establishes Committees, in which executive / non-executive directors play an important role, to assist it in the execution of its duties, powers and authorities. The Board delegates to each of the committees, such authority as is required to enable such committees to fulfil their respective functions.

The Board constitutes Audit Committee, Human Resource and Remuneration Committee, and Board Risk Management Committee. The Chairman of each Committee reports back to the Board at each Board meeting significant and material issues with transparency and full disclosure.

Each Committee has formal term of reference (the "TOR") in comply with all applicable laws, rules and regulations. The TOR set forth the objective and responsibilities of the committees as well as qualifications for committee members, procedures for committee member appointment, committee structure and operations and reporting to the Board.

## **Constitutional documents**

Constitutional documents define the rules governing the relationship between and activities of the company, its directors and shareholders.

The Memorandum of Association is the primary document that generally regulates the company's activities with the outside world, such as the company's objects and powers.

The Article of Association is the secondary document that generally regulates the company's internal affairs and management. It covers the following:

- Composition of the Board including minimum number of directors, number of independent directors, appointment of Chairman, election process, terms of appointment, casual vacancy, eligibility of director, qualification of directors, remuneration of directors;
- Procedure for board meeting including quorum of directors, voting process;
- Power and duties of the Board.

## **Integral part of this Policy**

Following policies are integral part of the Corporate Governance Policies as approved earlier by the Board:

### 1. Code of Conduct

*Followed since incorporation of the Company*

It defines the duties and responsibilities of directors and employees in accordance with established code of "Ethics and Business Practices".

### 2. Whistle Blowing Policy and Procedure

*Approved in 28<sup>th</sup> meeting of the Board dated October 25, 2012*

The Board defines the procedure, for the receipt, retention, and treatment of complaints about the ABL AMCL's operational activities, auditing matters, internal accounting control procedures, etc.

### 3. Board Evaluation Mechanism

*Approved in 37<sup>th</sup> meeting of the Board dated April 22, 2014*

It defines the mechanism for evaluation of the board's own performance and contains the following:

- Check progress against mission and goals;
- Give members a meaningful measure of accountability;
- Allow for a check of strengths and weaknesses;
- Emphasize the accomplishments of the board;
- Encourage team work and participation of all members;
- Provide a benchmark to evaluate progress on year on year basis.

#### 4. Board Orientation Mechanism

*Approved in 39<sup>th</sup> meeting of the Board dated October 28, 2014*

It contains the procedure to carry out orientation courses for the Board to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the company for and on behalf of shareholders. The board is responsible in five key areas:

- To establish the organization's mission, vision, and direction;
- To ensure the financial health of the organization;
- To ensure the organization has sufficient & appropriate human resources;
- To direct organizational operations;
- To ensure effective community relations.

#### 5. Level of Materiality

*Approved in 42<sup>nd</sup> meeting of the Board dated April 29, 2015*

The Board defines the Level of Materiality, reserving specific powers and right for itself and delegating other matters with the necessary written authority to management or subcommittee of the board that may be setup for the purpose. The board develops clear definitions of the levels of appropriate materiality or sensitivity in order to determine the scope and delegation of its authority.

In order to strengthen and formalize corporate decision-making process, significant issues place for the information, consideration and decision of the board of directors of the Company and/or its committees.

### **Disclosure and Communications**

The ABL AMCL is committed to providing timely, accurate and complete disclosure of all material information about the ABL AMCL and to providing fair and equal access to such information.

The Board ensures that management has processes in place to support its policy and timely disclosure of financial results, significant developments and other material information to appropriate stakeholders such as shareholders, regulators, employees, rating agencies, analysts and stock exchanges.

### **Applicability of the Policies**

Wherever any content of the Policies differ with the requirements of applicable laws, rules and regulations than law, rules and regulations shall prevail.

### **Review and approval**

This policy shall be approved by the Board, subject to such modifications and amendments as may be required by the Board, and to be implemented thereafter with immediate effect.

### **Modification and amendments**

This document shall be reviewed regularly by the Board and where necessary it shall be amended by way of an addendum or supplement as the case may be, to this document in the context of changing regulations and emerging best practices with a view to enhancing the ABL AMCL's governance.