



STEWARDSHIP POLICY

Version No.	Draft I
Approving Authority	Board of Directors
Approval Date	February 16, 2024
Availability	Effective from date of approval
Next Review Date	3 years from the date of approval
Review Frequency	3 years or earlier as per regulatory requirement or any other business change so requires

1. Introduction:

The Stewardship Guidelines issued by the Securities & Exchange Commission of Pakistan requires an asset management company to formulate and implement an effective stewardship policy.

2. Scope:

The Stewardship Policy at HBL-AMC encompasses a wide range of areas and activities to ensure comprehensive and effective stewardship: These include:

- Principle 1: Voting;
- Principle 2: Monitoring of Investee Companies;
- Principle 3: Engagement with Investee Companies;
- Principle 4: Managing Conflict of Interest; and
- Principle 5: Incorporating Sustainability Considerations.

The Stewardship policy will be disclosed on the website of HBL-AMC and would be updated as and when required. The Compliance Department of the Company, on annual basis, will publish the report indicating how they have fulfilled their stewardship responsibilities based on 'comply or explain' approach.

3. Principle 1: Voting Policy

- 3.1 The management would comply with the approved Proxy Voting Policy of the Company while exercising any voting rights, maintenance of record and related disclosure associated with the investments/securities held by any Fund/Portfolio managed by the Company.
- 3.2 Further, while exercising the voting rights, best interests of the Fund/Portfolio will be ensured with a view to enhancing the long-term value of the securities held by the Fund/Portfolio under management.
- 3.3 It is the responsibility of members of Investment Committee to disclose if there is any current/potential conflict of interest in any proposal of voting proxies under consideration of Investment Committee. In case of conflict of interest, the investment committee member shall not participate in the decision pertaining to voting proxies.

4. Principle 2: Monitoring of Investee Companies

- 4.1 The management would actively monitor key financial and non-financial factors that could impact the value and sustainable growth of our investee companies whose securities/investments are held by the Funds/Portfolios under its managements.

4.2 The management shall monitor the financial information of Investee Company which includes but is not limited to review of financial statements and the annual reports.

4.3 The management shall assess non-financial information of the investee company by assessing the quality of corporate governance through Board Composition, CCG Compliance statements, Audit reports, Risk management Strategies and Corporate announcements.

4.4 The Investment Committee, in case of short term and small size investments, would decide the level of monitoring activities of the investee companies.

5. Principle 3: Engagement with the Investee Companies

5.1 The management of HBL-AMC would engage with the investee companies to encourage good corporate governance practices and sustainable business performance for long term value maximization of investments held by the Funds/Portfolios under its management.

5.2 The management would actively participate and attend the analyst calls, company briefings and shall keep record of the same. The management may also hold meetings with the senior management and would participate in general meetings wherever essential.

5.3 The Investment Committee, in case of short term and small size investments, would decide the level of engagement activities with the investee companies.

6. Principle 4: Managing Conflict of Interest

6.1 The management would strictly comply with the existing “Prohibition of Insider Trading Policy” to manage any conflict of interest arising out of investment management activities.

6.2 The management would ensure that interest of its customers is paramount in its dealing with the Customers.

6.3 The management would adhere to following guidelines to manage the conflict of interest:

- Maintain integrity in sustaining customer trust in case of any conflicts of interest arising between HBL-AMC and its customers, between different customers, between customers and employees, and between HBL-AMC and its employees.
- Consider various factors when identifying conflicts of interest, such as financial gain at the expense of customers, personal interest in transaction outcomes, non-arms’ length transactions with certain customers, and receipt of inducements from customers.

- Comply with HR policies with respect to engagement in any business whether in conflict with the Company or otherwise;
- Restrain from engaging in certain activities, such as using company information for personal gain, having significant financial interests in suppliers, customers, or competitors, receiving unauthorized loans or guarantees, or performing work that may adversely affect their job performance or judgment.

7. Principle 5: Incorporating Sustainability Considerations

The management shall ensure to integrate sustainability considerations in decisions related to funds under management in order to deliver sustainable returns in the long term to investors subject to adequate availability of relevant sustainability information in disclosure notes to the financial statements of the investee Company.

8. Reporting:

- 8.1 HBL-AMC will provide regular reporting on its stewardship activities, including its voting, monitoring/engagement activities, report on conflict of interest situation and considering sustainability in investment decision making on its website on annual basis.
- 8.2 HBL-AMC will communicate any areas for concern or significant issues arising from its stewardship activities to its stakeholders as appropriate.
- 8.3 HBL-AMC will ensure that Stewardship Policy and Stewardship activities report will be available on its website.

9. Conclusion:

HBL-AMC is committed to act as a responsible and accountable steward for its customers' investments. HBL-AMCs' stewardship policy sets out the principles and practices that guide their actions as an active asset management company, working to advocate for responsible corporate behavior and long-term sustainability of the companies in which they invest for Funds/Portfolios under its management.
