

**AL HABIB ASSET MANAGEMENT LIMITED
STEWARDSHIP REPORT 2023**

The Stewardship Report of AL Habib Asset Management Limited (“**AHAML**” or the “**Company**”) is prepared in compliance with the requirements of **Stewardship Guidelines for Institutional Investors** (“Stewardship Guidelines”) issued by the Securities and Exchange Commission of Pakistan (“**SECP**”).

This Report provides disclosure on implementation of the stewardship responsibilities of the Company and helps the stakeholders of the Company to determine if the implementation of the stewardship responsibilities has aided in continuous improvement in stewardship role of the Company.

We consider two types of engagement:

- a. ‘**engagement for change**’ which is a purposeful dialogue to influence positive change, with defined objectives; and
- b. ‘**engagement for information**’ which forms part of issuer monitoring and is value additive in communicating what’s important to us, building relationships, and achieving a more complete understanding of an issuer’s strategy and practices.

Following are the principles of Stewardship and their compliance status.

1. STEWARDSHIP POLICY

Institutional Investor shall formulate a clear policy approved by its Board of Directors on how they intend to fulfil their stewardship responsibilities and publicly disclose it.

Status

AHAML is complying with this principle of Stewardship Guidelines. AHAML has formulated a Stewardship Policy covering the principles required under the Stewardship Guidelines. Stewardship Policy would be presented to the Board of Directors (“**BOD**”) of the Company in the upcoming Board Meeting.

2. VOTING POLICY AND IT’S DISCLOSURE

Institutional Investors shall have a clear policy on voting including proxy voting and give adequate disclosure of its voting activity.

Status

Proxy Voting Policy and Procedures already placed on the website of the Company, which is already approved by the Board of Directors of the Company.

3. MONITORING INVESTEE COMPANIES

Institutional investors shall monitor their investee companies in order to enhance investee company’s long- term value and protect their long-term investments.

Status

AHAML is complying with this principle by monitoring the investee companies through corporate briefings and shareholders’ meetings, and through publicly available information such as financial statements, directors’ report, news reports, social media posts, sell-side research reports, etc.

As part of the ongoing investment review process, the investment manager(s) hold meetings with the investee companies.

4. POLICY ON ENGAGEMENT WITH THE INVESTEE COMPANIES

Institutional Investors shall develop a policy for engagement with the investee companies.

Status

Engagement is led by our fund managers, investment analysts and other IC members monitoring and considering material issues which are potentially worthy of engagement as part of the research processes.

As long-term investors, we undertake engagement in a spirit of partnership and we aim to work with companies and other issuers in which we invest to understand and address areas of concern. We do this because we believe this partnership and dialogue can lead to improved investment outcomes for our clients.

5. MANAGING CONFLICT OF INTEREST

Institutional investors shall put in place a robust policy on identifying and managing conflicts of interest that may impair their stewardship behaviour, to advance the interest of investors.

Status

AHAML has developed Stewardship Policy to identify and manage actual or potential conflict of interest. All material conflict of interest in proxy voting and financial transactions would be reported in the manner, as the Company considers appropriate.

AHAML, on behalf of its Collective Investment Schemes, invests in the securities through their Fund Managers which may raise conflict of interest. In order to manage this conflict of interest, AHAML impose restrictions on its employees regarding trading in shares / securities through its Employees Trading Policy.

Various parameters have been defined such as policies, procedure and physical arrangements (collectively "Chinese Walls") designed to manage confidential information and prevent any misuse of "insider information". Roles and functions of front, middle and back offices are performed separately in every manner. These exchange barriers serve to prevent undisclosed material information from being accessed by unauthorized employees, departments, external parties.

6. INCORPORATING SUSTAINABILITY CONSIDERATIONS

Institutional Investors shall integrate their policy with corporate governance and sustainability considerations including environmental, social and governance (ESG) factors to deliver sustainable returns in the long-term interest of investor

Explanation

The Research team ensures to incorporate sustainability consideration, including ESG principles into the investment process where align with overall investment objectives of the Collective Investment Schemes.