

STEWARDSHIP POLICY

Introduction:

Atlas Asset Management Limited (AAML) Stewardship Policy has been developed as required under NBFC & NE Regulations, 2008 and in accordance with the Stewardship Guidelines for Institutional Investors issued by Securities and Exchange Commission of Pakistan (SECP). For the sake of clarity Institutional Investors mean Asset Management Companies, Pension Fund Managers, Private Fund Management Companies, Life Insurers and Employees Contributory Fund managed by Investment Advisors with equity holding in companies listed on Pakistan Stock Exchange. Adoption of the Guidelines is on 'comply or explain' basis.

The objective of Stewardship policy is to ensure delivery of sustainable long-term value to Investors and beneficiaries of Funds managed by AAML. Effective delivery against stewardship responsibilities, enable AAML to contribute to the development of capital market by encouraging improved capital allocation through effective implementation of corporate governance framework, increased transparency and better reporting.

The Stewardship principles includes the following:

- i) Stewardship Policy
- ii) Voting Policy
- iii) Monitoring Investee Companies
- iv) Policy for Engagement with the Investee Companies
- v) Managing Conflict of Interest
- vi) Incorporating Sustainability Considerations

Principle 1 - Stewardship Policy:

The Stewardship Policy applies to all Funds managed by AAML that have direct investments in listed companies. For Separately Managed Accounts with a specific investment mandate, the extent and nature of the stewardship activities are tailor made and dependent on the beneficial owner's needs. AAML stewardship activities are executed within the organization; we do not outsource stewardship activities.

This Stewardship Policy, including the Engagement Policy and Proxy Voting Policy, is updated bi-annually or more frequently, if required. Policy updates reflect changes in processes or guidelines, which result from regular reviews of the effectiveness of our stewardship approach. All changes to policies will be approved by Board of Directors. AAML in accordance with the requirements of the regulations and guidelines will publicly disclose Stewardship Policy on its website.

The investment management philosophy, strategy, rights & duties, and procedures related to stewardship activities will be governed by respective constitutive documents, applicable laws and Investment Policy Statements. The Stewardship Policy shall be backed by procedures to be included in the system of internal controls to ensure its effective implementation.

AAML has also implemented the following documented policies to effectively implement stewardship activities:

- i) Corporate Governance & Proxy Voting Policy: To review business operations of listed companies in which we invest and review their statement of companies with the code of corporate governance. To exercise voting responsibilities for the investment of the Funds in the best interest of Investors.
- ii) Fiduciary Policy: To ensure proper discharge of its fiduciary responsibility which includes Investor's interest, investment of deposited property/client account, performance & disclosures and conflict of interest and etc.
- iii) Personal Trading policy: Applies to AAML employees to covers all transactions/securities held directly or indirectly in his/her name, spouse name and/or in the name of dependent children, locking period, transaction approvals and etc.

- iv) Alignment of Interest policy: Its developed to ensure align the interest of key employees in accordance with the direction of Securities and Exchange Commission of Pakistan (SECP) via NBFC Regulation, 2008 as amended from time to time.

Principle 2 - Voting Policy and Its Disclosure:

AAML will exercise voting responsibilities for investments made on behalf of Funds in the best of interest of Investors of respective Funds.

This policy defines the principles that form the basis of all votes exercised by the AMC. When voting proxies, the AMC shall take utmost care to ensure that all decisions are made solely in the interests of Investors and with the goal of maximizing the value of their investments. However, the AMC, at no point in time intends to attain the management control of the investee company.

Voting Procedures

- i) The Management Company may require the appointed staff member or any other specified person to vote in favor or otherwise of a resolution if it considers it to be in the interest of the Investors.
- ii) The Management Company may vote through staff member or any other specified person or in association with other Investors if it feels that such vote will be in the best interest of the Funds.

Proxy Proposal Evaluation

The internal participants to be consulted in evaluation of a proxy proposal shall be the Investment Committee. The committee shall at all times have the discretion to decide to exercise a vote for, against or abstain from it.

AAML may be unable to vote a proxy, or may chose not to vote a proxy, such as where:

- i) a meeting notice was received too late; and
- ii) the Fund(s) held shares on the record date but has sold them prior to the meeting date.

Voting Policy Guidelines

The key points reflect what the AMC believes in good corporate governance and behavior:

- i) Election of Directors
- ii) Corporate Governance
- iii) Appointment of Auditors
- iv) Changes to Legal and Capital Structure
- v) Corporate Restructuring and Mergers and Acquisitions

AAML discloses proxy voting in the annual report of the respective CIS, in the format as may be prescribed by SECP from time to time.

Principle 3 - Monitoring Investee Companies:

AAML recognize the importance of monitoring investee companies on a regular basis. In addition to the basic monitoring of financial factors, they also examine the investee companies' status with more proactive measures, for example, by making communication with the investee companies.

In the course of monitoring investee companies on a regular basis, AAML considers both financial and non-financial factors. In case of any concerning issues during the monitoring additional investee company engagement activities may be considered.

The mechanism adopted for monitoring purpose will but not limited to:

- Publicly available information
- Management interaction through meetings/ con-call/ Analyst briefings
- Broker research and inputs
- Industry information

Though most of the companies interact with institutional Investors, in some cases, few of our investee companies do not interact as management is not accessible or investment team believes that there is no incremental information which is being provided by the management. In such cases, it is possible that the monitoring is through other sources.

Principle 4 - Policy on Engagement with the Investee Companies:

AAML will engage in the activities of the investment companies based on material issues. The engagement should be on best efforts basis. The engagement may comprise interaction with the management via meetings, call, video conference etc.

AAML Proxy Voting Policy also covers the procedure to engage with their investee companies if they have concerns, via management discussion and exercising their rights to speak and vote at general meetings.

Principle 5 - Managing Conflict of Interest:

AAML covers conflict of interest under its Fiduciary Policy, Personal Trading Policy and also Proxy Voting Policy. Conflict of interest refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment of professional activity. Whenever an issue of conflict arises the mechanism to address conflict of interest will be in accordance with the Regulations.

This will be to identify and manage actual or potential conflict of interest which may include establishment of appropriate Chinese walls.

Principle 6 - Incorporating Sustainability Considerations:

AAML will deliberate corporate governance and sustainability considerations including Environmental, Social and Governance (ESG) factors to deliver sustainable returns in the long-term interest of Investors. This will include the mechanism of reviewing sustainability considerations, including ESG, in our investment analysis and activities. ESG factors of investee companies will be given due consideration such as environment and social impact and diversity based on available information.

Periodic Reporting on Stewardship Activities:

AAML shall compile a report (the “Report”) on how it has fulfilled their stewardship responsibilities as per their policy in an easy understandable format and shall upload this Report on its website on annual basis.