

**PAK-QATAR**  
ASSET MANAGEMENT



**Today, for a Better Tomorrow**

**STEWARDSHIP POLICY**

## **Introduction:**

Pak-Qatar Asset Management Company Limited ("PQAMCL" or "the Company") recognizes its fiduciary duty as a Shariah-compliant institutional investor to protect and enhance the long-term value of its clients' investments, believing that active stewardship—comprising diligent monitoring, constructive engagement, and responsible voting—is essential to delivering sustainable, Riba-free returns. In fulfillment of this duty and in accordance with the SECP Stewardship Guidelines for Institutional Investors, the Board of Directors has adopted this Stewardship Policy to govern the Management Company's activities.

This framework specifically addresses the monitoring of listed investee companies, engagement and intervention strategies, and the governance of voting and proxy disclosure. Furthermore, the policy establishes clear mechanisms for managing conflict of interest scenarios and incorporating sustainability (ESG) considerations into the investment and divestment lifecycle, while defining explicit responsibilities for implementation, periodic review, and regulatory reporting to ensure the enduring value of our unit holders' assets.

## **Scope:**

The Stewardship principles includes the following:

1. Stewardship Policy
2. Voting Policy
3. Monitoring Investee Companies
4. Policy on Engagement with the Investee Companies
5. Managing Conflict of Interest
6. Incorporating Sustainability Considerations

The Stewardship policy will be disclosed on the website of PQAMCL 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.

### **1. Stewardship Policy**

PQAMCL's stewardship framework integrates regular financial analysis with the assessment of non-financial indicators to ensure a holistic view of each investee company. In instances where monitoring reveals material issues or governance concerns, the Company reserves the right to escalate its involvement through targeted engagement strategies or direct dialogue with management.

This Stewardship Policy, which encompasses the Engagement Policy and Proxy Voting Policy, is reviewed and updated at least bi-annually, or more frequently if necessary. Updates reflect changes in processes or guidelines identified through regular assessments of the effectiveness of our stewardship practices. All policy revisions require approval by the Board of Directors. In line with regulatory requirements, PQAMC will also publicly disclose the Stewardship Policy on its website.

## **2. Proxy Voting Policy**

The AMC shall exercise voting rights for all investments held by its Funds with the primary objective of protecting and enhancing the interests of its Investors. This Policy establishes the foundational principles for all proxy votes, ensuring that the AMC acts as a diligent fiduciary. Every voting decision is made with the sole intent of maximizing investment value through improved corporate governance. Importantly, the AMC's participation in the voting process is intended to influence positive change and oversight; the AMC does not seek to attain management control of any investee company through its voting activities.

### **2.1 Voting Procedures**

The Management Company reserves the authority to issue specific voting instructions to its designated representatives or proxy holders. Such directions shall be exercised only when the Management Company determines that a particular vote—whether in favor, against, or an abstention—is necessary to safeguard the best interests of the Fund's Investors. PQAMCL may vote via authorized personnel or through collective engagement with other shareholders to safeguard and enhance investor interests

### **2.2 Voting Policy Guidelines**

IC proceedings related to voting/proxy voting shall be documented in IC minutes of the meeting. Prior IC approval for voting and proxy voting shall be sought for the matters mentioned below:

- 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

### **2.3 Conflict of Interest in Voting/Proxy Voting**

It is the responsibility of every member of the Investment Committee to proactively disclose any existing or potential conflicts of interest that may arise in relation to any proxy voting proposal currently under consideration. In the event that a conflict—whether material, perceived, or potential—is identified, the concerned committee member is strictly required to recuse themselves from the entire decision-making process. This includes abstaining from all deliberations, discussions, and the final vote to ensure the integrity and independence of the committee's fiduciary actions.

### **2.4 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.

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

1. A meeting notice was received too late; or
2. Collective Investment Scheme(s) held investments on the notice date but has disposed prior to the meeting date
3. Cost of voting the proxy outweighs the possible benefit to the applicable collective investment schemes; or
4. Effect on the relevant collective investment schemes' economic interests or the value of the portfolio holding is insignificant in relation to the schemes' value; or
5. It finds to be inconsistent with fiduciary obligations to vote.

### **3. Monitoring Investee Companies**

PQAMCL recognizes that continuous monitoring of investee companies is a cornerstone of its stewardship responsibilities. Beyond evaluating fundamental financial performance and capital structure, the Company adopts a proactive monitoring framework that encompasses non-financial factors, including any PSX reporting on corporate governance standards, discloses on business strategy in corporate briefings, and ESG (Sustainability) risks. This oversight is maintained through active and regular communication with the management of investee companies, ensuring that any material issues are identified at an early stage to protect the long-term value of our clients' investments.

The mechanism adopted for monitoring purpose may include:

- Publicly available information
- Management interaction through meetings or calls
- Analyst briefings
- Quarterly Results of the listed Investee Companies
- Annual Reports of the listed Investee Companies
- Industry information

In cases of limited management access or insight, monitoring shall be conducted through independent secondary research and public filings.

### **4. Engagement with the Investee Companies:**

Engagement is conducted through various professional channels, ranging from routine participation in analyst briefings and management conference calls to targeted one-on-one meetings with senior executives. We also utilize formal avenues such as attending General Meetings (AGM/EGM) and may conduct site visits to verify operational sustainability. These interactions are designed to be constructive, ensuring that the Company's expectations as a fiduciary are clearly communicated to the investee management.

When routine monitoring identifies significant concerns, PQAMCL may initiate a structured escalation process to safeguard investor interests. This may involve formal written communication to the Board, collaborative engagement with other institutional investors to amplify our influence, or exercising our voting rights against management resolutions. If these interventions fail to produce the desired improvements, the Investment Committee will re-evaluate the investment's continued suitability within the portfolio.

## **5. Managing Conflict of Interest:**

Under its Fiduciary and Proxy Voting mandates, PQAMCL maintains a zero-tolerance approach to unmanaged conflicts of interest. We define a conflict as any actual or perceived interest that may bias professional decision-making. Any identified conflicts are resolved through formal mechanisms prescribed by the prevailing NBFC and Stewardship Regulations, ensuring full transparency and the protection of Fund beneficiaries.

In accordance with regulatory standards, the Company utilizes ethical walls to segregate confidential information and prevent material non-public information (MNPI) from influencing professional judgment or creating conflicts of interest

## **6. Incorporating Sustainability Considerations:**

PQAMCL prioritizes the integration of ESG and corporate governance factors within its investment lifecycle to drive sustainable growth. Through a formal review mechanism, we assess investee companies on their :

- environmental responsibility,
- social equity,
- leadership diversity.

This commitment ensures that our investment decisions reflect both financial rigor and a dedication to the long-term sustainability interests of our beneficiaries.

## **Yearly Disclosure of Stewardship Activities:**

PQAMC shall prepare an annual report detailing how it has implemented its stewardship responsibilities in accordance with this policy. The Report will be published on PQAMC's website each year.