



POLICY FOR ALIGNMENT OF INTEREST FOR KEY EMPLOYEES THROUGH 'SENIOR EXECUTIVES BONUS INCENTIVE SCHEME – SEBIS'

1- PURPOSE

The aim of this policy is to create a fair and clear compensation system that matches the risks and duties involved in financial activities. By putting this policy into action, our goal is to hold senior management responsible for their decision-making, performance, and how they are compensated. The main objective is to establish a fair and well-structured payment system that emphasizes responsibility and promotes long-term growth.

This policy outlines a compensation plan designed to align the interests of key employees (as defined in the Non-Banking Finance Companies and Notified Entities Regulations, 2008) with Al Meezan Investments and the unit holders of the Collective Investment Schemes managed by the AMC. The focus is on lasting prosperity, ethical performance, and principled practices.

2- SEBIS POLICY DESCRIPTION

- i. The annual bonus pool determined shall continue to be allocated to the employees in the form of cash and deferred bonus. The allocation shall be in the following proportion;

| Designation | Cash portion | Deferred portion |
|---|--------------|------------------|
| CEO | 60% | 40% |
| Direct Reports of CEO and Material Risk Takers (i.e. Fund Management and Portfolio Department) | 75% | 25% |

- ii. The deferred portion of the bonus pool of above-mentioned employees will be invested in SEBIS, separately managed by the Company. The SEBIS invests deferred portion of the bonus pool of above-mentioned employees in mutual funds under management of Al Meezan Investments;
- iii. For SEBIS, units which have already been issued, would have a lock in period of 3 years.
- iv. Following claw backs would apply on SEBIS units redeem during the lock in period:

| | |
|-----------------------|------|
| Within 1 year | 100% |
| Between 1 and 2 years | 67% |
| Between 2 and 3 years | 33% |
| After 3 years | 0% |

- v. The employee shall be entitled to redeem the non-vested units upon retirement or shall automatically be redeemed in favor of nominee of the employee in case of his/her death without any claw back.
- vi. Provided that Al Meezan reserves the right to forfeit/claw back the SEBIS units of Key Employee/(s), in case of fraud, gross negligence, mis-selling or deceptive conduct on their part. The fraud, gross



negligence, mis-selling and/ or deceptive conduct by key employee/(s), and prevention of moral hazard in implementation of clawback provision is to be determined in accordance with the disciplinary and other relevant policies applicable at Al Meezan.

3- DISCLOSURE AND COMMUNICATION:

Al Meezan will disclose all the relevant information in accordance with the requirement of Schedule XXII of the Non-Banking Financial Companies and Notified Entities Regulation 2008.

Audit trail of the relevant information will be maintained to verify compliance with applicable requirements.

4- APPLICABILITY:

The policy will remain effective for the FY-2023-24 and onwards, until changed by the Board of Directors.