

MCB INVESTMENT MANAGEMENT LIMITED STEWARDSHIP REPORT 2024



MCB FUNDS
Investments for Life
AM1
by PACRA

The Stewardship Report of MCB Investment Management Limited ("MCBIM" 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.

Following are the principles of Stewardship and their compliance status.

PRINCIPLE 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.

Compliance status/ Explanation

MCBIM is complying with this principle of Stewardship Guidelines. MCBIM has formulated a comprehensive Stewardship Policy covering all the principles required under the Stewardship Guidelines. Stewardship Policy has been approved by the Board of Directors ("BOD") of the Company and is disclosed on the website (www.mcbfunds.com) of the Company.

PRINCIPLE 2 – VOTING POLICY AND IT'S DISCLOSURE

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

Compliance status/ Explanation

A comprehensive Proxy Voting Policy and Procedures approved by BOD of the Company is placed on the website of the Company and a detailed disclosure of proxy voting for, against or abstain is available in the Annual Report of each Equity based Collective Investment Scheme managed by the Company.

PRINCIPLE 3 – MONITORING INVESTEE COMPANIES

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

Compliance status/ Explanation

MCBIM is complying with this principle by monitoring the investee companies not only through publicly available information such as financial statements, directors' report, news reports, social media posts, sell-side research reports, etc. but also engaging with the investee companies through management meetings, corporate briefings and shareholders' meetings, where possible. To regularize the process, MCBIM has formulated the Stewardship Policy on the principle articulating processes of monitoring and engaging with the investee companies and their appropriate disclosure.

PRINCIPLE 4 – POLICY ON ENGAGEMENT WITH THE INVESTEE COMPANIES

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

Compliance status/Explanation

The Research Analysts and Fund Managers of MCBIM engage with the management of the investee companies while discharging their monitoring responsibilities through management meetings and analyst calls effectively. To regularize the same, MCBIM has developed a comprehensive framework clearly articulating the engagement process. The same has been documented in the Stewardship Policy.

PRINCIPLE 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 behavior, to advance the interest of investors.

Compliance status/Explanation

MCBIM has developed Stewardship Policy to identify and manage actual or potential conflict of interest that also include a Chinese wall between conflicting functions. All material conflict of interest in proxy voting and financial transactions would be reported in the Annual Report of the Collective Investment Schemes and Voluntary Pension Schemes managed by the Company.

MCBIM, on behalf of its Collective Investment Schemes, invests in the securities of its Group Companies and Associated Companies which may raise conflict of interest. In order to manage this conflict of interest, MCBIM strictly follows the investment restrictions and compliance limits defined in the Non-Banking Finance Companies and Notified Entities Regulations, SECP's directives and the constitutive documents of the Collective Investment Schemes.

PRINCIPLE 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

Compliance status/ Explanation

The Research Analysts and the members of the Investment Committee endeavor to incorporate sustainability consideration, including ESG principles into their investment process where overall investment objectives of the Collective Investment Schemes mentioned in the Offering documents allow.