

MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED
MINUTES OF THE 27TH HUMAN RESOURCE AND REMUNERATION COMMITTEE
HELD ON FEBRUARY 25, 2022 AT 03:00 P.M.
ADAMJEE HOUSE, I. I. CHUNDRIGAR ROAD, KARACHI

IN ATTENDANCE

<u>SR. NO.</u>	<u>NAME</u>	<u>INITIALS</u>	<u>DESIGNATION</u>
1.	Mirza Qamar Beg	QB	Chairman of the Committee
2.	Ms. Mavra Adil Khan	MAK	Member
3.	Mr. Muhammad Saqib Saleem	MSS	Chief Executive Officer / Member
4.	Mr. Altaf Ahmad Faisal	AAF	Company Secretary / Secretary of the Committee

INVITEES

5.	Ms. Zehra Aziz	ZAA	Head of Human Resource
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All directors attended the meeting electronically.

QUORUM

Welcoming the Committee members to the 27th meeting of the Human Resource and Remuneration Committee, the Secretary declared the quorum present.

Leave of Absence

MSS informed that due to demise of a relative, AAF could not attend this meeting. Head of HR was nominated as Secretary of the meeting.

ADOPTION OF AGENDA

Secretary proposed the following agenda:

- 1) To confirm Minutes of the 26th meeting of Human Resource and Remuneration Committee held on January 04, 2022;
- 2) To review Core Values and Employee Code of Conduct Policy of the Company;
- 3) To review Human Resource Policy Manual including Compensation and Benefit Policy of the Company;
- 4) To review KPI-based Performance Evaluation Criteria;
- 5) To review Organogram of the Company;
- 6) To review the Organizational Development including Training Policy, Talent Management Policy and Succession Planning Policy of the Company;
- 7) To review the Performance Evaluation Forms for analysing performance of the Board and its Committees.
- 8) Any other matter with the permission of the chair.

MSS then introduced ZAA with the Committee members. On request of MSS, ZAA briefed regarding her functions and responsibilities. ZAA apprised that all HR functions including hiring, salary processing and exit formalities are performed by her. MSS furthered that the Company hired Head of Training which work in close coordination with the Head of HR. On query from QB, ZAA responded that fulfilment of employees' needs and recruitment process are her significant tasks.

AGENDA ITEM NO. 1

CONFIRMATION OF MINUTES

MSS informed the Committee members that the minutes of 26th meeting of the Committee held on January 04, 2022 were duly circulated to members and no comments were received. The Chairman suggested that since there are no comments, the minutes should be taken as read and confirmed.

“RESOLVED THAT

Minutes of the 26th meeting of the Human Resource and Remuneration Committee held on January 04, 2022 be and are hereby approved and the Chairman of the Committee authorized to sign the minutes as token of confirmation.”

AGENDA ITEM NO. 2

CORE VALUES AND EMPLOYEE CODE OF CONDUCT POLICY

QB started the discussion by apprising the Committee members and suggested that main focus of above agenda items should be inclined towards the Code of Conduct and Organogram. MSS then briefed that considering the suggestion of the Committee members in last meeting, Code of Conduct has been aligned with core values with necessary changes submitted to the Committee members for review. MSS furthered that core values are also become part of the code of conduct and with minor elaborations, code of conduct is made concise as well as comprehensive so that same can easily be understood by all employees. QB suggested to change the caption of the Code of Conduct as **“The Code of Conduct”** because same is applicable to employees as well as to directors. After detail discussion, the Committee emphasized that the purpose and spirit of the Code until and unless same is clearly communicated to all employees and strict monitoring has to be taken by the management from time to time. The Committee also recommended that every employee should understand Code of Conduct with Core Values and suggested that this Code shall also be available in Urdu Language. MSS apprised that this Code would become an integral part of training material and formal training would be given to employees at the time of joining and on annual basis. On suggestion of the Committee, MSS agreed to make this Code of Conduct document more user-friendly and understandable and make it concise over two to three pages and share final draft to the Committee members for review before submitted to the Board for its approval.

“RESOLVED THAT

“The Code of Conduct, to be condense and concise in the light of discussions, be circulated to the Members for review before submitted to Board for its approval”

AGENDA ITEM NO. 3

Human Resource Policy Manual including Compensation and Benefit Policy

In continuation of the discussion in previous meeting on various policies, members briefly discussed the policy manuals of the company including the new policies shared with the members.

AGENDA ITEM NO. 4

KPI-based Performance Evaluation Criteria

MSS then presented KPI-based Performance evaluation criteria and explained that management tried its best for achieving the objectives based on KPI's assigned to each department. The Committee expressed their view that KPI's were designed and disseminated properly by the Board and HR Committee at this stage don't need to evaluate KPI's of the personnel because KPI's based performance of the personnel has been evaluated by the Board on quarterly basis. The Committee further confirmed that outsourcing for designing and evaluation of the KPIs is not required at this stage and this matter will be considered later after completion first year of the KPIs. While discussion with respect to implementation of Bell Curve Model, MSS informed that Bell Curve Model is not suitable for small Organizations and explained that due to certain practical impediments in implementation of forced Bell Curve Model, some big organizations are now moving away from Bell Curve. The Committee agreed with the suggestion that forced Bell Curve Model shall be separated from KPI based evaluation.

AGENDA ITEM NO. 5

Organogram of the Company

MSS then briefed Organizational Chart and while highlighting the general practice followed in Corporate culture, The Committee apprised that performance evaluation of personnel directly reporting to CEO and their remuneration thereof are determined by the Board, as confirmed by MSS. The Committee emphasized that due to streamlining of tasks and atomization of processes, considerable efforts of CEO should be diverted to strategic tasks rather than routine and operational matters. While highlighting the significance of the position of COO, QB insisted that administration matters may easily be delegated to HR function and emphasized for restructuring of various functions may have to be done to fully utilize employees' potential. MSS showed his accord with respect to consideration of the Committee that major portion of HR function pertains to operations and administrative activities rather than policy making and same can be shifted under the umbrella of COO. MSS furthered that Marketing and Sales can't be clubbed keeping in view the fact that the major portion of Marketing pertains to digitalization and innovation. MSS expressed his view that if we consider to reorganize the Organogram, then probably only Compliance functions can be delegated to COO if he has the capacity to run those things according to the Board's vision.

The Committee explained that due to large number of CEO's direct reportees, matters pertaining to KPI determination and performance evaluation be done by the Board which would definitely put undue burden on the Board and further emphasizing the need for enhancing PR related activities for marketing, over which MSS responded that the Company has hired PR Agency for such activities. Finally, the Committee suggested to hold internal brainstorming

session and revisit the Organogram to make necessary changes, if required, so as to ensure having more effective and productive structure.

AGENDA ITEM NO. 6

The Organizational Development Including Training Policy, Talent Management Policy and Succession Planning of the Company

In continuation of the discussion in previous meeting members briefly discussed the policies shared with the members.

AGENDA ITEM 7

The Performance Evaluation Forms for Analyzing Performance of the board and its Committees

MSS presented the Board's Performance Evaluation form and informed that the same was drafted by Mr. Nasim Beg keeping in view questionnaire available in SECP's guidelines. MSS furthered that Board's Evaluation has never been questioned by the Regulator. While inquiring guideline recommended by the SECP, MSS briefed the detail and discussed important points with the Committee members. After detail discussion, the Committee members recommended to continue with the existing format of Board's Performance Evaluation form.

AGENDA ITEM NO. 8

Any other matter with the permission of the chair

There was no other business; the meeting was then concluded with a vote of thanks.

Prepared by

Approved by

Secretary to the Committee

Chairman