

**HBL**

## **BOARD REMUNERATION POLICY**

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## Section 1: Introduction – Objective & Scope

- 1.1 This Remuneration Policy ("**Policy**") for the Board of Directors of Habib Bank Limited ("**HBL**" or the "**Bank**"), is intended to prescribe the requirements and methodology for the determination of the remuneration of the members of the Board of Directors of HBL (the "**Board**") and the members of the committees thereof.
- 1.2 The Policy is intended to account for the amount of time devoted by Directors not only in attending meetings of the Board and the committees thereof but also in preparation for the same.
- 1.3 The Policy is further intended to account for industry standards and regulatory prescriptions in relation to the remuneration of members of the board of directors for banks in Pakistan.

## Section 2: Governance

### 2.1 Ownership and Access:

The Board and Company Secretary of the Bank have ownership and access of this Policy.

### 2.2 Responsibility for implementation:

The Board and Company Secretary of the Bank are responsible for implementation of this Policy.

### 2.3 Responsibility for review and updation:

The Board Remuneration Committee will review the Policy as and when needed. Company Secretary shall facilitate the Committee to update the Policy in line with prevailing rules & regulations including SBP BPRD Circular No. 3 dated August 17, 2019.

## Section 3: Roles & Responsibilities

### 3.1 Remuneration of the members of the Board of Directors:

- 3.1.1 The Board, and never an individual member of the Board, shall, from time to time, determine and approve such level of remuneration for the members of the Board, for attending the meetings of the Board or the meetings of the committees thereof, as may be within the limits for such remuneration as prescribed by the State Bank of Pakistan ("**SBP**") and determined to be an adequate measure of remuneration for the performance of relevant duties by such members.
- 3.1.2 The Board shall ensure that such remuneration is determined subject to applicable laws and regulations including the guidelines and/or instructions of SBP.
- 3.1.3 The Board shall ensure that such remuneration is not determined in any manner that may undermine the independence of the independent members of the Board.
- 3.1.4 The members of the Board shall, in addition to the aforementioned remuneration, also be paid travel, lodging and all other expenses as may be ancillary;

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- (a) to the attendance of the respective meetings of the Board;
- (b) to the attendance of General Body Meetings; and
- (c) any business relating and/or ancillary to the fulfillment of their respective duties with respect to the Bank.

3.1.5 The Board may determine additional and/or specific remuneration for any member of the Board performing additional duties and/or services in relation to the Bank.

3.1.6 The Board may determine additional and/or specific remuneration for the Chairman of the Board.

## 3.2 Remuneration of the members of the Committees of the Board of Directors:

3.2.1 The Board shall, from time to time, determine and approve such level of remuneration for the members of the committees of the Board, for attending the meetings of such respective committees of the Board, as may be within the limits for such remuneration as prescribed by the State Bank of Pakistan ("SBP") and determined to be an adequate measure of remuneration by the Board.

3.2.2 The Board shall ensure that such remuneration is determined subject to applicable laws and regulations including the guidelines and/or instructions of SBP.

3.2.3 The Board shall ensure that such remuneration is not determined in any manner that may undermine the independence of the independent members of the respective committees of the Board.

3.2.4 The members of respective committees of the Board shall, in addition to the aforementioned remuneration, also be paid travel, lodging and all other expenses as may be ancillary to the attendance of the respective meetings of respective committees the Board.

3.2.5 The Board may determine additional and/or specific remuneration for any member of the respective committees of the Board performing additional duties and/or services in relation to the Bank.

## 3.3 Travel and Expense Policy for Non-Executive Directors and the Chairman

3.3.1 The Bank will bear the Non-Executive Director's expenses for attending each Board and Board Committee meeting or for any travel undertaken in connection with Bank work or engagement as detailed herein.

3.3.2 **Domestic Travel:** For (a) Board and/or Board Committee meetings (b) business related meetings and/or Bank related engagements e.g. branch opening/conferences/training programs/seminars within the Country:

- Full fare Business class air travel; first class rail travel and full reimbursement for car/rental/fuel/driver in relation to any road travel.
- Five star or equivalent hotel stay with full cost coverage for meals, telephone calls, car rental, other stay related and hotel costs/charges and/or any miscellaneous charges incurred on account of stay and daily allowance of Rs. 50,000 per day or alternatively an all-inclusive daily allowance of Rs. 125,000 per day.

### 3.3.3 International Travel: For Board meetings and/or Board Committee meetings:

- Full fare Business class air travel; first class rail travel and full reimbursement for car/rental/fuel/driver in relation to any road travel.
- Five star or equivalent hotel stay with full cost coverage for meals, telephone calls, car rental, other stay related and hotel costs/charges and/or any miscellaneous charges incurred.

### 3.4 For other meetings/ engagements:

For business related meetings, including meetings with regulators, government officials, multilateral, bilateral agencies, banks, branch opening, country reviews, meetings with auditors and consultants/advisors, meeting with clients, road shows and for attending international conferences, seminars, forums including participating in government delegations/meetings:

- Full fare first class air travel, first class rail travel and full cost coverage for car/rental/fuel/driver involving any road travel.
- Five star or equivalent hotel stay with full coverage for meals, telephone calls, car rental, other stay related and hotel costs/ charges and/or any miscellaneous charges incurred on account of stay plus in addition a daily allowance of USD 500.
- Spouse travel, where required to be accompanied, costs to be borne by the Bank.

### 3.5 For attending training programs outside Pakistan:

The Bank believes on continued training of the Board of Directors which enables them to stay informed about the latest developments in the field of Governance, Economic development, Fintech, International Trade, Digital Transformation etc. For outstation training, the following facts shall be prevailed:

- Business class air travel, first class rail travel and full cost coverage for car/rental/fuel/driver involving any road travel.
- Five star or equivalent hotel stay with full coverage for meals, telephone calls, car rental, other stay related and hotel costs/ charges and/or any miscellaneous charges incurred on account of stay plus a daily allowance of USD 500.

3.6 In addition to the above; visa application/related fees, associated costs and health insurance costs on account of the travel will be on account of the Bank.

3.7 Claims under the TA/DA policy should be forwarded to the Company Secretary for processing/approval.

3.8 Tax if applicable will be deducted and a challan evidencing deduction of tax will be provided.

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## Section 4: Operating Guidelines

### 4.1 Limits prescribed by the State Bank of Pakistan:

4.1.1 HBL is authorized to determine remuneration of their board members, including the Chairman, taking into consideration their own governance structure and the level of responsibility & expertise of the concerned directors.

4.1.2 As per SBP vide BPRD Circular No. 03 of 2019 ("Circular") those banks/DFIs which have above PKR 500 billion assets size or above PKR 1 billion after tax profit, (as per last audited annual accounts), which includes HBL, have a prescribed maximum limit of remuneration for a single board/ committee meeting up to PKR. 800,000.

4.1.3 The Board has, therefore, determined, in line with the aforementioned limit prescribed by SBP, the remuneration for its members of the Board and/or members of the committees of the Board for each meeting of the Board and/or the respective committee of the Board, to be up to PKR 600,000.

### 4.2 Chairman Office's Administrative Expenses:

In accordance with SBP Circular of May 6, 2015 (BPRD Circular No.9 of 2015) the administrative expenses pertaining to the office, staff, logistic support, transport and security allocated to the Chairman of the Board shall be borne by HBL as detailed herein:

- (a) Office space - commensurate with the representational role and senior position of the Chairman which would include office space for the Chairman, secretarial and other staff and meeting rooms. The Bank would bear expense for all staff, utilities, amenities, office and other equipment and security at the said premises.
- (b) Manpower and logistic support - this would include two persons in the Chairman's office to provide administrative and secretarial support to enable the Chairman to perform his duties as Chairman of HBL and member of any sub committees of the Board. Further one/two business analysts to assist the Chairman in reviewing HBL's financial information, budgets, evaluation and reports and senior staff member of HBL to coordinate the affairs of the Chairman's office, correspondence, scheduling senior level meetings and preparing and/or assisting in preparing responses for follow up action points with reference to the Corporate office.
- (c) Security- personal security for the Chairman and security for the office and home of the Chairman including necessary and required bullet proof vehicles, replacement vehicles, escort vehicles, personal body guards, security guards for the office, home any further security measures as advised by the HBL Chief of Security and or law enforcement agencies.

## Section 5: Performance Evaluation:

The Performance Evaluation of the Board of Directors of the Bank shall be in accordance with the guidelines issued by the State Bank of Pakistan from time to time. Should the Board evaluation highlight the under performance of a Director, the Board Remuneration Committee would review and recommend any reduction, if so, in the remuneration of such a director.