



Trellis Housing  
Finance Limited

# Board of Directors Charter

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Trellis Housing Finance Limited

*Muhammad Shahid*  
| COMPANY SECRETARY

# Document Review and Approval

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# Board of Directors Charter for Trellis Housing Finance Limited

## Introduction

*In addition to the Companies Act 2017, NBFCs Rules and Regulation by SECP and Code of Corporate Governance Regulation 2019, these By-Laws/charter are complementary to the provisions regarding the Board of Directors and the Board of Directors members as contained in legislation and regulations, the charter of the Company and the rules governing the relationship between the Management team and the Board of Directors.*

**Capitalized Terms.** The meaning of certain terms used in these By-Laws is set out in the List of Definitions attached as Annex 1.

## Composition and Structure

### 1. Board of Directors Profile, Size, Expertise and Independence

**Section 1.1. Board of Directors Profile.** The Board of Directors shall prepare a profile of its size and composition, considering the nature of the business of the Company and the desired expertise and background of the Board of Directors members (the “**Board of Directors Profile**”). The current Board of Directors Profile is posted on the Company's website.

**Section 1.2. Number of Members.** Existing Board consists of the three (3) members After consultation with the CEO, the Board of Directors determines the number of Board of Directors members and same will be approved by the shareholders in the AGM. The Board of Directors shall have a minimum of [3] members and a maximum of as fixed by the Board time to time and same approved by the shareholders.

**Section 1.3. General Composition.** The Board of Directors shall use its best efforts to ensure that the Board of Directors is always composed so that:

- a) its members can act critically and independently of one another and the Management team;
- b) each Board of Directors member can assess the broad outline of the Company’s overall policy;
- c) each Board of Directors member has sufficient expertise to perform his role as a Board of Directors member within the Board of Directors Profile;
- d) the Board of Directors matches the Board of Directors Profile;
- e) at least one Board of Directors member is a financial expert, meaning he has expertise in financial administration and accounting for companies similar to the Company in size and sophistication; and
- f) no less than one-third of the Board of Directors members are independent as defined in Section 1.4 of these By-Laws.

**Section 1.4. Independence.** THFL will follow the regulatory definition of the independent director however, followings are the in addition to laws governing NBFCs. A Board of Directors member

is independent if the following criteria *do not* apply to him. These criteria are that the Board of Directors member, his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:

- a) has been an employee or member of the Management team of the Company or an affiliated company in the five years prior to his becoming a Board of Directors member;
- b) receives financial compensation from the Company, or an affiliated company, other than for serving as a Board of Directors member or in the course of ordinary business;
- c) has had an important business relationship with the Company or an affiliated company in the year prior to becoming a Board of Directors member;
- d) is a member of the Management team of a company in which a member of the Management team is a Board of Directors member;
- e) holds (together with persons or entities that cooperate with the Board of Directors member under an tacit, oral or written agreement) at least ten percent of the shares in the Company's capital;
- f) is a member of the Management team or Board of Directors, or a representative in some other way, of a legal entity which holds at least ten percent of the shares in the Company's capital, unless such entity is a member of the same group as the Company; or
- g) has temporarily managed the Company during the previous twelve months due to vacant seats on the Management team or because Management team members were unable to perform their duties.

## **2. (Re)Appointment; Term of Office; Resignation**

**Section 2.1. Election by Shareholders.** The General Meeting of Shareholders elects members of the Board of Directors.

**Section 2.2. Substance of Nominations and Recommendations.** A nomination or recommendation to the General Meeting of Shareholders for a candidate for the Board of Directors shall state (i) the candidate's age, (ii) his profession, (iii) the amount and nature of his Ownership in the Company, (iv) any convictions for any crimes involving dishonesty, fraud or breach of trust, (v) the positions he holds or has held in the past five years (including memberships on any supervisory bodies or management team) and (vi) any other information relevant to assess his suitability as a member of the Board of Directors. The recommendation or nomination for appointment or reappointment shall state the reasons for the nomination or recommendation. Any nomination or recommendation by the Board of Directors for appointment or reappointment of a Board of Directors member must be in accordance with Section 1 of these By-Laws, including the Board of Directors Profile.

**Section 2.3. Reappointment.** Before recommending a member of the Board of Directors for reappointment, the Board of Directors must carefully consider his past performance on the Board of Directors.

**Section 2.4. Term Limit.** No member may be elected to the Board of Directors for more than [three] year terms.

**Section 2.5. Staggered Retirement.** Board of Directors members shall may retire periodically according to a rotation plan (to be drawn up by the Board of Directors) to avoid many Board of Directors members retiring at the same time. The Board of Directors may draft or amend the rotation plan. Amendments to the rotation plan, however, do not permit a member of the Board of Directors to remain a member for longer his original term, or allow the Board of Directors to ask him to retire

before his term has expired. The rotation plan if BoD needs to have one can be available on written demand to the Company.

**Section 2.6. Acting Membership on Management team.** A Board of Directors member who is temporarily charged with acting as a member of the Management team when seats on the Management team are vacant or Management team members are unable to fulfill their duties, shall resign from the Board of Directors.

### **3. Chairman**

**Section 3.1. Election.** The Board of Directors shall elect a Chairman from among its members. The Vice-Chairman replaces, and assumes the powers and duties of, the Chairman when the Chairman is absent.

**Section 3.2. Duties.** The Chairman of the Board of Directors is primarily responsible for the activities of the Board of Directors and its Committees. He shall act as the spokesman of the Board of Directors and is the principal contact for the CEO and the Management team. The CEO and the Chairman of the Board of Directors shall meet regularly. [The Chairman of the Board of Directors usually presides over General Meetings of Shareholders.]

**Section 3.3. Responsibilities.** The Chairman ensures that:

- g) Board of Directors members, when appointed, participate in an induction program and, as needed, additional education or training programs;
- h) the Board of Directors members receive all information necessary for them to perform their duties;
- i) the Board of Directors has sufficient time for consultation and decision-making;
- j) the Committees function properly;
- k) the performance of the Management team members and the Board of Directors members is evaluated at least once every [year][two years];
- l) the Board of Directors elects a Vice-Chairman; and
- m) the Board of Directors has proper contact with the Management team.

In addition, the Chairman is primarily responsible for:

- a) ensuring the Board of Directors satisfies its duties;
- b) determining the agenda of Board of Directors meetings, chairing such meetings and ensuring that minutes are kept of such meetings;
- c) consulting with external advisors appointed by the Board of Directors;
- d) addressing problems related to the performance of individual Board of Directors members; and
- e) addressing internal disputes and conflicts of interest concerning individual Board of Directors members and the possible resignation of such members as a result.

### **4. Company Secretary**

**Section 4.1. Company Secretary.** The Company Secretary assists the Board of Directors.

**Section 4.2. General Access.** All Board of Directors members may go to the Company Secretary for advice or to use his services.

**Section 4.3. Responsibilities.** The Company Secretary sees to it that the Board of Directors follows correct procedures and that the Board of Directors complies with its obligations under law, the Company's charter and its by-laws. The Company Secretary shall assist the Chairman of the Board of Directors in organizing the Board of Directors' activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs). The Company Secretary is the secretary of the Board of Directors.

**Section 4.4. Duties to Management team.** The Company Secretary also performs activities for the Management team, as provided for in the By-Laws of the Management team.

## **5. Committees**

**Section 5.1. Establishment of Committees.** The Board of Directors may appoint Committees from among its members to perform specific tasks. The Board of Directors shall determine the members of any Committee. The Board of Directors shall establish an Audit Committee, a Compensation Committee and a Nomination Committee and any other committee as deem necessary.

**Section 5.2. Board of Directors Responsibility for Committee Action.** The Board of Directors remains collectively responsible for the decisions and actions taken by any Committee. A Committee may only perform the tasks delegated to it by the Board of Directors and may not exceed the authority or powers of the Board of Directors as a whole. Decisions that, by law, must be taken by the entire Supervisory Council may not be delegated to a Committee.

**Section 5.3. Committee Reporting.** Each Committee must promptly inform the Board of Directors of the actions it has taken and major developments of which it becomes aware. Each Board of Directors member has unrestricted access to all Committee meetings and records. The Board of Directors shall, as set forth in the Regulations of the Committee concerned, receive a report from the Committee describing the Committee's actions and findings.

**Section 5.4. Committee Regulations.** The Board of Directors shall establish (and may amend) Regulations/Term of References (ToRs) for each Committee. The Regulations/ToRs shall indicate the role and responsibilities of the Committee, its composition and how it should perform its duties. The Regulations/ToRs of a Committee shall require that each Committee has no less than two members (or, if the Committee is composed of three or fewer members, one member) who is independent, as defined in Section 1.4 of these By-Laws.

**Section 5.5. Website Disclosure.** The Regulations/ToRs and the composition of the Committees shall be posted on the Company's website.

## **6. Duties and Powers**

### **6.1. General Duties and Powers; Relationship with the Management team**

**Section 6.1. General Responsibilities.** The Board of Directors supervises the Management team and oversees the general business of the Company. The Board of Directors advises the Management team. The entire Board of Directors is responsible for such supervision and oversight.

**Section 6.2. Board Acts in Interest of Company.** The Board of Directors shall act in the best interests of the Company and its business, taking into consideration the interests of the

Company's stakeholders. Board of Directors members shall perform their duties independent of any particular interest in the Company.

Members should not support one interest without regard to the other interests involved.

**Section 6.3. Quality of Performance.** The Board of Directors is responsible for the quality of its own performance.

**Section 6.4. Action in Concert.** As much as they can within their individual responsibilities as members of the Board of Directors, members shall act and speak in concert with respect to important affairs and matters of principle.

**Section 6.5. Provision on Information.** The Chairman shall see to it that the Management team, in a timely manner, provides the Board of Directors and its Committees with the information it needs to properly function.

**Section 6.6. Responsibility for Securing Information.** The Board of Directors and its individual members each has responsibility for obtaining all information from the Management team and the External Auditor needed to carry out their duties. If the Board of Directors thinks it is necessary, it may obtain information from officers and external advisers of the Company. The Company shall aid the Board of Directors in obtaining such information. The Board of Directors may require certain officers and external advisers to attend its meetings.

**Section 6.7. Access to Records.** Each member of the Board of Directors has access to the books and records of the Company, if useful to perform his duties. Unless the Regulations of a Committee state otherwise, Board of Directors members shall consult with the Chairman of the Board of Directors and the Company Secretary before exercising their rights.

**Section 6.8. Use of Experts.** The Board of Directors may hire experts to assist or advise them. The cost of such experts shall be agreed to by the Board of Directors and shall be paid by the Company. A Board of Directors member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.

## **6.2. Duties Regarding the Activities of the Management team Members**

**Section 6.2.1. Nature of Supervision.** In supervising the Management team, the Board of Directors shall consider: (i) achievement of the Company's objectives; (ii) the strategy and risks in the Company's activities;

(iii) the structure and operation of the internal risk management and control systems; (iv) the financial reporting process; (v) compliance with law and regulations and (vi) any other matters the law requires the Board of Directors to consider.

**Section 6.2.2. Financial Reporting.** The Board of Directors supervises the Company's financial reporting in accordance with these By -Laws.

**Section 6.2.3. Risk Review.** On an ongoing basis, the Board of Directors shall discuss the Company's strategy and business risks, the Management team's assessment of the internal risk management and control systems, and any significant changes to such systems.

**Section 6.2.4. Resolutions Subject to Approval.** The following resolutions of the Management team are subject to the approval of the Board of Directors:

- a) determining the operational and financial objectives of the Company;
- b) determining and amending the strategy to achieve the objectives;
- c) determining and amending and strategic indicators (including, for example, any financial ratios);



- d) the resolutions listed in **Annex 3**; and
- e) any other matters that the law or the Company's charter requires the Board of Directors to approve.

### **6.3. Duties Regarding the Members and the Performance of the Board of Directors and Management team**

**Section 6.3.1. Duties Regarding Management team.** The duties of the Board of Directors regarding the members of the Management team include:

- a) the selection and nomination of members of the Management team, the submission of proposals for the compensation policy for members of the Management team to the Board, the determination of the compensation (in accordance with said compensation policy) and any contracts with Management team members;
- b) determination of the number of Management team members, the designation of the CEO of the Management team, the approval of the By-Laws of the Management team and the assessment of the Management team and its individual members; the approval of any additional positions of the Management team; and
- c) addressing any conflicts of interest issues between the Company and members of the Management team.

**Section 6.3.2. Duties Regarding Board of Directors.** The duties of the Board of Directors in relation to the members of the Board of Directors include:

- a) the nomination of members of the Board of Directors (the appointment is made by the General Meeting of Shareholders) and proposals to the General Meeting of Shareholders for the compensation of members of the Board of Directors;
- b) the determination of the number of Board of Directors members, the appointment of a Chairman and Vice-Chairman of the Board of Directors, the establishment of Committees and defining their role, the evaluation of the Board of Directors, its individual members and its Committees (including an evaluation of the of the Board of Directors Profile and the induction, education and training program);and
- c) addressing any conflicts of interest issues between the Company and members of the Board of Directors.

**Section 6.3.3. Board of Directors Self-Assessment; Management team Assessment.** At least once a year, the Board of Directors shall (without the Management team being present) discuss its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the Board of Directors. At least once a year, the Board of Directors shall (without the Management team being present) discuss the activities of the Management team and those of its individual members and the effectiveness of such activities.

#### **6.4. Certain Other Duties of the Board of Directors**

**Section 6.4.1. Duties Generally.** The other duties of the Board of Directors include:

- a) duties regarding the External Auditor as described in these By -Laws and the Charter of the Audit Committee;
- b) the handling of complaints regarding members of the Management team;
- c) ensuring the temporary Management team of the Company if a member of the Management team is absent or prevented from performing his duties;
- d) other duties imposed by law, the Company's charter, these By-Laws, the Charter of a Committee or the By-Laws of the Management team.

**Section 6.4.2. Annual Report.** The Board of Directors shall draw up a report (to be included in the annual statement of the Company) describing its activities in the financial year and containing the statements and information required by law and the Company's charter.

**Section 6.4.3. Joint Responsibility for Corporate Governance.** The Board of Directors and the Management team are jointly responsible for the corporate governance of the Company and its compliance with law.

#### **6.5. Supervision of Financial Reporting**

**Section 6.5.1. General Supervision Responsibilities.** The Board of Directors supervises compliance with procedures established by the Management team for the preparation and publication of the Annual Report, the Annual Accounts, the quarterly (if any) and semi-annual financial reports and any other financial information. The Board of Directors also supervises the internal control mechanisms for external financial reporting as described in THFL policies and procedures.

**Section 6.5.2. Discussion of Financial Reports.** The Audit Committee shall regularly, and in any event as soon as possible, provide the Board of Directors with reports on the Annual Report, the Annual Accounts, and the quarterly (if any) and semi-annual financial reports, which will then be discussed at a meeting of the Board of Directors. The Annual Accounts and the Annual Report for the year just ended shall be discussed in a meeting with the Board of Directors within five months of the year end. The semi-annual and quarterly (if any) financial reports of the Company for the respective period just ended shall be discussed in a meeting of the Management team with the Board of Directors within two months of the end of the period. These meetings are prepared by the Audit Committee.

**Section 6.5.3 External Auditor.** The Board of Directors shall ensure that the External Auditor attends the meeting of the Board of Directors at which the report of the External Auditor with respect to the audit of the Annual Accounts is discussed, and at which the Board of Directors decides whether or not to approve the Annual Accounts. The External Auditor shall receive any financial information underlying the quarterly (if any) and/or semi-annual financial reports, and other interim financial reports, and shall be given the opportunity to respond to all information. The External Auditor shall simultaneously report its findings on the audit of the Annual Accounts to the Management team and the Board of Directors.

**Section 6.5.4. Audit Committee is Principal Contact with External Auditor.** The Board of Directors' principal contact with the External Auditor is through the Chairman of the Audit Committee. If any irregularities in the financial reports are discovered the first discussion regarding such irregularities

should be between the Audit Committee and the External Auditor.

**Section 6.5.5. Recommendations by External Auditor.** The Board of Directors shall ensure that the Management team and the Board of Directors carefully consider and, if accepted, puts into effect any recommendations made by the External Auditor.

#### **6.6. Duties Regarding Nomination and Assessment of External Auditor**

**Section 6.6.1. Appointment of External Auditor.** The External Auditor shall be appointed by the General Meeting of Shareholders. The Board of Directors nominates a candidate for this appointment to the General Meeting of Shareholders and may recommend replacement of the External Auditor. The Management team and the Audit Committee shall both advise the Board of Directors on such matters.

**Section 6.6.2. Compensation of External Auditor.** The compensation of the External Auditor, and instructions to the External Auditor to provide non-audit services, shall be approved by the Board of Directors on the recommendation of the Audit Committee and after consultation with the Management team.

**Section 6.6.3. Reports to the Board of Directors.** The Management team and the Audit Committee shall report their dealings with the External Auditor to the Board of Directors on an annual basis, including their assessment of the External Auditor's independence (for example, the desirability of rotating the responsible partners of the External Auditor and the desirability of the External Auditor providing both auditing and non-audit services to the Company). The Board of Directors shall take this into account when deciding its nomination to the General Meeting of Shareholders for the appointment of an External Auditor.

**Section 6.6.4. Assessment.** At least once every three years, the Management team and the Audit Committee shall conduct a thorough assessment of the functioning of the External Auditor in the various entities and capacities in which the External Auditor acts. The main conclusions of this assessment shall be communicated to the General Meeting of Shareholders so it may assess the nomination for the appointment of the External Auditor.

**Section 6.6.5. Conflicts of Interest.** Conflicts of interest and potential conflicts of interest between the External Auditor and the Company shall be resolved in accordance with the policy laid down in **Annex 4** or, to the extent not dealt with in this Annex, as determined by the Board of Directors at the recommendation of the Audit Committee. Management team members and Board of Directors members must inform the chairman of the Audit Committee of any matters they know of that may compromise the independence of the External Auditor or that may result in a conflict of interest between the External Auditor and the Company.

**Section 6.6.6. Representation by Auditor.** When appointed, the External Auditor shall state it is aware of (i) the Company's policy set out in this charter and **Annex 4**; and (ii) other matters provided for in the Management team By-Laws, these By-Laws and the Regulations of the Audit Committee and that he agrees to abide by and promote such policies.

#### **6.7. Compensation of Management team Members**

**Section 6.7.1. Annual Compensation Report.** The Compensation Committee shall annually prepare a Compensation Report regarding the Management team, setting out the compensation policies and activities of the past year and an overview of the compensation policy and planned activities for the next financial year and subsequent years.

**Section 6.7.2. Approval by General Meeting.** The compensation policy planned for the next financial year and subsequent years as specified in the Compensation Report shall be submitted to the General Meeting of Shareholders for its approval along with Annual Financials. Every change to the compensation policy shall also be submitted to the General Meeting of Shareholders for its approval. Schemes whereby Management team members are remunerated in the form of shares, and major changes to such schemes, shall be submitted to the General Meeting of Shareholders or Board of Directors for its approval.

**Section 6.7.3. Human Resource and Compensation Committee.** The Board of Directors shall determine the compensation of the individual Management team members on a proposal by the Human Resource and Compensation Committee and within the terms of the compensation policy adopted by the General Meeting of Shareholders or Board.

**Section 6.7.4. Extraordinary Compensation.** If a Management team member or former Management team member is paid special compensation during any financial year, an explanation of this compensation shall be included in the Compensation Report. The Compensation Report shall detail and explain any compensation paid or promised as severance pay to a Management team member.

#### **6.8. Relation with the Shareholders**

**Section 6.8.1. Equal and Simultaneous Information.** Where appropriate, the Board of Directors shall provide all Shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price.

**Section 6.8.2. General Meeting; Record Date; Venue.** The Board of Directors shall determine the date and place of any owner meeting [and a record date for the exercise of the voting and any other rights attached to the Company's securities at such meeting]. Unless there is an overriding company interest to act otherwise, the Board of Directors shall use its best efforts to provide Shareholders with all information necessary or requested for the Shareholders to properly act at the general meeting. If the Board of Directors believes the Company does have an overriding interest, it must state why it so believes.

**Section 6.8.3. Compliance with Law.** The Board of Directors shall ensure all laws are complied with, regarding the rights of the General Meeting of Shareholders and of individual Shareholders.

**Section 6.8.4. Attendance by Boards.** The Chairman shall ensure that (unless there are important reasons) all the members of the Management team and the Board of Directors shall attend the General Meetings of Shareholders.

**Section 6.8.5. Chairman of General Meetings.** The General Meetings of Shareholders are presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman of the Board of Directors. The Board of Directors may designate someone else to preside over the meeting.]

**Section 6.8.6. Report of General Meeting.** The Board of Directors shall make a report of the General Meeting of Shareholders available to the Shareholders of the Company no later than three months after the end of the meeting. Shareholders shall then have three months to respond to the report. Following such three-month period, the report shall be adopted as provided for in the Company's charter, by the Chairman and the Secretary of the meeting. The report adopted by the General Meeting of Shareholders shall be posted on the Company's website, as soon as possible

and in any event before the next General Meeting of Shareholders. At the same time, any resolutions adopted by the General Meeting of Shareholders shall also be posted on the Company's website.

**Section 6.8.7. Disclosure of Resolutions.** A resolution of the General Meeting of Shareholders may be publicly disclosed only through a statement from the Chairman of the Board of Directors or the Company Secretary.

**Section 8.8. Changes to Corporate Governance.** Any substantial change to the corporate governance structure of the Company shall be submitted to the General Meeting of Shareholders for discussion under a separate agenda item.

**Section 8.9. Attendance by External Auditor.** The Board of Directors shall ensure that the responsible partner (or certifying auditor) of the External Auditor attends the General Meeting of Shareholders and is available to address the meeting. The External Auditor may be questioned by the General Meeting of Shareholders in relation to audit of the Company's financial statements.

## **7. Meetings and Decision-Making**

### **1. Frequency, Notice, Agenda and Venue of Meetings**

**Section 9.1. Frequency.** The Board of Directors shall meet as often as necessary. The Board of Directors shall meet at least [Four] times a year. If possible, meetings shall be scheduled annually in advance. The Board of Directors shall meet earlier than scheduled if deemed necessary by the Chairman of the Board of Directors, two other members of the Board of Directors, or the Management team.

#### **Section 9.2. Notice and Agenda.**

(a) Meetings of the Board of Directors are called by the Chairman. Save in urgent cases as determined by the Chairman, the agenda for a meeting shall be sent to all Board of Directors members at least [Seven] calendar days before the meeting. For each item on the agenda, an explanation in writing shall be provided and related documentation will be attached. The Chairman shall consult with the CEO prior to convening the meeting on the content of the agenda. Each Board of Directors member, the CEO, and the Management team collectively, has the right to request that an item be placed on the agenda for a Board of Directors meeting; provided that the item is received by the Chairman at least two weeks prior to the meeting.

(b) Board of Directors members who have taken part in a meeting may not object against resolutions adopted at the meeting on grounds of an invalid notice.

**Section 9.3 Venue.** Board of Directors meetings are generally held at the offices of the Company but may also take place elsewhere. In addition, meetings of the Board of Directors may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

### **2. Attendance of and Admittance to Meetings**

**Section 10.1. Attendance by CEO.** The CEO shall attend Board of Directors meetings unless the Board of Directors instructs him not to attend. If requested by the Board of Directors, other Management team members also shall attend meetings of the Board of Directors.

**Section 10.2. Proxies.** A Board of Directors member may be represented at Board of Directors meetings by another Board of Directors member holding a proxy in writing. The existence of such

authorization must be proved satisfactorily to the chairman of the meeting.

**Section 10.3. Undue Absence.** If a Board of Directors member is frequently absent from Board of Directors meetings, he shall be required to explain such absences to the Chairman.

**Section 10.4. Attendance by Non-Members.** The admission to a meeting of persons other than Board of Directors members, the Company Secretary and (if invited) members of the Management team shall be decided by majority vote of the Board of Directors members present at the meeting.

### **3. Chairman of the Meeting; Reports**

**Section 11.1. Chairman.** Board of Directors meetings are presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman. If both are absent, one of the other Board of Directors members, designated by majority vote of the Board of Directors members present at the meeting, shall preside.

**Section 11.2. Report.** The Company Secretary (or any other person designated for such purpose by the chairman of the meeting) shall prepare a report on the meeting. The report shall describe the decision-making process at the meeting. The report shall be adopted by the Board of Directors at the same meeting or the next meeting.

### **4. Decision-Making within the Board of Directors**

**Section 12.1. Preference for Unanimity.** The Board of Directors members shall try to unanimously adopt resolutions.

**Section 12.2. Individual Vote.** Each Board of Directors member has the right to cast one vote.

**Section 12.3. Majority Vote; Quorum.** Where unanimity cannot be reached and the law, the Company's charter or these By-Laws do not prescribe a larger majority, all resolutions of the Board of Directors are adopted by a majority of the votes cast. In the event of a tie, the Chairman of the Board of Directors has the deciding vote. At a meeting, the Board of Directors may only pass resolutions if the majority of the Board of Directors members are present or represented.

**Section 12.4. Adoption at Meeting.** In general, resolutions of the Board of Directors are adopted at a Board of Directors meeting.

**Section 12.5. Written Consent.** Board of Directors resolutions may also be adopted in writing, provided the proposal concerned is submitted to all Board of Directors members and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing from all the Board of Directors members. A statement from a Board of Directors member who wishes to abstain from voting on a particular resolution which is adopted in writing must reflect the fact that he does not object to this form of adoption.

**Section 12.6. Emergency Procedures.** The Board of Directors may deviate from the provisions of Sections 8.3 (last sentence), 8.4 and 8.5 if this is deemed necessary by the Chairman of the Board of Directors, considering the urgent nature and other circumstances of the case, provided that all Board of Directors members are allowed the opportunity to participate in the decision-making process. The Chairman of the Board of Directors and the Company Secretary shall then prepare a report on a resolution so adopted, which shall be added to the documents for the next meeting of the

Board of Directors.

**Section 12.7. Minutes.** Minutes must be drawn up for every Board of Directors meeting and for every resolution adopted outside a meeting. The minutes are to be signed by the chairman of the meeting and the minute writer and then added to the Company's records. Each member of the Board of Directors and the Management team shall receive a copy of the minutes. Each member of the Board of Directors may demand a note explaining how he voted or a formal declaration by him be included in the minutes. The Chairman may delegate the taking of minutes to the Company Secretary or any other minute writer. The minutes of a meeting are taken as having been approved if the members of the Board of Directors do not submit a written objection to the Chairman within four weeks of the date on which the minutes were distributed. If the Chairman is unable to resolve the objection, a decision must be taken on it in the next meeting. Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

**Section 12.8. Certification of Resolutions.** A resolution adopted by the Board of Directors may be publicly disclosed only through a statement from the Chairman of the Board of Directors and/or the Company Secretary or The CEO.

## **8. Other Provisions**

### **13. Conflicts of Interest of Board of Directors Members**

**Section 13.1. Duty to Disclose.** A Board of Directors member shall immediately report to the Chairman of the Board of Directors any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Board of Directors member concerned shall not take part in the assessment by the Board of Directors of whether a conflict of interest exists.

**Section 13.2. Related Party Transactions.** A conflict of interest exists if the Company intends to enter into a transaction with a related party under IFRS.

**Section 13.3. Abstention by Conflicted Party.** A Board of Directors member shall not take part in any discussion or decision-making regarding any subject or transaction in which he has a conflict of interest with the Company.

**Section 1.4. Requirements to Approve Conflicts of Interest.** All transactions in which there are conflicts of interest with Board of Directors members shall be agreed on terms that are customary for arm's-length transactions in the Company's business. Decisions to enter into transactions in which there are conflicts of interest with Board of Directors members require the approval of the Board of Directors.

### **14. Compensation of Board of Directors Members**

**Section 14.1. Approval by General Meeting.** The compensation of the Board of Directors members is determined by the General Meeting of Shareholders. The Board of Directors shall submit proposals on its compensation to the General Meeting of Shareholders.

**Section 15.2. Reimbursement of Costs.** Apart from their compensation, Board of Directors members shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. The reasonableness of such costs shall be approved by the Chairman of the Board of Directors (costs incurred by the Chairman of the Board of Directors shall be approved by the

Company Secretary). Any other expenses shall be reimbursed only if incurred with the prior consent of the Chairman or the Company Secretary on his behalf (or if it concerns the Chairman, or the Company Secretary on his behalf).

**Section 14.3. Loans and Guarantees.** The Company and its Subsidiaries do not grant personal loans, guarantees or the like to Board of Directors members, save as part of its usual business operations. Loans are not remitted.

#### **15. Induction Program, Ongoing Training and Education**

**Section 15.1. Induction Program or onboarding Pack.** Upon his election, each Board of Directors member shall participate in an induction program that covers general financial and legal affairs, financial reporting by the Company, any specific aspects unique to the Company and its business activities, and the responsibilities of a Board of Directors member.

**Section 15.2. Annual Review of Training.** The Board of Directors shall conduct an annual review to identify areas where the Board of Directors members require further training or education.

**Section 15.3. Costs of Company.** The costs of the induction course and any training or education shall be paid for by the Company.

#### **16. Other Positions**

**Section 16.1. No Excess Memberships.** Members of the Board of Directors shall limit their other positions so as to ensure they can perform their duties as members of the Board of Directors. [They will hold no more than five memberships of Board of Directors in companies, with a chairmanship counted twice.]

**Section 16.2. Notice of Outside Positions.** Board of Directors members must inform the Chairman of the Board of Directors and the Company Secretary of their other positions which may be of importance to the Company or the performance of their duties before accepting such positions. If the Chairman determines that there is a risk of a conflict of interest, the matter shall be discussed by the Board of Directors in accordance with Section 18 of these By-Laws. The Company Secretary shall keep a list of the outside positions held by each Board of Directors member.

#### **17. Confidentiality**

**Section 17.1. Duty to Keep Information Confidential.** Unless required to do so by law, no Board of Directors member shall, during his membership on the Board of Directors or afterwards, disclose any information of a confidential nature regarding the business of the Company and/or any companies in which it holds a stake, that came to his knowledge in the capacity of his work for the Company and which he knows or should know to be of a confidential nature. A Board of Directors member may disclose such information to Management team members and Board of Directors members as well as to staff members of the Company and companies in which the Company holds a stake who, in view of their activities for the Company and companies in which the Company holds a stake, should be informed of the information. A Board of Directors member shall not use such confidential information for his personal benefit.

**Section 17.2. Return of Confidential Information.** At the end of each Board of Directors member's term of office, he shall return all confidential documents in his possession to the Company or guarantee their disposal in a manner that ensures confidentiality is preserved.

**Section 17.3. Notice of Disclosure.** If a Board of Directors member intends to disclose to third



parties information which he has become aware of in his duties and which may be confidential, he must inform the Chairman of his intent and the identity of the person who is to receive the information with sufficient notice for the Chairman to assess the situation and advise the Board of Directors member. This section applies to both official and personal statements and to any person attending Board of Directors meetings which in terms of their content and form are clearly only intended for the Board of Directors.

## **18. Miscellaneous**

**Section 18.1. Acceptance by Board of Directors Members.** Anyone who is appointed as a Board of Directors member must, upon assuming office, declare in writing to the Company that he accepts and agrees to comply with these By-Laws.

**Section 18.2. Occasional Non-Compliance.** If permitted by law, the Board of Directors may occasionally decide (by unanimous decision) at its sole discretion not to comply with these By-Laws.

**Section 18.3. Amendment.** These By-Laws may be amended by the Board of Directors at its sole discretion without prior notification.

**Section 18.4. Interpretation.** In case of uncertainty or difference of opinion on how a provision of these By- Laws should be interpreted, the opinion of the Chairman of the Board of Directors shall be decisive.

**Section 18.5 Governing Law and Jurisdiction.** These By-Laws are governed by the laws of Pakistan. The courts of Pakistan have exclusive jurisdiction to settle any dispute arising from or in connection with these By-Laws (including any dispute regarding the existence, validity or termination of these rules).

**Section 18.6. Inconsistency with National Law and Company Charter.** These By-Laws are complementary to the provisions governing the Board of Directors as contained in Pakistan law, other applicable SECP regulation and the Company's charter. Where these By-Laws are inconsistent with Pakistani law, other applicable SECP regulation or the Company's charter, the latter shall prevail. Where these By-Laws are consistent with the Company's charter but inconsistent with Pakistani law or other applicable Pakistani regulation, the latter shall prevail.

**Section 18.7. Partial Invalidity.** If one or more provisions of these By-Laws are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board of Directors may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of these By-Laws is, to the greatest extent possible, similar to that of the invalid provisions.

## Annex 1

### List of Definitions

*In the By-Laws of the Management team and the Board of Directors, the following terms have the following meanings:*

**affiliated company** means any company that, directly or indirectly, controls, is controlled by or is under common control with the Company. For purposes of this definition, the term "control" means the possession, direct or indirect, of the power to vote 10% or more of the shares of capital stock entitled to vote for members of the Board of Directors of such company or to direct or cause the direction of the Management team and policies of such company, whether through the Shareholder<sub>s</sub>hip of shares of capital stock, by contract or otherwise.

**Annual Accounts** means the annual accounts of the Company as referred to in Companies Act 2017.

**Annual Report** means the annual report of the Company drawn up by the Management team, as referred to in Companies Act 2017.

**Audit Committee** means the Committee designated as such in accordance with Section 5 of the By-Laws of the Board of Directors as per Code of Corporate Governance Regulation 2019.

**By-Laws** means the By-Laws of the Management team or the By -Laws of the Board of Directors, depending on the context, including the annexes belonging thereto.

**Chairman** shall mean the chairman of the Board of Directors.

**Committee** means, as regards the Board of Directors, each committee of the Board of Directors created in accordance with Section 5 of the By-Laws of the Board of Directors.

**Company** means Trellis Housing Finance Limited (THFL) and, where appropriate, the subsidiary companies and possible other group companies of the Company, whose financial information is incorporated in the consolidated annual accounts of the Company.

**External Auditor** means the accounting and auditing firm that, in accordance with registered with ICAP, is charged with the audit of the annual accounts of the Company.

**CFO** means the Head of Finance or Chief Financial Officer of the Company.

**General Meeting of Shareholders** means the general meeting of Shareholders of the Company.

**group company** means any company that can be consolidated with the Company for purposes of preparing consolidated financial statements under the International Accounting Standards.

**in writing** means by letter, by telecopier, by e-mail, or by message which is transmitted by any other current means of communication and which can be received in written form.

**Management team** means the Management team of the Company.

**Human Resource and Compensation Committee** means the Committee designated as such in accordance with Section 5 of the By- Laws of the Board of Directors.

**Compensation Report** means the compensation report of the Board of Directors regarding the compensation policy of the Company as drawn up by the Compensation Committee of the Board of Directors.

**Nomination Committee** means the committee designated as such in accordance with Section 5 of the By-Laws of the Board of Directors.

**Subsidiary** of any person means any corporation or other legal entity, of which (or in which) more than 50% of

(a) the issued and outstanding capital stock having ordinary voting power to elect members of the Board of Directors, (b) the interest in the capital or profits of such entity or (c) the

beneficial interest in any trust or estate is at the time directly or indirectly owned or controlled by such person, by such person and one or more of its other Subsidiaries or by one or more of such person's other Subsidiaries.

**Board of Directors** means the Board of Directors of the Company.

**Board of Directors Profile** means the profile of the size and composition of the Board of Directors, as described in Section 1.1 of the By-Laws of the Board of Directors.

*Save where the context dictates otherwise, in the By-Laws of the Board of Directors:*

- a. words and expressions expressed in the singular form also include the plural form, and *vice versa*;
- b. words and expressions expressed in the masculine form also include the feminine form; and
- c. a reference to a statutory provision includes any amendments, additions and replacing legislation that may apply to such provisions from time to time.

## **Annex 2**

Board of Directors Profile:

THFL Board Profile is available at : <https://trellisfi.com/about/>

### **Annex 3**

#### List of Approvals Required by Board of Directors

***The approval of the Board of Directors is required for:***

- a) the allocation of duties of the Management team to individual members of the Management team;
- b) all material transactions between the Company and natural or legal persons who hold at least 10% Shareholdership in the Company;
- c) a resolution on the operational and financial aims of the Company, the strategy designed to achieve the aims, and any parameters to be used in relation to the strategy;
- d) all material transactions in which there are conflicts of interest with Management team members;
- e) all material transactions in which there are conflicts of interest with Board of Directors members;
- f) the appointment and removal of the CEO, Company Secretary and key management;
- g) the compensation policy for senior Management team in general.
- h) The annual capital investment budget, all acquisitions and disposals of business activities whose sales exceed 2.0Million in the year prior to the acquisitions or disposal,
- i) All financial statements before publication, and
- j) all other acts that require the approval by law, the Company's charter, the By-Laws of the Management team or the By-Laws of the Board of Directors.

## **Annex 4**

### **Policy Regarding Independent External Auditor**

The policy set out below was adopted by the Board of Directors on [\_\_\_\_], on a proposal of the Audit Committee and after consultation with the Management team.

#### ***1. Policy***

The Company and its Subsidiaries shall use the services of the External Auditor only to the extent this does not prejudice the independence of the External Auditor.

#### ***2. Terms of Reference***

The External Auditor must be independent as per the Code of Corporate Governance Regulation 2019. These regulations are based on the principles that: (i) the External Auditor must be independent from the client audited, both in mind as in appearance; and (ii) an External Auditor is someone who is able, in the light of all relevant facts and circumstances, to form an objective and impartial opinion on all matters that fall within the scope of his assignment.

Under the Companies Act 2017, an External Auditor is not allowed to perform a statutory audit if he has financial, commercial, employment or other ties with the client that in the opinion of a reasonable and properly informed third party expert compromise the auditor's independence.

The Company may require from the External Auditor that he maintains the right balance between effectiveness and efficiency, e.g. audit costs, risk Management team, independence and reliability. The Audit Committee sees to it that the External Auditor complies with the relevant provisions of the Companies Act 2017 and the above terms of reference, and may request more detailed explanations and written confirmations from the External Auditor that these provisions are followed.

In addition to the audit work, the External Auditor of the Company may also carry out non-audit work, to the extent allowed under applicable legislation and regulations and the internal procedures of the Company. In no event shall the individuals performing the audit work engage in any non-audit work.

All audit and non-audit work (including fees and conditions) carried out by the External Auditor for the Company must be approved in advance by the Board of Directors on a proposal of the Audit Committee. The Board of Directors may, within the framework set by the Board of Directors, delegate this duty to the Audit Committee that in turn, in exceptional circumstances only, may delegate this power to its chairman, on the understanding that a decision by the chairman of the Audit Committee to give his approval will be presented to the full Audit Committee at its next meeting.

#### ***3. Work***

##### **a) Audit work**

Audit work is the audit of the annual financial reports of the Company, the assessment of interim financial reports that are disclosed, services that are traditionally provided by the External Auditor and that are related to filings and obligations under legislation or regulations, and services that only the External Auditor can reasonably provide. The External Auditor does not need to go through a tender process for each individual

engagement.

b) Non-audit work

For non-audit work of the External Auditor other than (i) services that can only be provided by the External Auditor, (ii) services that are an extension of the work performed as part of the audit of the Company or rely on work performed as a part of the audit such that the quality and timeliness of the services can most effectively be provided by the External Auditor or (iii) services that enhance the effectiveness of the External Auditor's examination of the Company's financial statements, the Board of Directors shall on the proposal of the Audit Committee set one or more financial thresholds. For non-audit work by the External Auditor that is expected to exceed these thresholds, a very strong rationale must be presented to support the selection of the External Auditor and alternative service providers should be considered.

For further explanation whether certain activities should be considered audit work or non-audit work and whether certain non-audit activities fall under any of the categories listed above, the head of the internal audit department should be contacted who, when in doubt, will consult the chairman of the Audit Committee.

***4. Rotation of partners responsible for audit work***

In order to prevent the External Auditor and the Company becoming too close, the number of years a person may be part of the audit team of the External Auditor, is capped.

Partners of the audit team of the Company who are charged with essential audit tasks must be replaced at most every three year(s) after the start of their involvement. The partners of the audit team of the Company charged with essential tasks who have been replaced are not allowed to work on a new assignment for the Company until at least three years have expired from the date of their replacement.

The Audit Committee shall also supervise the risks of dependency of other members of the audit team of the Company who are involved with the audit for a significant period. The Audit Committee shall consult the responsible partner of the External Auditor regularly on safeguards set up by the External Auditor to assess the risk of dependency and to reduce it to an acceptable minimum level.

***5. Appointment of the External Auditor***

The External Auditor shall be appointed in accordance with the provisions described earlier in this charter. If the decision is taken to call in the services of another External Auditor, the tender process approved by the Audit Committee shall be followed.

***6. Staff transfer restrictions***

The Company and the External Auditor shall agree on a policy regarding the restriction of staff transfers from the Company and its group to the organization of the External Auditor and *vice versa*, taking into account all relevant legislation and regulations. This policy is subject to the approval of the Board of Directors. In no event, however, shall the Company hire an audit partner or other senior member of the audit staff of the External Auditor if such person audited, conducted a review of or prepared the Company's financial statements during the previous one year.

### ***7. Restriction on Non-Audit Services***

The Company stipulates that the appointed External Auditor shall not provide any other services to the Company beyond the scope of the financial audit, unless otherwise explicitly approved by the board of directors. The board shall strictly enforce this policy and shall not approve any such exceptions if they are deemed to compromise the independence of the External Auditor in any way (e.g., consulting services, tax services, other). Any exceptions to this provision should be disclosed to shareholders along with an explanation as to why this was granted and what assurances exist to safeguard the auditor's independence.