



DIRECTORS' REMUNERATION POLICY

SAZGAR ENGINEERING WORKS LIMITED

INTRODUCTION

Clause 49 of the Articles of Association of the Company states that the remuneration of a Director for performing extra services, including holding of the office of Chairman and the remuneration to be paid to any Director for attending the meetings of the Directors or a Committee of Directors shall from time to time be determined by the Board of Directors in accordance with the law.

Clause 51 of the Articles of Association of the Company states that the terms and conditions of appointment of the Chief Executive shall be determined by the Board.

The Listed Companies (Code of Corporate Governance) Regulations states that the Board of Directors shall have in place a formal policy transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the Board and its Committees.

Accordingly, the Board of Directors of the Company, on the recommendation of Human Resource and Remuneration Committee, has approved the Directors' Remuneration Policy ("**The Policy**") for the Executive and Non-Executive Directors. The Board may amend the Policy at any time when it deems necessary.

The Policy has been designed to enable the Company to attract, motivate and retain the directors it needs to govern the Company successfully and to encourage the value addition.

REMUNERATION OF EXECUTIVE DIRECTORS INCLUDING CHIEF EXECUTIVE:

The level of remuneration be appropriate and commensurate with the role and level of responsibilities, qualification, experience and expertise to attract and retain the Executive Directors who are needed to govern the Company successfully and to encourage the value addition without compromising their independence.

The HR&R Committee will recommend the Remuneration package of Executive Directors including Chief Executive to the Board of Directors for their approval.

The remuneration packages of the Executive Directors will consist of the monthly managerial remuneration, benefits & perquisites for which they will be entitled as per Company's policies and rules including free use of Company maintained vehicle for official and private purposes, re-imbusement of actual medical expenses for selves and their spouses and payment of bonuses approved by the Board of Directors from time to time. The remuneration will be subject to annual increase during the tenure of their appointment and will further be subject to such adjustments and entitlements as may be granted to them at any time and from time to time by the Board of Directors of the Company and or in accordance with Company's policies and rules for the time being in force.

No director or his close relative as defined under the law will participate in the proceedings of the meeting to decide his own remuneration.

If majority of directors become interested and matter cannot be decided due to lack of quorum, then the matter will be referred to the general meeting of shareholders for their approval.

The monthly managerial remuneration will be fixed and paid to the Executive Directors including the Chief Executive in accordance with their qualification, experience, expertise and role & the level of responsibilities assigned to them in line with the industrial practices and trends in the market that may attract, motivate and encourage them to govern the Company in a successful manner and creation of its value addition.

The benefits and perquisites will be paid to the Executive Directors including the Chief Executive as per Company's policies and Rules for the time being in force for which they will be entitled as the Executive Directors and Chief Executive of the Company.

The Executive Directors and the Chief Executive of the Company will not be entitled for the meeting attending fee.

Upon resignation or termination or removal from the designation of Executive Director or Chief Executive, no compensation for loss of office will be paid to any Executive Director or Chief Executive of the Company.

The HR&R Committee is authorized to review the Policy at any time and from time to time at its own motion or upon the request of any director or in accordance with the directions of the Board to keep in align the remuneration packages with the industrial practices and trends in the market. Normally, the remuneration packages will be reviewed annually.

However, the Board at any time can review and amend the terms of appointment of Executive Directors and Chief Executive including the remuneration packages when it deems necessary without referring the matter to HR&R Committee.

The Committee, if so desire, may engage an independent consultant for recommending an appropriate level of remuneration to the Board of Directors for their consideration and approval.

REMUNERATION OF NON-EXECUTIVE DIRECTORS INCLUDING INDEPENDENT DIRECTORS:

No Remuneration will be paid to non-executive directors except the meeting attending fee. However, if any non-executive director including the Chairman of the Board or Committees performs extra services on temporarily basis or as a special assignment, he will be paid according to the scale approved by the Board of Directors.

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The non-executive directors residing outside Lahore shall also be paid travelling, boarding and lodging expenses for attending the Board meeting as per the scale approved by the Board.

The Board will determine the amount of meeting attending fee to encourage the non-executive directors for spending their valuable time for the preparation of and their active participation in the meeting of the Board of Directors or Committees.

The Board can change the amount of meeting attending fee at any time when it deems necessary.