

✓ The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Material Information**

Dear Sir,

In accordance with Section 96 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby convey the following information:

“Reference Interloop application to SECP seeking approval for amendments to Interloop Stock Option Scheme (ESOS), 2016 under section 83 (1) (b) of the Companies Act, 2017, we are pleased to share herewith, kind approval letter issued by the SECP in this regard. We are also enclosing ESOS in (track changes) as amended for the information of the TRE Certificate Holders of the Exchange accordingly.”

A disclosure Form under Securities Act, 2015 is attached herewith (Annexure ‘A’).

Yours Sincerely,


(Afsheen Adnan)

Deputy Manager Corporate Affairs



Copy to:

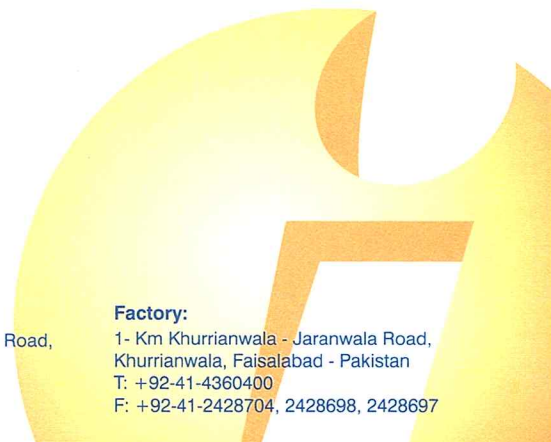
The Director / HOD
Surveillance, Supervision and Enforcement Department
Securities & Exchange Commission of Pakistan
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Islamabad

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Annexure 'A'

DISCLOSURE FORM

(Securities Act, 2015)

INTERMS OF SECTION 96 & 131 OF THE SECURITIES ACT, 2015

Name of the Company	Interloop Limited
Date of report (Date of earliest event reported if applicable)	-
Address	7-K.M Khurrianwala-Jaranwala Road, Khurrianwala Faisalabad
Contact Information	Company Secretary 15-A, Peoples Colony No.1, Faisalabad. T: 041-4360400 / 041-8543941 Ext:3180


Disclosure of inside information by Listed Company in terms of Section 96 & 131 of the Securities Act, 2015.

“Reference Interloop application to SECP seeking approval for amendments to Interloop Stock Option Scheme (ESOS), 2016 under section 83 (1) (b) of the Companies Act, 2017, we are pleased to share herewith kind approval letter issued by the SECP in this regard. We are also enclosing ESOS in (track changes) as amended for the information of the TRE Certificate Holders of the Exchange accordingly.”

Signatures

In case of company, pursuant to the requirements of the Section 96 & 131 of the Securities Act, 2015 the Company has duly caused this form/statement to be signed on its behalf by the undersigned hereunto duly authorized.

March 03, 2021

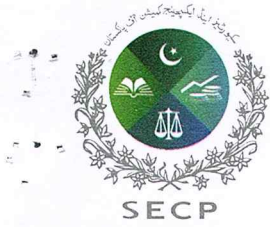

(Afsheen Adnan)
Deputy Manager Corporate Affairs

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Corporate Supervision Department
Company Law Division

SAY NO TO CORRUPTION

No. SMD/CIW/ESOS/01/2016 • 184

February 25, 2021

Mr. Rana Ali Raza,
Company Secretary,
Interloop Limited, Al-Sadiq Plaza,
P- 57, Railway Road,
Faisalabad.

Subject: Approval of amendments in Employees Stock Option Scheme, 2016 under Section 86 (1) (b) of the Companies Act, 2017 by Interloop Limited

Dear Sir,

Please refer to the application of Interloop Limited (the Company) dated November 03, 2020 and subsequent correspondence on the subject noted above.

2. In this regard, I am directed to inform you that based on the special resolution passed in the Annual General Meeting of the Company held on October 15, 2020, the Securities and Exchange Commission of Pakistan, in exercise of its powers under Section 83 (1) (b) of the Companies Act, 2017 read with regulation 7 of the Companies (Further issue of Shares) Regulations, 2020 is pleased to grant approval to the Company to make the amendments in its' Employee Stock Option Scheme (ESOS), 2016 in the form and manner as attached herewith.

3. The aforesaid approval is, however, subject to the following conditions:

- a) the Entitlement Pool of the ESOS, 2016 shall not exceed 25 % of the enhanced capital of the Company at any point in time and 10% of the enhanced capital of the Company in a year; and
- b) the Company shall ensure compliance with all the conditions of this office approval letters dated September 01, 2016 and dated November 28, 2017.

Regards,

Saima Ahrar
Joint Director

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN

NIC Building, 63 Jinnah Avenue,
Islamabad, Pakistan



EMPLOYEES STOCK OPTION SCHEME,
2016

~~for presentation in EOGM AGM to be held~~
~~(As amended from time to time till on~~
~~November 28, 2017~~ October 14-15, 2019 2020)

Originally
Approved by
SECP on
September 1, 2016



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INTERLOOP LIMITED

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INTERLOOP LIMITED EMPLOYEES STOCK OPTION SCHEME, 2016

1. Interpretation and Definitions

1.1. In this Employees Stock Option Scheme, the words and expressions set out below shall have the meanings specified against them:

1.1.1. **'The Company'** means Interloop Limited;

1.1.2. **'The Board'** means the Board of Directors of the Company;

1.1.3. **'Commission'** means Securities and Exchange Commission of Pakistan (SECP);

1.1.4. **'CDC'** means Central Depository Company of Pakistan Limited;

1.1.5. **'Ordinance'** means the Companies Ordinance, 1984;

1.1.5. (a) **'Act'** means the ~~Securities~~ Companies Act, 2017;

1.1.6. **'Rules'** ~~Regulation~~ means the Public Companies (Employee Stock Option Scheme) Rules, 2001 ~~Further Issue of Shares) Regulations, 2020~~;

1.1.7. **'The Scheme'** means the Interloop Limited Employees Stock Option Scheme, 2016 approved by the Commission and introduced under the Public Companies (Employee Stock Option Scheme) Rules, 2001;

1.1.8. **'The Compensation Committee' or 'CC'** means a Committee appointed by the Board. The initial composition of the Compensation Committee has been explained in clause 5.2 of the Scheme.

1.1.9. **'Financial Year'** means the period starting from 1st July in a calendar year and ending on 30th June in the following calendar year;

1.1.10. **'Shares'** mean fully paid up ~~non-voting~~ **ordinary shares** of Rs.10 each in the capital of the Company;

1.1.11. **'Option'** means a right granted to an Eligible Employee to subscribe for Shares at the Option Price, pursuant to the Scheme;

1.1.12. **'Date of Approval'** means ~~the 1st September, 2016 as per Commissions letter for approval of the Scheme, date on which the Commission approves the Scheme in accordance with the requirements of Section 83 of the Companies Act, 2017 and the Public Companies (Employees Stock Option Schemes) Rules, 2001 under the applicable law;~~

1.1.13. **'Employment'** means employment by the Company of an Eligible Employee;

1.1.14. **'Eligible Employee'** means:

- a) A regular employee who is on payroll of the Company as an Executive Employee and ~~only those Management Executives who~~ have completed a regular service of ~~at least~~ at least 3 years with the Company till 31st May of the preceding financial year



- working in Pakistan or outside Pakistan (and who is admitted to the Scheme by the Compensation Committee Board); or
- b) An Executive Director who is on the payroll of the Company; or
- c) A Chief Executive Officer who is on the pay roll of the Company;

1.1.15. **'Entitlement Criteria'** means criteria that will be determined/laid down from time to time by the Compensation Committee based on, inter alia, the following factors:

- a) Competitive pay levels;
- b) Level of responsibility;
- c) Performance; and
- d) No. of years of service.

1.1.16. **'Date of Entitlement'** means the 30th day of June of each calendar year, or any other date decided by the Compensation Committee Board;

1.1.17. **'Date of Grant'** means the date on which an Option is granted to an Eligible Employee in accordance with this Scheme;

1.1.18. **'Entitlement Pool'** means the total number of Shares available for being made the subject of Options, as determined by the Board from time to time, which shall not, at any time, exceed fifteen ten percent (105%) of the paid-up capital [Ordinary & Voting] of the Company (as increased from time to time). As on December 31st June 30, 2015-2020 paid up capital [Ordinary & Voting] of the Company is Rs. 81,896,694,000,000/- divided into 1869,6400,000 shares of Rs.10/- each and accordingly today the Entitlement Pool for issuance of Non-Voting Ordinary Shares under the Scheme is Rs. 284869,400,000/- divided into 2886,4940,000 shares of Rs.10/- each. However, it is clarified that until such point in time that the number of Shares issued under the Scheme (Non-Voting Ordinary Shares) equal fifteen ten percent (150 %) of the paid-up capital [Ordinary & Voting] of the Company, the balance Entitlement Pool shall be calculated taking into account any increase(s) in the paid up capital [Ordinary & Voting]. However, once the number of Shares issued under this Scheme equal fifteen ten percent (150%) of the paid up capital [Ordinary & Voting] of the Company, the Entitlement Pool shall be exhausted and this Scheme shall cease to operate, notwithstanding any subsequent increase in the paid-up capital;

1.1.19. **'Option Holder'** means an Eligible Employee (or permitted successor/transferee of an Eligible Employee) holding an Option;

1.1.20. **'Option Notice'** means the notice given by an Eligible Employee to the Company for the exercise of Option held;

1.1.21. **'Exercise Price'** means the subscription price for a Share comprised in any Option which, unless otherwise determined by the CC in compliance with rule 13 of the Rules 'Exercise Price' shall have the meaning prescribed thereto under Section 10.1;

1.2.1.1. shall be weighted average of the closing market price of the Share of the Company at the Pakistan Stock Exchange Limited for the last 90 consecutive calendar days immediately preceding the Date of Grant of the relevant Option. Provided that it shall not in any case be less than the face value of Rs.10.00 per share;

1.2.1.1.22. **'Option Certificate'** means a certificate issued to an Option Holder in accordance with clause 7.3 of the Scheme;



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~~1.2.2.~~1.1.23. **'Normal Anticipated Retirement Date'** means 60 years of age or such other age at which an Eligible Employee is required to retire by his contract of employment or as per rules and policy of the Company;

~~1.2.3.~~1.1.24. **'Retirement'** means the ceasing of Employment of an Eligible Employee on attaining the Normal Anticipated Retirement Date;

~~1.2.4.~~1.1.25. **'Exercise Period'** means a period of ~~one (1) years~~ six months from the expiry of the Minimum Vesting Period or such other period as determined by the Board from time to time;

~~1.2.5.~~1.1.26. **'Share Entitlement'** means that number of Shares for which an Option is granted to an Eligible Employee in accordance with the Scheme, as stated in the Option Certificate relating to such Option; ~~and~~

~~1.2.6.~~1.1.27. **'Minimum Vesting Period'** means, for each Option or portion thereof, the period, as specified in clause 8.1, after which the Option or portion thereof can be exercised by the Option Holder;

~~1.2.7.~~1.1.28. **'Securities Exchanges'** means Pakistan Stock Exchange Limited, where Company may opt for listing of its securities in future;

~~1.2.8.~~1.1.29. In the Scheme, unless the context otherwise requires, words denoting the singular number shall include the plural number and words denoting the masculine gender shall include the feminine gender;

~~1.2.9.~~1.1.30. The Scheme shall come into force with effect from the Date of Approval by the Commission;

~~1.2.10.~~1.1.31. In the Scheme, unless the context otherwise requires, a reference to a rule is to a rule of the Rules, and a reference to a clause is to a clause of the Scheme;

~~1.2.11.~~1.1.32. A reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislative provision;

~~1.2.12.~~1.1.33. A reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as stands amended, novated, restated or replaced at the relevant time;

~~1.2.13.~~1.1.34. A reference to any person includes that person's executors, administrators, successors, permitted transferees;

~~1.2.14.~~1.1.35. **'Allotment of Shares'** means Shares that ~~will be~~ are allotted in scrip-less form in the Central Depository System (CDS) of CDC to an Option Holder in accordance with ~~clause 11.5;~~ the terms of this Scheme; and

~~1.2.15.~~1.1.36. **'ESOS Account'** means the book account opened by the Company in the name of each Eligible Employee to facilitate ~~Cashless Exercise~~ cashless exercise of ~~Options;~~ options.

2. Introduction



Interloop Limited, incorporated on 25th April 1992 under the Companies Ordinance, 1984, hereby introduces a stock option scheme to be known as the Interloop Limited Employees Stock Option Scheme, 2016 hereinafter referred to as the Scheme, for offer of stock options to its Eligible Employees under Section 836 of the Aet-Ordinance read with the Public Companies (Employees Stock Option Scheme) Rules, 2001 (the Rules). The Scheme has been approved by the members in general meeting held on December 31, 2015 and by SECP through its letter N^o. SMD/CIW/ESOS/01/2016 dated September 01, 2016.

3. Purposes of the Scheme

The purposes of the Scheme are:

- (i) To improve Company's performance and thereby increase shareholders value;
- (ii) To increase productivity and share the rewards of success of the Company;
- (iii) To reward the abilities and efforts of all such eligible employees of the Company, as considered fit by the Compensation Committee ~~Board~~;
- (iv) To attract and retain key employees; and
- (v) To align the interests of such employees with those of the Company's shareholders.

4. Eligibility of the Employees for the Scheme

- 4.1. The employee who can be granted options under the scheme shall be the 'Eligible –Employee' as defined in clause 1.1.14 of the scheme.
- 4.2. The Compensation Committee constituted in terms of this Scheme and the Rules, shall exercise such powers as are stated herein and/or in the Rules to be exercised by the Compensation Committee.

5. Composition of the Compensation Committee and its Powers and Functions

- 5.1. Pursuant to rule 4 of the Rules, a committee named as the Compensation Committee (CC) has ~~been~~ shall be constituted by the Board for administration and superintendence of the Scheme which may be reconstituted by the Board from time to time, subject to compliance with the applicable provisions of the Rules provided that the chairman of the compensation committee shall be an independent director. The Compensation Committee does not comprise any director who can be classified as employee of the Company or is on its payroll.

- 5.2. ~~(Deleted) The Compensation Committee comprises the following directors;~~
 - (a) ~~Mr. Mr. Musadaq Zulqarnain Saeed Ahmad Jabal (Chairman of the Committee)~~
 - (b) ~~Mr. Jahanzeb Khan Bant (Member); and~~
 - (c) ~~Mr. Ms. Shereen Aftab David Fazil (Member);~~

- 5.3. ~~5.2.~~ 5.3 Chief Financial Officer Mr. Muhammad Maqsood, Director Finance, shall assist the Compensation Committee in administration of the Scheme.

- 5.4. ~~(Deleted) The Compensation Committee may be reconstituted by the Board from time to time, subject to compliance with the applicable provisions of the Rules Regulations.~~

- 5.5. ~~5.3.~~ 5.5. Subject to the provisions and limitations of the Aet Ordinance, the Rules and the Special Resolution, the Compensation Committee while using its powers under rule 5 of the Rule hereunder shall administer the Scheme.

- 5.6. ~~5.4.~~ 5.6. Powers of the Compensation Committee are as under:



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- i. Subject to the approval of the Board, The Compensation Committee shall, inter alia, formulate the detailed terms and ——— conditions of the Scheme including the following, namely: -
 - (a) quantum of option to be granted under the Scheme to each employee and in aggregate;
 - (b) conditions under which option vested in an employee may lapse in case of termination of employment for misconduct;
 - (c) exercise period within which an employee should exercise option and that option shall lapse on failure to exercise the same within the exercise period;
 - (d) specified time period within which an employee shall exercise vested options in the event of termination from service or resignation;
 - (e) right of an employee to exercise all options vested in him at one time or at various points of time within an exercise period;
 - (f) procedure for making a fair and reasonable adjustment to the number of options and to an exercise price in case of rights issues, bonus issues and other corporate actions;
 - (g) grant, vesting and exercise of option in case of an employee who is on long leave; and
 - (h) procedure for cashless exercise of options, if any;
- ii. The Compensation Committee shall make suitable policies and systems, subject to the approval of the Board, to ensure that there is no violation of insider trading provisions of the Securities and Exchange Ordinance, 1969 (XVII of 1969), and the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), or the rules made under those laws.

~~5.7. 5.7. (Deleted) The Compensation Committee's interpretation of the Scheme and all actions taken and determinations made by it pursuant to the powers vested in it shall be conclusive and binding on all parties concerned including the Company, its shareholders and employees, the option holders, the eligible employees and any person receiving an option under the Scheme.~~

6. Entitlement Pool

- 6.1. The maximum number of options/share that can be granted / issued under the Scheme has been explained in the Entitlement Pool as defined in clause 1.1.18 of the ~~scheme~~ Scheme.
- 6.2. The aggregate number of the Shares for all Options to be granted under this Scheme to any single Eligible Employee shall not, at any time, exceed ~~Three one~~ percent (13 %) of the paid-up capital (~~Ordinary & Voting~~) of the Company (as increased from time to time). Provided that the grant of Options to Eligible Employees in any one calendar year exceeding ~~Three one~~ percent (31 %) of the paid-up capital (~~Ordinary & Voting~~) of the Company (as increased from time to time but excluding outstanding conversions) shall require ~~the prior approval~~ a separate special resolution of the shareholders of the Company under rule 6 (II)(b) of the Rules.
- 6.3. ~~(Deleted) The Compensation Committee shall determine the entitlement of Options to the Eligible Employees in a meeting to be held within 30 days of the Date of Entitlement.~~

7. Grant of Options

- 7.1. Subject to the approval of the Board, the Compensation Committee shall determine the entitlement of Options to the Eligible Employees in a meeting to be held within 15 days of the Date of Entitlement. On or prior to the Date of Entitlement (and at least once in every Financial Year), the Compensation Committee shall determine as to which Eligible Employees are entitled to grant of Options for the Financial Year preceding the Date of Entitlement, and the proposed terms and conditions and quantum of each Option. The CC shall, in determining the aforementioned entitlement, upon the proposal & recommendations by the Management, take



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into account the Entitlement Criteria and undertake performance evaluation based on a system of ratings, competitive pay levels, level of responsibility, number of years of service and information provided by the heads of department Management.

7.2. Within 30 days of the Date of Entitlement, the Compensation Committee ~~may, in its discretion~~ shall, grant the recommended Options to the recommended Eligible Employee in respect of the immediately preceding Financial Year.

7.3. In evidence of the Option granted to an Eligible Employee pursuant to Clause 7.32, the Company shall deliver an Option Certificate to such Eligible Employee, stating therein the Entitlement of the Eligible Employee, the Date of Grant, the Exercise Period, the Minimum Vesting Period and the Exercise Price.

7.4. The aggregate number of the Shares for all Options to be granted under this Scheme to all Eligible Employees shall not, at any time, exceed the Entitlement Pool.

7.5. An Eligible Employee who is on long leave (i.e. leave in excess of the normal leave requirements provided in the terms and conditions of employment) may also become entitled to such Options as may be determined by the CC ~~in its discretion~~ from time to time.

8. Vesting Period

8.1. As required under rule 9 of the Rules, the Minimum Vesting Period for an Option shall, be a period of 12 months from the Date of Grant of the Option.

9. Exercise Period

9.1. An Option or any portion thereof shall be exercised during the applicable Exercise Period as defined in clause 1.1.25 of the Scheme, subject to expiry of the relevant Minimum Vesting Period ~~on quarterly basis as per the notice of Company issued twice in this regard to the eligible employees during the aforesaid exercise period.~~

10. Exercise Price

10.1. The Exercise Price shall be the subscription price for a Share comprised in any Option which, unless otherwise determined by the CCB, shall be weighted average of the closing market price of the Share of the Company at the Pakistan Stock Exchange Limited for the last 90 consecutive calendar days immediately preceding the Date of Grant Entitlement of the relevant Option grant. Provided that it shall not in any case be less than the face value of Rs.10.00 per share.

~~10.1. Exercise Price shall be the price as defined in clause 1.1.21.~~

~~10.2. (Deleted)~~

~~10.3. (Deleted)~~

~~10.4. (Deleted)~~

10.2. In case the Company is not listed on the Securities Exchange, the Exercise Price of the options Vested in the year 2017 and thereafter shall be the "Breakup Value" which will be calculated as follows:

~~Last available audited "Total Equity" divided by "*Total Shares Outstanding"~~



~~*while calculating the Break-up Value, the total outstanding shares shall include both Ordinary Shares & Non-Voting Ordinary Shares.~~

~~10.3. In case the company is listed on a Securities Exchange, the Exercise Price shall be the weighted average of the closing market price of the Shares of the Company for the last 30 days prior to the Date of Grant subject to compliance with clause 11.8 of the Scheme.~~

~~10.4. In case the Company agrees for Buy Back as explained in clause 11.8-11.11 of the scheme, the Exercise Price at the time of Buy Back shall be taken as Breakup Value determined as per the then latest audited accounts of the Company.~~

11. Terms, Conditions and Restrictions for Exercise of Options

11.1. Each Option shall be personal to the Eligible Employee to whom it is granted and, other than a transfer to the Eligible Employee's legal heirs on his death, shall not be transferable, assignable or chargeable in any manner whatsoever. Any other purported transfer, assignment, charge, disposal or dealing with the rights and interest of the Option Holder under the Scheme or under an Option shall render such Option null & void.

11.2. Options granted to an employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

11.3. An Option may be exercised in full or in part, from time to time within the applicable Exercise Period (subject to expiry of the relevant Minimum Vesting Period).

11.4. In order to exercise an Option in whole or in part, the Option Holder must, after expiry of the relevant Minimum Vesting Period and prior to expiry of the relevant Exercise Period, deliver to the Secretary of the Company an Option Notice in writing specifying the number of Shares in respect of which the Option is being exercised, and deliver a copy of such Option Notice along with the Option Certificate. Payment for the Exercise Price relating to the Option (or part thereof) being exercised must also be made to the Company through proper banking channel, accompanying the Option Notice. The date of delivery of the Option Notice to the Company shall constitute, for all purposes, the date of exercise of such Option. Each Option Notice shall be given only in such form, and shall be subject to such other requirements and modalities, as the Company may from time to time prescribe.

11.5. As soon as practicable and in any event not more than thirty days after the later to occur of receipt by the Company of each Option Notice and the payment of the applicable Exercise Price, the Shares in respect of which the Option has been exercised shall be allotted by the Company to the Eligible Employee. Employees exercising the option must have '**ESOS Account**' means the book account opened by the Company in the name of each Eligible Employee to facilitate ~~Cashless Exercise~~ cashless exercise of Options.

11.6. Shares issued in response to Exercise of Options after the end of Minimum Vesting Period as determined by the ~~Compensation Committee (CC)~~ Board to the Entitled Employees of the Company as per the ESOS shall be ~~NON-Voting Ordinary Shares, hereinafter called "Class B Shares"~~ ordinary shares, and such ~~NON-Voting Ordinary Shares ("Class B Shares")~~ shall rank pari passu with the Ordinary other Shares in all respect ~~subject to limitation / restriction that holder of such NON-Voting Ordinary Shares shall including but not be entitled limited to the entitlement to receive notice, attend and vote at the general meeting of the Company, except and otherwise provided by the Companies Act, 2017 whereby the holders of such shares would be entitled to vote separately as a class and in the event of further issue of capital by means of bonus shares, the holders of the Ordinary Shares and the holders of the Shares under the NON-Voting Ordinary Shares Scheme shall be offered/ allotted shares simultaneously and~~



strictly in proportion to their existing shareholding in accordance with Section 83 of the Companies Act, 2017. However, in (except and otherwise provided by the Companies Act, 2017). In case of further issue of capital by right shares, the holders of NON-Voting Ordinary Shares under the Scheme shall not also qualify for right entitlement. This may be summarized as "shares to be issued upon exercise of options under the Scheme shall not (i) have voting rights and/or right to receive notice, attend and vote at the general meeting of the Company, except and otherwise provided by the Companies Act, 2017; and (ii) be entitled for class A (Ordinary & Voting) right shares.

11.7. ~~These Class B~~ The Shares issued under the Scheme will be entitled for Dividend (Cash and Stock) as announced by the Company from time to time.

11.8. ~~The Class B Shares will only be sold back~~ Notwithstanding anything contrary under the Scheme, any non-voting Class B shares granted, vested, exercised and/or issued to the Company Eligible Employees in following manner:

- ~~At the time terms of separation from the Company due to any reason whatsoever, the Company this Scheme shall be bound deemed to have been converted to buy back the shares and the employee will be bound to sell the ordinary shares back to the Company.~~
- ~~After 3 years of issuance, the Company and shall have all such rights envisaged under clause 11 and as may agree be available to buy back the ordinary shares on request of the employee.~~

11.9. ~~As the Company has become listed on PSX, the Class B Shares will convert to Ordinary shares, 3 years from the date of listing of the Company or from date of issue/purchase, whichever is later. The Company will no longer be obliged to buy back the Ordinary shares after that change in class of shares.~~

11.10. ~~In case of death of a shareholder under the said Scheme, the Class B shares shall be buy back by the company at the price determined as per clause 10.~~

11.11. ~~Mechanism of Buy back shall be as under;~~

- ~~The buy back is exclusively for the purpose of an employees' share scheme.~~
- ~~The shares so buy back shall be held as treasury shares, which can then be reissued/ resold in the manner to be prescribed by the SECP in the regulations. However, the voting rights and the right to receive dividend of the shares so purchased shall remain suspended as long as the company itself holds them as treasury shares as per the article 16A of the Articles of Association of the Company.~~
- ~~As per article 16B of the Articles of Association of the Company, Where the shares purchased or otherwise acquired are held as treasury shares by the Company, the Company shall be entered in the Register of Members as the member holding the treasury shares.~~
- ~~The Company has generally authorized its Board of Directors, through special resolution, held for the purposes of Employee Stock Option Scheme to buy back shares issued under ESOS in case of certain circumstances which have been clearly enumerated in the scheme subject to the approval of the regulator. However, the said purchase/ buy back shall always be made in cash and only out of the distributable profits or reserves specially maintained for the purpose by the company. Furthermore, the decision regarding the~~

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number of shares proposed to be purchased, the purchase price, period within which purchase shall be made and/or allied matters shall be sanctioned by the Board on case to case basis subject to the approval of the competent authority.

~~11.12.11.8. An Employee Benefit Trust (EBT) (Private Trust formed as a separate entity, but not being a charitable Trust) is being created under Trust Act, 1882 which shall be in broad terms, a discretionary trust and which shall be used to buy shares (Non-Voting Ordinary) from employee shareholders who has been issued shares (Non-Voting Ordinary) under ESOS and who separate from the company due to any reason whatsoever and as per existing clause 11.8 of the approved scheme read with clauses 11.9 to 11.11 till the exclusive applicability of clause 11.9 referred above the applicable law.~~

The detailed term of reference of the EBT shall be as follows;

- ~~Board of Trustees is controlled by the Compensation Committee of the Company formed under the approved scheme.~~
- ~~Upon the separation of an employee shareholder as per existing clause 11.8 of the approved scheme read with clauses 11.9 to 11.11, the applicability of lock-in period of THREE years as per approved scheme shall not apply with respect of those shares (Non-Voting Ordinary) only and a Share Transfer deed has to be executed.~~

~~During the transition period or such other periods as may be prescribed, the shares (Non-Voting Ordinary) of the company shall be transferred to & held by~~

- ~~Mr. Jahan Zeb Khan Banth, one of the Trustees, on behalf of the employee shareholders under ESOS but not as a beneficial owner of those shares. The shares held by the EBT will attract dividend and the trustees shall use that amount for payment of any liability under the EBT but not limited to payment of any loan amount in this regard.~~
- ~~Company may give loan and/or provide financial assistance or gift funds to the EBT to buy shares only for the purposes of Employee Stock Option Scheme as per section 86 (3) (b) of the Companies Act, 2017. Such funds shall be used by the EBT to buy shares (Non-Voting Ordinary) of the Company from the respective outgoing employee shareholder.~~
- ~~The shares (Non-Voting Ordinary) of the Company held by Mr. Jahan Zeb Khan Banth, one of the Trustees, on behalf of the employee shareholders under ESOS but not as a beneficial owner of those shares shall be immediately allotted upon the exercise of options subsequent to such non-beneficially held under the EBT, upon the execution of a Share Transfer deed.~~
- ~~While transferring the shares to the employees by the EBT at a price as per the approved scheme, the Share Transfer deed has to be executed by the EBT and the employee and such transfer deed has to be approved in the Board Meeting (BM) of the company and then the employee becomes a shareholder of the company. After which they are issued share certificates and the Register of Members is updated accordingly by the Company.~~
- ~~The cash received on exercise (by the employee) is used to repay loan taken by the Trust, if any reduced by any compensation or allied cost incurred in this regard.~~

12. Rights of Option holders

12.1. The rights of Option holders may include the following:



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- a) Rights of an employee to exercise all options vested in him at one time or at various points of time within an exercise period.
- b) In the event of death of an employee while in employment of the company, all options granted to him till the date of his death shall vest in his legal heirs or nominees.
- c) In case an employee suffers a permanent incapacity while in employment of the company, all options granted to him, as on the date of permanent incapacitation, shall vest in him on that day.
- d) In the event of resignation or termination of service of an employee, right to retain all the vested options.
- e) An Eligible Employee who is on long leave (i.e. leave in excess of the normal leave requirements provided in the terms and conditions of employment) may also become entitled to such Options as may be determined by the CC, subject to the approval by the Board, in its discretion from time to time. No Option Holder shall have any right to receive any sort of dividend or to vote in any manner or enjoy the benefits of a shareholder in respect of any Option granted to him until Shares are actually issued to him on exercise of the Option (and thereafter such rights shall be limited only to the extent of the Shares issued to him).

13. Lapse of Options

13.1. The unexercised portion of an Option shall lapse at the completion of the relevant Exercise Period.

13.2. Notwithstanding anything to the contrary contained herein, upon an Option Holder ceasing to be in Employment for any reason (including termination of employment for misconduct) other than Retirement or death or permanent incapacity, only such Options or portion thereof held by him for which the Minimum Vesting Period has expired on or prior to the date of termination / resignation shall remain valid and all other Options or portions of Options shall immediately lapse thereafter. The Options or portions thereof that remain valid under this Clause shall be exercised within Fifteen (15) days from the date of such termination/ resignation of the Option Holder and the unexercised Options or portion thereof, if any, shall lapse thereafter. ~~The final settlement shall be made in accordance with the criteria mentioned in Clause 11.6 to 11.8 read with Clauses 10.2-10.4 of this Scheme.~~ Provided, however, the Compensation Committee may, in its discretion subject to the approval of the Board, extend the permissible period for exercise of the aforementioned Options beyond the aforementioned period but not, in any case, beyond the Exercise Period relating to such Option.

13.3. Notwithstanding anything to the contrary contained herein, upon the Option Holder ceasing to be in Employment by reason of Retirement or permanent incapacitation, all remaining Options held by him on the date of Retirement or permanent incapacitation shall immediately vest in his name (irrespective of the applicable Minimum Vesting Period) and will remain capable of exercise within ninety (90) days from the date of such Retirement / permanent incapacitation and any unexercised portion of the Option shall lapse thereafter. ~~The final settlement shall be made in accordance with the criteria mentioned in Clause 11.6 to 11.8 read with Clauses 10.2-10.4 of this Scheme.~~ Provided, however, the Compensation Committee may, subject to the approval of the Board in its discretion, extend the permissible period for exercise of the aforementioned Options beyond the aforementioned period but not, in any case, beyond the Exercise Period relating to such Option.

13.4. Notwithstanding anything to the contrary contained herein, upon the death of any Option Holder, all remaining Options held by him on the date of death shall immediately vest in the name of his legal heirs (irrespective of the applicable Minimum Vesting Periods) and will remain capable of exercise by such legal heirs within ninety (90) days from the date of



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death and any unexercised portion of the Option shall lapse thereafter. ~~The final settlement shall be made in accordance with the criteria mentioned in Clause 11.6 to 11.8 read with Clauses 10.2-10.4 of this Scheme.~~ Provided, however, the Compensation Committee may, subject to the approval of the Board in its discretion, extend the permissible period for exercise of the aforementioned Options beyond the aforementioned period but not, in any case, beyond the Exercise Period relating to such Option. Provided however that such legal heirs shall, prior to exercise of an Option, be required to show evidence to the Company's satisfaction that they are the only legal heirs of the deceased Option Holder.

13.5. Upon the lapse of an Option, any outstanding Shares for which the Option was issued and not exercised may be offered by the CC, subject to the approval by the Board, to other Eligible Employees and shall not be double-counted for the purposes of the Entitlement Pool.

14. Compliance

14.1. The Scheme shall be administered and implemented in due compliance with law, including without limitation, applicable provisions of the Ordinance and the Rules.

14.2. Without prejudice to the generality of the foregoing, the Board shall ensure compliance with rule 12, rule 13 and rule 14 of the Rules.

15. Expenses

15.1. Any expenses of the Company involved in any issue of Shares in the name of any Option Holder shall be payable by the Company.

16. General

16.1. Any notification or other notice in writing which the Company is required to give, or may desire to give, to any Eligible Employee or Option Holder (or his legal representative, as the case may be) in pursuance of this Scheme shall be sufficiently given if delivered to him by hand or sent through post in prepaid cover addressed to the Eligible Employee or Option Holder at the last address known to the Company as being his address. Any certificate, notification or other notice in writing required to be given to the Company or the Secretary of the Company shall be properly given if sent to or delivered to the registered office of the Company.

16.2. The Board shall, at all times, keep available for issue such authorized and un-issued Shares as may be required to meet the subsisting subscription rights of the Option Holders.

16.3. The decision of the ~~CC~~Board in any dispute or question relating to any Option shall be final and conclusive, subject to the written confirmation of the auditors of the Company whenever required in the determination of the break-up value or fair value of the Shares for the purposes of this Scheme.

16.4. Participation in this Scheme by an Option Holder is a matter entirely separate from any gratuity, provident fund or pension right or entitlement he may have and from his terms or conditions of Employment and participation in this Scheme shall in no respects whatsoever affect in any way an Option Holder's other rights or entitlement or terms or conditions of his Employment. In particular, (but without limiting the generality of the foregoing words) any Option Holder who leaves Employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this Scheme which he might have otherwise enjoyed whether such compensation is claimed by way of damages for wrongful



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dismissal or breach of contract or by way of compensation for loss of office or otherwise howsoever.

16.5.If an effective resolution of the Company in general meeting for the voluntary winding-up of the Company is duly passed before the expiry of an Option Period, the Option Holders who have previously exercised their Options or part thereof, having duly delivered payment and their Option Certificate, shall be entitled to share in the assets of the Company but all other Options shall lapse.

16.6.If the control of the Company is acquired by a third party by acquiring the whole or majority of the issued share capital of the Company or the Company is being amalgamated pursuant to a compromise or arrangement sanctioned by Court, all Options held by the Option Holders shall become 100% vested in their names and will remain capable of exercise within twelve months from the date of such acquisition/ amalgamation.

16.7.If a provision of this Scheme is or becomes illegal, invalid or unenforceable, that shall not affect the legality, validity or enforceability of any other provision of this Scheme.

16.8.In case of a conflict between the provisions of this Scheme and the provisions of the Ordinance or the Rules (as the case may be), the provisions of the Ordinance or Rules (as the case may be) shall prevail.

16.9.In approving this Scheme, the shareholders of the Company shall be deemed to be expressly permitting issuance, from time to time, of Shares under or pursuant to the Options granted hereunder as shares other than right shares.

17. Policy to monitor and control violation of the insider trading Laws

17.1.The policy and system for controlling insider trading shall be as follows:

- a) The Compensation Committee, on the recommendation of the Board, has framed a suitable policy and system to ensure that there is no violation of the insider trading provisions of the Securities Act, 2015, the Securities and Exchange Commission of Pakistan Act, 1997 and Rules and Regulations made thereunder.
- b) The Company will ensure that each Eligible Employee is provided with a copy of the Scheme prior to grant of any Option.
- c) While granting any Option to an Eligible Employee, he/she will be cautioned in writing that all Options granted will lapse forthwith if the Eligible Employee is found guilty of insider trading.
- d) The Company will provide the Eligible Employee, prior to grant of any Option, with copies of the relevant sections of law (including any up-dates or amendments thereto) dealing with the prohibition against insider trading.
- e) All trades of the Company's securities, if any, by all Option Holders must be reported within five (5) working days to the Company Secretary of the Company;
- f) An Eligible Employee shall neither disclose any inside information to any other person nor make recommendations or expresses an opinion on the basis of inside information as to trading in the Company's securities.
- g) The Company will ensure that its executive directors and employees in senior management shall not participate in the deliberation or discussion of their own allocation of Options under the Scheme.
- h) The policy shall be subject to modification if required by the amendments in the relevant laws and/or rules made thereunder.



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17.2. Without prejudice to the foregoing, the Board may from time to time modify the aforementioned policy or make other suitable policies and system to ensure that there is no violation of insider trading provisions of Securities Act, 2015, and the Securities and Exchange Commission of Pakistan Act, 1997 or the rules made under these laws.

17.3. "Inside information" and "insider trading" shall have the same meaning as described thereto in the Securities Act, 2015.

17.4. If any Option Holder is found involved in or suspected of insider trading, the Options granted to him but not yet exercised shall be withdrawn.

18. Variation of the Terms of the Scheme

18.1. The Company shall not vary the terms of the Scheme in any manner which may be detrimental to the interest of ~~employee~~ the employees.

18.2. The terms of the Scheme can be varied with approval of the members by way of special resolution provided such variation is not:

- (i) prejudicial to the interests of the option holders; and
- (ii) relate to the options already exercised.

18.3. Rights already vested in Option Holders' by the grant of Options cannot be retrospectively altered or modified to the Option Holders' detriment by any alteration or modification to the Scheme.

19. Termination

19.1. The Board may at any time resolve to terminate this Scheme in which event no further or new Options shall be granted, but the provisions of this Scheme shall in relation to Options then subsisting (i.e. options granted and not lapsed) shall continue in full force and effect.

~~Please refer to Annexure A (Attached) for the Mechanism (with the help of an illustration) under this Scheme.~~

~~Interloop Limited (As amended through AGM dated October 21, 2017)~~