

**PAK-QATAR**  
ASSET MANAGEMENT



**Today, for a Better Tomorrow**

**PROXY VOTING POLICY**

**Dated: 12.05.2022**

## **INTRODUCTION**

Pak-Qatar Asset Management Company Limited (PQAMCL) has established this proxy voting policy in accordance with Regulation 38A (b) of Non-Banking Finance Companies & Notified Entities Regulations, 2008.

This policy defines the principles that form the basis of all votes exercised by the PQAMCL. When voting proxies, the PQAMCL shall take utmost care to ensure that all decisions are made solely in the best interests of the Collective Investment Schemes and its Unit Holders and with the goal of maximizing the value of their investments by positively influencing the governance of investee companies. However, at no point in time, PQAMCL shall intend to attain the management control of the Investee Company or companies.

## **AUTHORITY AND RESPONSIBILITY FOR VOTING PROXIES**

- All rights of voting attached to any Investment shall be exercisable by the PQAMCL on behalf of the Trustee in a fiduciary capacity and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Collective Investment Schemes and its Unit Holders.
- PQAMCL may refrain at its own discretion from exercising any voting right and the Trustee or the Unit holders shall not have any right to make any objection.
- The Trustee shall, upon written request by PQAMCL and at the expense of the Collective Investment Scheme, from time to time execute and deliver or cause to be executed or delivered to the PQAMCL or their nominees' powers of attorneys or proxies authorizing such attorneys and proxies to vote or otherwise act in capacity as shareholder in such form and in favor of such persons as the PQAMCL may require in writing.
- The words "voting rights" or "vote" used hereunder shall be considered to comprise not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement.
- The respective Trustee shall forward to the PQAMCL in a timely manner, all notices of meetings and all reports and circulars received by the Trustee on behalf of Collective Investment Schemes as the registered holder of any Investment.
- It will be the responsibility of the Chief Investment Officer to ensure that the proxy is used as intended by the Investment Committee and that the votes are casted in a proper fashion. Any development which prohibits the achievement of goals mentioned in the criteria above or failure of the company to exercise the proxy in the desired fashion must be recorded in the next Investment Committee meeting with appropriate explanation and remedial actions for future compliance.

## **VOTING PROCEDURES**

- The PQAMCL may require the appointed staff member /or any other specified person to vote in favor or otherwise of a resolution if it considers it to be in the best interest of the Unit Holders.
- The PQAMCL may vote through staff member /or any other specified person or in association with other investors if it feels that such vote will be in the best interest of the Unit Holders.

## **PROXY PROPOSAL EVALUATION**

- The internal participants to be consulted in evaluation of a proxy proposal shall be the Investment Committee. The committee shall at all times have the discretion to decide to exercise a vote for, against or abstain from it.
- All discussions pertaining to proxy voting decisions will be minutely recorded in Investment committee minutes.
- The final decision as to the manner in which PQAMCL will cast its proxies will be determined by Investment Committee with input from relevant fund managers.
- PQAMCL may be unable to vote a proxy, or may choose not to vote a proxy, such as where:
  - a. meeting notice was received too late; or
  - b. collective Investment Scheme(s) held investments on the notice date but has disposed prior to the meeting date; or
  - c. cost of voting the proxy outweighs the possible benefit to the applicable collective investment schemes; or
  - d. effect on the relevant collective investment schemes' economic interests or the value of the portfolio holding is insignificant in relation to the schemes' value; or
  - e. it finds to be inconsistent with fiduciary obligations to vote.

## **VOTING POLICY GUIDELINES**

The following guidelines reflect what the PQAMCL believes is good corporate governance and behavior:

### **Election of Directors:**

The PQAMCL would generally support proposals that strengthen the independence of Board of Directors and encourage having a balance of executive and non-executive directors, including independent directors and those representing minority interests. However, each proposal shall be evaluated on a case-by-case basis.

Following criterion will be generally used to judge the competence of the potential candidates:

**a. Minority Representation:**

Investments of Collective Investment Schemes in most cases represent minority interests in the Investee Companies. It is of prime importance that the candidate(s) contesting in the elections is also willing and determined to serve minority interests. Exceptions can be considered in cases where candidate(s), while belonging to controlling group, is impartial in terms of past actions and market reputation.

**b. Credibility:**

The candidate's credentials will be judged on the criteria of market reputation, performance in current or other boards, their past record in using PQAMCL's proxies, as well as relationship with PQAMCL.

**c. Scholastics:**

The candidate must possess suitable scholastics for the position. This includes but not limited to qualifications, industry experience and training.

**d. Special Agenda:**

Consideration will be given to candidates carrying special agenda for election on Board that aims to meet common objective of PQAMCL.

In cases where there is more than one candidate of equal stature or in cases where Collective Investment Schemes under PQAMCL has significant holdings to influence the outcome of more than one Board seat, the Investment Committee may decide to split the proxy votes. The split will be clearly spelled out in the relevant minutes of the Committee along with the number of votes being allocated to each candidate.

**Corporate Governance:**

The PQAMCL will review corporate governance related matters on case-to-case basis to ensure that such proposals are in the best interest of the Collective Investment Schemes and its Unit Holders. PQAMCL will also review the published statement of compliance with the best practices of corporate governance in the respective annual financial statements of the investee as required by the applicable Listing Regulations.

**Appointment of Auditors:**

PQAMCL will generally support the re-election of external or statutory auditors unless there are concerns about their independence or commitment to protecting Unit holders' interests. The investee company is in the best position to choose the firms of auditors and we will generally support their recommendations, unless there is clear evidence otherwise.

**Changes to Legal and capital structure:**

The proposals for approval to alter the capital structure of the investee company, such as an increase in authorized capital/Issue will generally be supported. However, each proposal shall be evaluated on case-to-case basis in the best interest of the Unit Holders.

**Corporate restructuring and Mergers and Acquisitions:**

The proposals will review on case-to-case basis and determined in the best interest of the Unit Holders with a view to enhance value of their investments.

**CONFLICT OF INTEREST**

All decisions pertaining to votes will be taken in the best interest of the Collective Investment Schemes and their Units holders. PQAMCL recognizes that there may be a potential conflict of interest when it votes on an entity with which PQAMCL may have some relationship or connections with Investee Company.

**DISCLOSURE OF CONFLICTS**

When considering a proxy proposal, members of the Investment Committee must disclose any potential conflict (including personal relationships) of which they are aware of and any substantive contact that they have had with any interested outside party regarding the proposal. If a member of the Investment Committee has a conflict of interest, such member must recuse himself or herself from the decision-making process.

**RECORD KEEPING & DISCLOSURE**

Record of actual exercise of votes in the meeting i.e., for/against/abstain on the investee company's proposals will be maintained by the Secretary of the Investment Committee. The details of the votes in the prescribed format will be disclosed annually in accordance with the regulatory requirements.

A proxy register will be maintained by the PQAMCL where complete record of all proxies granted will be kept. At minimum, following records will be maintained in relation to proxy voting:

- a. Name of investee
- b. Name of beneficial owner(s)
- c. Number of holding
- d. Voting date
- e. Voting results

The proxy voting policy as approved by the Board of Directors will be placed on PQAMCL's website and shall also be submitted to Security & Exchange Commission of Pakistan (SECP).

Finance Department will include in the annual report of each fund under management, summary of actual proxy voted during the year as per table given below:

| <b>Summary of Actual voted by CIS</b>            |            |     |         |          |
|--------------------------------------------------|------------|-----|---------|----------|
|                                                  | Resolution | For | Against | Abstain* |
| No.                                              |            |     |         |          |
| %                                                |            |     |         |          |
| <b>*Reason for abstaining shall be disclosed</b> |            |     |         |          |

Disclosure will be made in the annual report of each fund under management, of the cases where the management did not participate in shareholders' meetings on behalf of the relevant fund.

The annual report of the each fund under management shall include a statement that the proxy voting policy of the fund is available on the website of the company and report pertaining to the actual proxies voted by the company in respect of the fund is available without charge to all unit holders, upon request.

#### **REVIEW AND APPROVAL**

The Policy shall be approved by the Board, subject to such modifications and amendments as may be required by the Board, and to be implemented thereafter with immediate effect.

#### **MODIFICATION AND AMENDMENTS**

The Policy may be amended, as necessary, from time to time by way of an addendum or supplement as the case may be, to this document as recommended by the CEO and approved by the Board of Directors of the Company.