

# **PROXY VOTING POLICY**

HABIB ASSET MANAGEMENT LIMITED

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## INTRODUCTION

Habib Asset Management Limited (HAML) has established this proxy voting policy in accordance with NBFC & NE Regulations 2008.

This policy defines the principles that form the basis of all votes to be exercised by the HAML. When voting proxies, the HAML 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/ shareholders 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, HAML intends 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 HAML on behalf of the Trustee and it shall be entitled to exercise the said rights in what it may consider to be in the best interests of the Collective Investment Schemes and its Unit Holders.
- ✓ HAML 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 HAML 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 HAML 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 HAML 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 Trustee shall forward to the HAML 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 shareholder of any company.
- ✓ It will be the responsibility of the CIO to ensure that the proxy is used as intended by the Investment Committee and that the votes are casted as advised to the proxy holder. . 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 HAML may vote through staff member /or any other specified person or in association with other investors (preferably another AMC employee) if it feels that such vote will be in the best interest of the Unit Holders.

## **PROXY PROPOSAL EVALUATION**

- ✓ The Investment 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 recorded in IC minutes.
- ✓ The final decision as to the manner in which HAML will cast its proxies will be determined by Investment Committee with input from relevant fund managers/ Research Dept.
- ✓ HAML 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 off 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.
  - f. the information it has or able to gather is inadequate to arrive at a decision.

## VOTING POLICY GUIDELINES

The following guidelines reflect what the HAML believes in good corporate governance and behavior:

✓ **Election of Directors:**

The HAML 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 are 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, , as well as relationship with HAML.

**c. Qualifications:**

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

✓ Corporate Governance:

The HAML 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. HAML 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:

HAML will generally support the re-election of external or statutory auditors unless there are concerns about their independence or commitment to protecting Unit holders'/ minority share 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 of additional capital will generally be supported. However, each proposal shall be evaluated on case to case basis in the best interest of the Unit Holders / shareholders.
- ✓ 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.
- ✓ Related Party Transactions:  
The approval of related party transaction will be reviewed on the basis of proper analysis of gain / loss.

### **CONFLICT OF INTEREST**

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

### **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 keep away 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.

Summary of Actual voted by CIS				
	Resolution	For	Against	Abstain*
No.				
(%)				
*Reasons for abstaining shall be disclosed				

- ✓ A proxy register will be maintained by the HAML 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
  - f. Name of proxy holder & designation