



ASSET MANAGEMENT LTD.
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PROXY VOTING POLICY

HBL ASSET MANAGEMENT COMPANY LIMITED

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INTRODUCTION

HBL Asset Management Company Limited (HBL AML) has established this proxy voting policy in accordance with Regulation 38A (b) of NBFC & NE Regulations 2008. Proxy voting is a form of voting whereby some members of a body may delegate their voting power to other members of the same body to vote on their behalf. A person so designated is called a "proxy" and the person designating him/her is called a "principal".

This policy defines the principles that form the basis of all votes exercised by the HBL AML. When voting proxies, the HBL AML shall exercise its fiduciary duty to ensure that all decisions are made in a timely manner 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, HBL AML intends to attain the management control of the Investee Company or companies in contravention of the Regulations.

AUTHORITY AND RESPONSIBILITY FOR VOTING PROXIES

- ✓ All rights of voting attached to any portfolio managed by HBL AML shall be exercisable by the HBL AML 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.
- ✓ HBL AML 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 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 HBL AML 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 CIO /CEO 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.

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- ✓ Decision over voting proxies rests with Investment Committee (IC). It is the responsibility of the CIO to present the investee companies' proposals for consideration of Investment Committee. CIO is responsible for casting votes and report in the upcoming IC meeting.

VOTING PROCEDURES

- ✓ The HBL AML 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 HBL AML 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.
- ✓ The secretary of IC after the decision made in the meeting will send a request to the Trustee to fill in the proxy form in favour of the designated person along with the extract of minutes of IC meeting.
- ✓ The Trustee shall, upon written request by HBL AML 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 HBL AML 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 HBL AML may require in writing.

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. Before taking final decision on voting proxies, the matter will be discussed in IC on the basis of merits and taking into considerations of all factors.
- ✓ All discussions pertaining to proxy voting decisions will be minutely recorded in IC minutes.
- ✓ The final decision as to the manner in which HBL AML will cast its proxies will be determined by Investment Committee with input from fund management and research staff or any other party which it deems competent to comment.
- ✓ HBL AML 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

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- 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 HBL AML believes is good corporate governance and behavior; however there may be exceptions where the IC believes it is in the best interests of a Fund to vote differently than the manner contemplated by the Guidelines. The ultimate decision as to the manner in which the AMC's representatives/proxies will vote rests with the Investment Committee.

✓ **Election of Directors:**

The HBL AML 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, their past record in using HBL AML's proxies, as well as relationship with HBL AML.
- 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 carry special agenda for election on Board that aims to meet common objective of HBL AML.

In cases where there are more than one candidate of equal stature or in cases where Collective Investment Schemes under HBL AML 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 HBL AML 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. HBL AML 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.

✓ **Social and Corporate Responsibility (SCR)**

The Company will vote in favor of the proposals to promote the cause of a SCR.

✓ **Appointment of Auditors:**

HBL AML will generally support the re-election of external or statutory auditors in accordance with rules 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.

✓ **Proposals Affecting Shareholder Rights**

The Company believes that certain fundamental rights of shareholders must be protected. The Company will generally vote in favor of proposals that give shareholders a greater voice in the affairs of the investee company and oppose measures that seek to limit those rights.

CONFLICT OF INTEREST

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

HBL AML will ensure, while voting on proposals of such companies, that it makes the best efforts to avoid any situation of conflict of interest, and in the event of encountering a situation of conflict of interest, HBL AML will ensure that it is resolved in the best interest of the unit holders or certificate holders of the schemes of the Fund.

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 material or significant 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 HBL AML where complete record of all proxies granted will be kept. At minimum, following records will be maintained in relation to proxy voting decisions:

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

Further periodical disclosures pertaining to the exercise of votes cast will be made available on the request to the Unitholders/ Participant, without any charge.

HBL AML will place the proxy voting policy, as approved by its Board of Directors, on its websites.

MONITORING

The Compliance Department will monitor adherence to the proxy voting policy /procedure and ensure that proper record has been kept.