



**PAK OMAN ASSET MANAGEMENT COMPANY LIMITED**

## **PROXY VOTING POLICY**



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## **I. INTRODUCTION**

Pak Oman Asset Management Company Limited (here on referred to as POAMCL) has a responsibility to vote relating to the securities held in the portfolios of the respective funds. Proxy voting is a crucial part of the fiduciary responsibility of the Asset Management Company to act in the best interest of investors and clients.

This Policy is proposed to be used by those involved in the proxy voting decision-making and administration to ensure that POAMCL's authorized proxy voting procedures are implemented continuously.

## **II. Authority & Responsibility**

The Board of Directors of the Company hereby authorizes the Investment Committee of POAMCL to vote such proxies in accordance with this Policy, and any other regulation that may be issued by the SECP.

The Investment Committee (IC) of the Fund will decide proxy voting issues on behalf of the Funds. The IC is comprised of the following members:

1. Chief Executive Officer
2. Chief Financial Officer
3. Chief Investment Officer
4. Head of Research
5. Head of Risk
6. Respective Fund Managers

The Committee is authorized to nominate any officer of the Company to participate in the Shareholders meetings and to vote on behalf of the funds as per the guidelines given herein below.

The proxy voting guidelines provide detailed guidance as to how to vote proxies on imperative and commonly raised issues.

POAMCL will vote on various issues in accordance with the proxy voting guidelines in the best interest of the Funds and its Unit Holders. When voting proxies, the Company will attempt to encourage companies to follow practices that enhance shareholder value and increase transparency.



### **III. Abstinance**

The Committee may, in the exercise of its business judgment, decide that the proxy voting guidelines do not cover the specific matter upon which a voting is requested, or that an exception to the proxy voting guidelines would be in the best economic interests of a Fund and its Unit Holders.

POAMC usually abstains from exercising its proxy voting rights for the reasons including but not limited to immateriality of POAMCL holding, hostile takeover bids, proxy wars amongst major shareholders, and travelling cost etc. In case IC decides to exercise its proxy voting rights it may do so according to voting guidelines.

### **IV. VOTING GUIDELINES**

#### **a. Boards of Directors (Election of Directors)**

The POAMCL on behalf of the Funds will support proposals that strengthen the independence of board of directors. As a general matter, the POAMCL believes that a company's board of directors is most likely to have access to important, nonpublic information regarding a company's business and prospects, and is therefore best-positioned to set corporate policy and oversee management.

The Company therefore believes that the foundation of good corporate governance is the election of responsible, diverse, qualified, independent corporate directors who are likely to diligently represent the interests of shareholders and oversee management in a manner that will seek to maximize shareholder value over time.

The Chairman and the Chief Executive Officer (CEO), by whatever name called, shall not be the same person. As a best practice, an independent director should be appointed as the Chairman of the company.

#### **b. Corporate Governance**

Corporate governance provides a structure for shareholders to define, implement and monitor company's goals and objectives, while the management is responsible for executing those goals and objectives.

Proxy voting is an integral component through which we strive to support robust corporate governance structures, shareholder rights, and transparency. All investee



companies should be compliant with Code of Corporate Governance as laid down in Rule Book of the Pakistan Stock Exchange. In case of major non-compliances, the Investment Committee will reconsider funds' investment in such companies.

**c. Auditors**

Auditors have a responsibility to represent the interests of shareholders and provide an independent opinion on the financial statements whether those Financial Statements are free from Material Misstatements. The Company will support the appointment of Auditors who have a good market standing and international affiliations.

While appointing the firm of auditors, the firm must have a satisfactory rating under the Quality Control Review (QCR) program of the Institute of Chartered Accountants of Pakistan (ICAP). Moreover, the firm itself or its partners shall be compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by ICAP.

The external auditor must not perform management functions or make management decisions, which is the domain of the Board of Directors and management of the investee company.

**d. Capital Structure Changes**

These proposals relate to various requests from management, for approval of amendments that would alter the capital structure of a company, such as an increase or decrease in authorized share Capital.

The directors may need the flexibility to issue stock to meet changing financial conditions e.g. a right issue, to support a restructuring or acquisition plan etc. The authorization of additional stock should be approved by the shareholders.

The decision will be taken by the Investment Committee after analyzing each case independently.

**e. Investment in Associated Companies**

These proposals relate to various requests for approval of investments (loan, advances, equity or by whatever name it is called) in associated companies. The Investment Committee will decide to vote after giving due consideration to the merits of the requests made.



#### **f. Corporate Restructuring**

Corporate Restructuring is the process of making changes in the composition of the company's business in order to have a more profitable enterprise such as reducing the hierarchical levels, downsizing the employees and redesigning job positions etc.

The authorization of restructuring should be approved by the shareholders.

Any further decisions will be taken by the Management after analyzing each case independently.

#### **g. Mergers and Acquisitions**

IC will vote on mergers and acquisitions after reviewing and evaluating the merits and drawbacks of the proposed transaction including:

Valuation - Is the value to be received by the target shareholders (or paid by the acquirer) reasonable with emphasis on the offer premium, market reaction and strategic rationale.

Strategic Rationale - Cost and revenue benefits are reasonably achievable and are not over optimistic.

Conflicts of interest - Insiders should not be benefiting from the transaction inappropriately as compared to external shareholders. As a result of potential conflicts, the directors and officers of the company may be more likely to vote to approve a merger than if they did not hold these interests.

### **V. CONFLICT MANAGEMENT**

Conflict management involves the detection, reduction or possible elimination of all forms and types of conflict. POAMCL maintains policies and procedures that are designed to prevent any relationship between the POAMCL or its affiliates, Funds or its affiliates, or the issuer of any security, from having undue influence on POAMCL proxy voting activities.

It is the responsibility of members of Investment Committee to disclose any details that may elicit a conflict. Consequently, the directors and officers of the company are to vote in order to only approve the decisions that do not contain any conflict of interests.



## **VI. RECORD, MAINTENANCE & DISCLOSURE REPORTS TO THE BOARD AND UNIT HOLDERS**

The Company will maintain a proper written record of decisions made by the Investment Committee with regard to proxy voting. Accordingly, the reports will be communicated with the unit holders as per NBFC Regulations.

Fund Management Department will maintain the following minimum records in relation to proxy voting decisions:

1. Name of the issuer of the securities on which the vote has been cast;
2. Name of major beneficial owner of the securities;
3. Number of shares held by CIS;
4. Date on which the proxy was voted; and
5. Results of the vote.

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. Also, the annual report should include the CIS summary of actual proxy voted during the year as per the NBFC Regulations.

## **VII. CUSTODY**

The custodian of the original copy of this policy and procedures manual is the Company Secretary.

## **VIII. REVIEW**

This policy may be reviewed by the Company as and when deemed appropriate. Any amendments in the policy shall require approval of the Board of Directors of the Company. Any change in laws and regulations in force or under the directives of the Securities and Exchange Commission of Pakistan shall be deemed to be made part of this policy without requiring any amendment as such and shall be applicable immediately.

## **IX. OWNERSHIP & MONITORING**

The IC of POAMCL is responsible to ensure that the policy is implemented throughout the organization.



Pak Oman Asset Management Company Limited

**Henceforth this Policy is implemented with immediate effect for onward compliance.**