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# Proxy Voting Policy

## **Objective:**

JS Investments Limited (“the Company” or “JSIL”) is an asset management Company and manages collective investment schemes (“CISs”). JSIL has an obligation to act in the best interest of unit holders of CISs. These CISs owns and hold debt and equity securities of listed companies giving JSIL right to vote on behalf of CISs in the general meetings of such companies. JSIL, therefore, has a responsibility to vote on the matters with the objective of maximizing value for the CISs and avoiding any conflict of interest.

Section 38A of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (**the “Regulations”**) also requires that JSIL shall formulate proxy voting policy approved by their Board of Directors.

JSIL has adopted the following policy for proxy voting on the securities owned and held in the names of CISs. This policy has been approved by the Board of Directors in its meeting held on October 17, 2016. The implementation of this policy will ensure that JSIL, as manager of the CISs, complies with all the legal requirements and fulfills its fiduciary obligations towards the unit holders of the CISs.

## **Principles:**

JSIL will make decisions on proxy voting in the best interest of the unit holders of the CISs it manages particularly with the intent to maximizing values of CISs and avoiding any conflict of interest.

## **The Policy:**

### **1. Proxy Committee**

The Board has constituted a Proxy Committee (“Committee”) comprising of three members namely the Chief Executive Officer, the Chief Financial Officer and the Chief Investment Officer for the implementation of this policy and to monitor the proxy voting process. The quorum of the Committee meeting shall be two members present in person or through tele or video conference. The Committee shall be responsible for taking decisions is authorized to take decisions by means of resolutions passed through circulation.

The Committee shall be responsible for implementation of proxy voting policy and to evaluate and decide about the proxy voting by following the guidelines and procedures set out in this document. The Committee is fully authorized to take decision regarding proxy voting and such decisions shall be made by means of passing resolutions.

### **2. Voting procedure**

The Proxy Committee shall review all the notices of meetings and shareholders resolutions received by JSIL in respect of investment in securities made by CISs. JSIL may vote on all ‘material issues’ in accordance with this document. In determining whether an issue is ‘material’, the committee shall be guided by the following considerations:

- ✦ Whether the exercise of voting rights will improve corporate governance and protect the interest of the unit holders;
- ✦ The size of the holdings and whether the votes will influence the outcome of the resolution;

- ⚡ The advantage that will result from voting for the respective CISs.

The Committee shall appoint a Fund Manager or any other officer of JSIL who will vote on behalf of the Collective Investment Schemes in accordance with this Policy. JSIL may also issue proxy to the management of the investee companies except where it is felt by the committee that the proposal would result in reducing the value of shareholders' investments

The respective trustees of the CISs shall on written request of JSIL from time to time execute and deliver to JSIL the executed proxies and/or power of attorney in such form and in favor of nominee authorizing them to attend and vote in the general meetings of the companies as members on behalf of the CISs.

### **3. Voting Guidelines**

These guidelines embody the principles which are generally considered important for the purposes of proxy voting. The Committee shall, however, make decision in the best interest of unit holders of the CISs.

While casting votes in accordance with this policy, there may be situations where a decision could not be made by application of the stated policy. In such a situation, the Committee shall take voting decision in accordance with the basic principle of the stated policy to vote proxies with the intention of maximizing the value of the securities in our unit holder accounts and without any conflict of interest. In these situations, the voting rationale must be documented, including by retaining relevant emails or another appropriate method. All proxy voting that diverges from the stated policy must be documented with reasons thereof.

#### **3.1 Election of Directors**

The governance, transparency, adherence to laws by the Company and the candidates' profiles, their relevant experiences, market reputation and fiduciary behavior shall be the guiding principles while voting on election of directors. JSIL may, however, abstain from voting for a particular candidate if it is determined that there are compelling reasons to oppose his or her election. We believe companies should have a majority of independent directors and independent key committees. JSIL will take into consideration the relevant corporate laws when making such decisions. JSIL shall regard a director as independent if the director satisfies the criteria for independence as defined in the Code of Corporate Governance,...

JSIL expects the following information to be disclosed in the annual report and / on the company website in addition to any other mandatory requirements of the law:

- ⚡ Directors' full name
- ⚡ Brief biography detailing the director's past roles and experience.

While participating in the election of the Directors of the investee companies, JSIL shall ensure that by exercising the right to vote proxy on behalf of the unit holders of the CISs, JSIL does not end up in attaining the management control of the investee company, in contravention of the Regulations.

### **3.2 Corporate Governance**

JSIL will vote on the management's recommendations to approve policies and / practices to improve its corporate governance structure unless there are reasons to vote otherwise. The published compliance statement and auditors' report thereon will be reviewed and the concerns if any shall be taken up at the general meeting while voting for the approval of the annual accounts. JSIL may vote, subject to the committees' recommendation, against a resolution where sufficient information and material is not provided in the notices upon which an informed decision may be made.

### **3.3 Appointment of Auditors**

JSIL will vote for the auditors having quality control rating by the Institute of Chartered Accountants Pakistan ("ICAP"), its experience in the relevant industry, the integrity of its partners and their compliance with the Code of Ethics for Professional Accountants in public practice as adopted by ICAP. JSIL will also consider the amount of fees paid for non-audit related services performed compared to the total audit fees paid by the company to the auditing firm, and whether there are any other reasons for us to question the independence or performance of the firm's auditor.

### **3.4 Changes in legal and capital structure; proposals affecting shareholders rights**

JSIL will vote in favor of resolution for changes in the capital structure only where increase in share capitals (authorized or paid up) serves a legitimate corporate purpose when used to, such as; implement a stock split, aid in a recapitalization or acquisition, capital raise needed for the company by right issue, or provide for employee savings plans, stock option plans or executive compensation plans.

JSIL may abstain from voting or oppose the proposal where there is reliable evidence to believe that the management's proposal to increase share capital is to use the shares so raised, to implement a "poison pill" or another form of anti-takeover device, or if the issuance of new shares would, in committees' judgment, excessively dilute the value of the existing shares upon issuance. Under certain circumstances where JSIL believes it is important for shareholders to have an opportunity to maintain their proportional ownership, it may oppose proposals requesting shareholders' approval on the issuance of further capital without issue of right shares.

### **3.5 Corporate restructuring, mergers and acquisitions**

Proposals requesting shareholders' approval of corporate restructurings, merger proposals and spin-offs will be assessed on a case-by-case basis. In evaluating these proposals JSIL will focus on meeting goal of maximizing long-term shareholder value, taking into accounts the information publically available regarding valuations, past record of the management in such transactions, rational, market sentiments, conflict of interest and governance record of the management.

### **3.5 Other businesses**

The Committee shall deliberate on important issue like changes in memorandum and Articles of Associations or approvals being sought due to regulatory requirements and take decisions on case to case basis in the best interest of the unit holders of the CISs.

#### **4. Evaluation of Proxy Proposals**

All the proxy proposals shall be evaluated by the Committee to determine whether these are material based on the laid down criteria. While evaluating proxy voting, the Committee shall at its discretion consult any internal participant to arrive at a decision. Such consultation shall be duly recorded.

#### **5. Procedures and controls regarding conflict of interest**

As a fiduciary, JSIL shall always act in its unit holders' best interests. JSIL strives to avoid even the appearance of a conflict that may compromise the trust its unit holders have placed in JSIL, and JSIL shall insist on strict adherence to fiduciary standards and compliance with all applicable laws. JSIL has adopted a comprehensive Code of Conduct (the "Code") to help meet these obligations. As part of this responsibility and as expressed throughout the Code, JSIL places the interests of our unit holders first and attempt to avoid any perceived or actual conflicts of interest.

It is recognize that there may be a potential material conflict of interest when JSIL will vote a proxy solicited by an issuer whose retirement plan we manage, or we administer, who distributes JSIL's mutual funds, or with whom JSIL or its employees have another business or personal relationship that may affect how we vote on the issuer's proxy. Similarly, JSIL may have a potential material conflict of interest when deciding how to vote on a proposal sponsored or supported by a shareholder group that is a unit holder. In order to avoid any perceived or actual conflict of interest, the procedures set forth below have been established for use when JSIL encounters a potential conflict to ensure that our voting decisions are based on our unit holders' best interests and are not the product of a conflict.

#### **6. Disclosure of conflict of interest**

When considering a proxy proposal, the members must disclose to the Committee any potential conflict (including personal relationships) of which they are aware and any substantive contact that they have had with any interested outside party (including the issuer or shareholder group sponsoring a proposal) regarding the proposal. Any previously unknown conflict will be recorded on the Potential Conflicts List. If a member of the Committee has a conflict of interest, he or she must also excuse himself or herself from the decision-making process.

#### **7. Record Keeping of proxy voting**

The following record of proxy voting shall be maintained within the Company.

- ✂ The name of the issuer of the securities on which the vote has been cast
- ✂ Name of the major beneficial owner(s) of the securities
- ✂ Number of the shares held by CIS on record
- ✂ The date on which the proxy was voted; and
- ✂ The result of vote

All of the records referenced above will be kept in electronic or physical form in an easily accessible place for at least five years from the end of the fiscal year during which the last entry was made on such record.



## **8. System to monitor proxy voting responsibilities**

The Committee shall monitor proxy voting responsibilities on a quarterly basis along with issue, if any, concerning proxy voting during the quarter.

## **9. Circumstances under which proxies shall not be voted**

In the following circumstances, the Committee may decide not to exercise voting:

- collective Investment Scheme(s) held investments on the notice date but has disposed prior to the meeting date; or
- cost of voting the proxy outweighs the possible benefit to the applicable collective investment schemes; or
- 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

## **10. Disclosure**

This Policy shall be placed on the Company's website [www.jsil.com](http://www.jsil.com) and shall be submitted to the Securities and Exchange Commission of Pakistan.

The following information shall be disclosed in the annual reports of all CISs:

- (a) A summary of the actual proxy voted during the year;
- (b) The reasons for abstaining from any resolutions;
- (c) The cases where JSIL on behalf of CISs did not participate in shareholders meetings.
- (d) A statement that the proxy voting policy is available on website of the Company'
- (e) A statement that the detailed information regarding actual proxies voted by JSIL in respect of CIS is available without charge, upon request, to all unit holders.