

Bait Al Mal Al Khaleeji
BMK Saudi Freestyle Equity Proxy Voting Rights
Policy and Procedure

Policy Reference

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#	NAME / POSITION	ORGANIZATION	PURPOSE
1	All asset management Team	BMK	Comply with

Compliance Officer Recommendation

NAME	SIGNATURE	DATE

CEO's Approval

NAME	SIGNATURE	DATE

Board Members' Signatures

NAME	DATE	SIGNATURE

GLOSSARY OF TERMS AND DEFINITIONS

- **Non-Routine Voting Proposals** shall mean voting proposals that are to be considered on a case-by-case basis, proposals that BMK generally abstains from voting on, and proposals that are not addressed by the Principles and Guidelines section of the Voting Policy and Procedures.
- **Fund Manager:** shall be designated as Bait Al Mal Al Khaleeji “BMK”
- **Routine Proposals** shall mean proposals that BMK shall cast either yes or no votes in accordance with the Principles and Guidelines noted hereafter.
- **Abstain:** A decision not to exercise a vote on a particular proxy proposal.
- **Against:** A vote to defeat a proxy proposal.
- **Withhold** A vote against a director or directors when there are not alternative directors to vote for, other than the management’s slate. Relevant only in the case of election of director proposals for which the only vote options are to vote for or to withhold.

1. INTRODUCTION

Shareholders in public companies typically have voting rights associated with their stock holdings. These voting rights allow shareholders to vote at annual and special company meetings. Most shareholders generally submit votes by proxy rather than attend each meeting.

More than one proposal may be submitted in a typical agenda for a public company's meeting. They are most commonly put forth by the company's management, but maybe submitted by a shareholder as well. The company's management may provide a voting recommendation for each proposal, and each proposal is evaluated by BMK relative to our proxy voting guidelines summarized hereafter. These guidelines are not an exhaustive list of all the issues that may arise and BMK cannot anticipate all future situations. In all cases, it will be considered based on the relevant facts and circumstances.

BMK may decide to exercise such a right, with no obligation to exercise any voting rights for any investment fund/s managed or established by BMK.

2. PURPOSES

There are three main purposes of these guidelines:

- a) **Promote Accountability:** in order to maintain effective means to hold those entrusted with running a company's business accountable for their actions. Management of a company must be accountable to its Board of Directors; the Board, in turn, must be accountable to shareholders. Promoting accountability can take many forms. These include enforcing rules and laws imposing duties on officers and directors; protecting shareholder voting rights; ensuring rigorous scrutiny of a company's financial statements by independent, outside auditors; and maintaining free and open markets to allow for the re-allocation of capital and transfers of corporate control.
- b) **Alignment of Management and Shareholder Interest:** The interest of a company's management and Board of Directors should be aligned with the interests of the company's shareholders. This means, for example, that salary and equity-based forms of compensation paid to management should be designed to reward management for doing a good job of creating value for the shareholders of the company.
- c) **Effective Disclosure:** The third objective is to promote timely disclosure of important information about a company's business operations and financial performance. This is intended to enable investors, individual and institutional alike, to make informed decisions on when to buy, sell or hold a company's securities.

3. GENERAL PRINCIPLES AND GUIDELINES

A. Principles

BMK votes on behalf of BMK's funds according to this document of proxy voting policy that has been approved by the fund's board of directors, and is revised by the directors annually. BMK's approach to proxy voting decisions is in consistent with BMK's fiduciary responsibilities for investment decision: closely evaluating proposals on economic merits and support those that are reasonably likely to enhance shareholders returns.

BMK will vote in the best interests of the funds' unit-holders and will generally vote for, against, consider on a case-by-case basis, or abstain from voting as indicated hereafter. Because of the extenuating circumstances associated with specific issues, votes may differ from time to time from the indications noted.

BMK will also act, in its best judgment, on behalf of unit-holders on certain corporate actions that impact shareholder value, such as tender offers and bankruptcy proceedings.

B. Voting Guidelines

I. Routine Business Decisions and Director Related Proposals

BMK votes for:

- a) Approval of auditors
- b) Firm name changes
- c) Directors in uncontested elections
- d) Elimination/limitation of directors liability
- e) Indemnification of directors
- f) Reincorporation that is not a takeover defense

Considers on a case-by-case basis:

- a) Directors in contested elections

II. Corporate Governance

Votes for:

- a) Majority independent board
- b) Audit, compensation & nominating committees that are comprised exclusively of independent directors
- c) Minimum director share ownership
- d) Separate offices of chairperson and CEO
- e) Limitation on number of other board seats
- f) Confidential voting
- g) Shareholders ability to remove directors
- h) Shareholder right to call special meetings

Votes against:

- a) Supermajority vote requirements
- b) Limiting directors tenure
- c) Restrictions on shareholders to act by written consent

Considers on a case-by-case basis:

- a) Shareholder proposals
- b) Dissident proxy battle

III. Director and Executive Compensation

Votes for:

- a) Disclosure of executive compensation

Votes against:

- a) Restricting executive compensation
- b) Golden and tin parachutes

Considers on a case-by-case basis:

- a) Executive compensation plans
- b) Establish/Increase share option plans for directors and executives

IV. Take-Over Defense

Votes against:

- a) Reincorporation to prevent takeover
- b) Issue new class of common stock with unequal voting rights
- c) Adoption of fair price amendments

- d) Establish a classified (or staggered) board of directors
- e) Eliminating cumulative voting
- f) Poison pills
- g) Blank check preferred stock

V. Capital Structure

Votes for:

- a) Increase authorized common stock (unless additional stock is a takeover defense, i.e., poison pill).
- b) Share repurchase programs (when all shareholders may participate on equal terms)

Votes against:

- a) Unequal voting rights, such as dual class of stock
- b) Pre-emptive rights

Considers on a case-by-case basis:

- a) Restructuring plans

VI. Other Shareholder Value Issues

Votes for:

- a) Employee stock ownership plans (ESOPs)
- b) Employee stock purchase plans

Votes against:

- a) Greenmail: "The practice of purchasing enough shares in a firm to threaten a takeover and thereby forcing the target firm to buy those shares back at a premium in order to suspend the takeover."

Considers on a case-by-case basis:

- a) Mergers and acquisitions
- b) Spinoffs and asset sales

VII. Corporate, Social and Environmental Policy Proposals

As noted above, BMK's fiduciary responsibility is the maintenance and growth of the (unit-holders) assets. Accordingly, BMK will typically vote in accordance with management's recommendations or abstain from voting on proposals concerning corporate policy and social and environmental issues, when such proposals impact shareholder value, BMK may vote on a case-by-case basis.

4. Voting Right Execution Process

1. Operations department receives the convocations of shareholders meeting and forwards them to the head of relevant investment department.
2. The head of the relevant investment department gives instructions to the relevant portfolio manager covering that specific company to review the agenda of the shareholders meeting.
3. The portfolio manager reviews the agenda items against the Voting Guidelines above and prepares a voting recommendation.
4. The portfolio manager submits the voting recommendation to the department head for approval.
5. The department head makes necessary changes (if any) or approves it.

6. The department head submits the voting instructions to the compliance officer to review it and insure the adherence to with the Guidelines policies.
7. The department head receive the compliance officer approval for the voting instructions and forward it to the CEO for final approval.
8. The CEO will assign the head of Assets Management or any other person with senior position to attend the company's board meeting.

Charter Approval

Should any change need to be made to this policy, the said owner will initiate a change request detailing the reason and justification for the change. The change request will be submitted to the Policy & Procedure Committee (PPC) for prompt review and consideration. The PPC will raise the change request to the Fund Board, for approval, with its recommendation.

End of Procedure