

BARODA ASSET MANAGEMENT INDIA LIMITED

PROXY VOTING POLICY

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PROXY VOTING POLICY

As per the SEBI circular, SEBI/IMD/CIR No.18/198647/2010, dated March 15, 2010, CIR/IMD/DF/05/2014 dated March 24, 2014, SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and CIR/CFD/CMD1/168/2019 dated December 24, 2019, SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021 and as amended from time to time, has prescribed guidelines for votes cast by Mutual Funds, and on the role of mutual funds in the Corporate Governance of listed companies, AMCs shall disclose their general policies and procedures for exercising the voting rights in respect of shares held by them on their website as well as in the annual report distributed to the unit holders under the schemes of the mutual fund run by them.

Further, AMCs are also required to disclose on their website as well as in the annual report distributed to the unit holders under the schemes of the mutual fund run by them, the actual exercise of their proxy votes in the Annual General Meetings (“AGM”) / Extraordinary General Meetings (“EGM”) of the investee companies in respect of the following matters:

- Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti takeover provisions.
- Changes to capital structure, including increases and decreases of capital and preferred stock issuances.
- Stock option plans and other management compensation issues;
- Social and corporate responsibility issues.
- Appointment and Removal of Directors.
- Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular.
- Related party transactions of the investee companies (excluding own group companies). For this purpose, “Related Party Transactions” shall have same meaning as assigned to them in clause (zc) of Sub-Regulation (1) of Regulation (2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. (Newly Added as prescribed in the SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021)

Mutual Funds including their passive investment schemes like Index Funds, Exchange Traded Funds etc. shall be required to cast votes compulsorily in respect of the above resolutions. As of now, Baroda AMC does not have any such schemes in the said category, the same shall be applicable when the said schemes are in existence. The same is applicable with effect from April 01, 2021.

- a. Further, for all remaining resolutions which are not covered in above sub-points, Mutual Funds shall also compulsorily be required to cast their votes with effect from April 01, 2022.

In terms of SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021, following parameters shall be adhered by Baroda AMC, which are as applicable with effect from April 01, 2021:

- a. In case there is no economic interest on the day of voting, we may be exempted from compulsorily casting of votes
- b. The vote shall be cast at Mutual Fund Level. However, in case Fund Manager/(s) of any specific scheme has strong view against the views of Fund Manager/(s) of the other schemes, the voting at scheme level shall be allowed subject to recording of detailed rationale for the same.
- c. Fund Managers/Decision makers shall submit a declaration on quarterly basis to the Trustees that the votes cast by them have not been influenced by any factor other than the best interest of the unit holders. Further, Trustees in their Half Yearly Trustee Report to SEBI, shall confirm the same.

This Policy has been drafted keeping in mind the aforesaid SEBI guidelines. Accordingly, Baroda Asset Management India Limited (“**AMC**”) owes to each of its clients, duties of care and loyalty with respect to proxy voting. The AMC’s sole concern in voting, at general meetings is the promotion of investors’ best interest and protecting value by playing a responsible role in evaluating corporate governance in the companies invested.

- To satisfy this duty, the AMC shall, in all instances, cast the proxy votes in a manner consistent with the best interest of its investors and will place the investor’s interests ahead of its own, bearing in mind, where applicable, the objectives and strategies of the schemes of Baroda Mutual Fund (“Fund”). Special consideration shall be given to issues relating to Ethics It shall endeavour to vote all proxies presented in a timely manner.
- This Policy is designed to complement the AMC’s investment policies and procedures regarding its general responsibility to monitor the performance and/or corporate events of companies that are issuers of securities held in schemes managed by the AMC. This Policy summarizes the AMC’s position on a number of issues solicited by underlying held companies.
- This Policy seeks to monitor voting, exception votes, and review of conflicts of interest and ensure that case-by-case votes are handled within the best interest of investors.

2. Proxy Voting policies

The foremost concern of the AMC in voting proxies is the economic effect of the proposal on the value of portfolio holdings, considering both the short and long term impact. To this end, the consistency of the vote shall be also evaluated on the basis of a cost-benefit analysis, duly considering the economic costs that the voting procedure generates against its marginal weight on the overall vote. Should the analysis outline a negative cost-benefit ratio, a non-voting decision could be considered, duly supported by explanatory documentation. In many instances, the AMC may believe that supporting the company’s strategy and voting “for” management proposals help build portfolio value. In other cases, however, proposals set forth by the management may have a negative effect on that value, while some shareholder proposals may hold the best prospects for enhancing it. The AMC will monitor developments in the proxy voting arena and will revise this policy as and when needed.

The AMC will try to actively participate and vote, directly or through proxy voting services, all proxies in all managed funds, at least for all publicly traded companies.

The Board of Trustees of the Fund has authorised the AMC to participate and exercise voting rights in respect of shares held by the schemes of the Fund. The AMC may appoint any of its senior executives or any other person or company or entities to exercise voting rights in respect of the shares held by the schemes of the Fund, as per the instructions issued by the AMC. The AMC may, as mentioned earlier, also use the services of a proxy voting services agency to exercise voting rights, on such terms and conditions as the Voting Committee deems fit and in terms of all applicable guidelines and/or dictates of SEBI in this behalf.

To this end, the AMC has established proxy voting procedures for identifying and reviewing conflicts of interest that may arise in the voting of proxies.

3. General Guiding Principles for Exercise of Votes

In deciding whether to vote for or against a proposal or to abstain from voting on the proposal, the AMC will be guided by the following fundamental principles. Where the information that the AMC has or is able to gather on the proposal is insufficient and/or not meaningful enough to arrive at a decision, the AMC will abstain from voting on that proposal. Where the AMC has adequate and meaningful information regarding a proposal that, the AMC believes, would stand the test of being regarded as adequate and meaningful for an entity not associated with the company concerned to arrive at a decision, the AMC will exercise its vote on such proposal. Such vote may be for or against the proposal, and this decision will be guided by the facts of the proposal, in particular, the reason(s), explicit or

otherwise, necessitating the proposal, as is/are available to the AMC, and the consequences that the AMC believes the implementation of the proposal will have from the perspective of impact on the schemes and, therefore, unit holders of the Fund.

4. Proxy Voting Procedures

4.1 Proxy Voting Service

The AMC may engage, through specific written agreements, independent proxy voting services to assist in the voting of proxies. The proxy voting service will work with custodians to ensure that all proxy materials are received by the custodians and are processed in a timely manner. Proxy voting services must vote all proxies in accordance with the proxy voting policies established by the AMC. Proxy voting services will refer proxy questions to the Voting Committee, for instructions under circumstances where: (1) the application of the proxy voting guidelines is unclear; (2) a particular proxy question is not covered by the guidelines; or (3) the guidelines call for specific instructions on a case-by-case basis. Proxy voting services are also requested to call to the Voting Committee's attention specific proxy questions that, while governed by a guideline, appear to involve unusual or controversial issues.

4.2 Voting Committee

The members of the Voting Committee include the Chief Executive Officer, Chief Operating Officer, Chief Investment Officer, members from the Investment/Fund Management team and the Compliance Officer (CO).

The Voting Committee is responsible for developing, evaluating, and changing (when necessary) the Proxy Voting Policies and Procedures. The Committee shall at least annually evaluate and review policies and procedures and the services of third-party proxy voting services, if opted by the AMC. In addition, the Committee will meet as may be necessary.

4.3 Conflicts of Interest

A conflict of interest occurs when the interest of the AMC interferes with the investor's interest.

Occasionally, the AMC may have a conflict that can affect how it votes proxies. The conflict may be actual or perceived and may exist when the matter to be voted on concerns:

- An affiliate of the AMC such as another company belonging to a group company of Bank of Baroda;
- An issuer of a security for which Bank of Baroda, acts as a sponsor, advisor, manager, custodian, distributor, underwriter, broker, or other similar capacity;
- A person with whom the AMC (or any affiliate) has an existing, material contract or business relationship that was not entered into in the ordinary course of the AMC's business.

In general, when a conflict of interest is present, the AMC will vote according to the recommendation of the Voting Committee (only where such recommendation would not go against the unit holders' interest or where the conflict is deemed to be immaterial). When making the final determination as to how to vote a proxy, the Voting Committee shall review the report from the Investment team and the Conflicts of Interest Report, if any, issued by the Compliance Department.

Any person involved in the proxy voting process with knowledge of any apparent or actual conflict of interest must disclose such conflict to the Voting Committee and the Compliance Department. The Compliance Department will review each item referred to the AMC to determine whether an actual or potential conflict of interest with the AMC exists in connection with the proposal(s) to be voted upon.

4.4 Principles for Responsible Investment

The AMC shall be guided by the following broad principles for responsible investment :

- It is advisable to support shareholders' social, workforce and environmental proposals that create good corporate citizens and improve the company's public image.
- It is advisable to abstain on proposals calling for greater disclosure of corporate activities with regard to social issues. "Social issues" may generally be described as shareholders' proposals for a company to:
 - Conduct studies regarding certain issues of public concern and interests;
 - Study the feasibility of the company taking certain actions with regard to such issues or
 - Take specific actions, including ceasing certain behavior and adopting company standards and principles in relation to issues of public concern and interest
- It is advisable to vote against proposals calling for radical and drastic changes in the company's business or activity that the AMC believes to destroy the value
- It is advisable to vote against proposals with regard to political and charitable contributions, believing that management should control the routine disbursement of funds.

It is advisable to vote for:

- Board Diversity: proposals asking the board to take additional measures to ensure that more women and minorities are considered for nomination, or otherwise commit to a policy of board inclusiveness;
- Equal employment opportunities;
- Human Rights: proposals asking companies to adopt codes of conduct addressing global labour and human rights practices, to establish credible monitoring programs and to publicly report on these efforts;
- Tobacco Sales restrictions on children;
- Investing in clean / renewable energy: proposals seeking the preparation of a report on a company's activities related the development of renewable energy sources.

4.5 Securities Lending

The AMC shall reserve voting rights and all lent securities, if any, shall be made available to be voted. The AMC shall vote for lent securities as per the prescribed guidelines, since the concerned schemes are owners of the lent securities.

4.6 Record Keeping

The Voting Committee shall ensure that the custodian:

- Retain a copy of the proxy statement received (if any);
- Retain a record of the vote cast;
- Prepare any other form as may be required by the local laws or regulations, and
- Is able to promptly provide the AMC with a copy of the voting record upon its request.

The Voting Committee shall ensure that for those votes that may require additional documentation (i.e. conflicts of interest, exception votes and case-by-case votes) the following records are maintained:

- A copy of any document created by the AMC that was material in making the decision on how to vote the subject proxy; and
- A copy of any conflict notice, conflict consent or any other written communication (including emails or other electronic communications) to or from the client regarding the subject proxy vote cast by, or the vote recommendation of the AMC.

The AMC shall maintain the above records for a period not less than eight (8) years.

4.7 Disclosure

The AMC will disclose on its website as well as in the annual report distributed to the unit holders under the schemes of the Fund, the actual exercise of their proxy votes in the AGMs / EGMs of the investee companies. The formats are given in Annex A.

4.8 Review of Policy

This policy will be reviewed by the Voting Committee at least once in a year and as and when deemed necessary.

Annex A – Formats

(i) Format for disclosure of vote cast by Mutual Funds - during an individual quarter

Details of Votes cast during the quarter ended __, of the Financial year __-__

Meeting Date	Company Name	Type of meetings (AGM/EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/ Against/ Abstain)	Reason supporting the vote decision

(ii) Format for disclosure of voting by Mutual Funds/AMCs during a financial year

Details of Votes cast during the Financial year __-__

Quarter	Meeting Date	Company Name	Type of meetings (AGM/EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/ Against/ Abstain)	Reason supporting the vote decision

(iii) Format of providing the summary of proxy votes cast by Mutual Funds/AMCs across all the investee companies

Summary of Votes cast during the F.Y. __-__

F.Y.	Quarter	Total no. of resolutions	Break-up of Vote decision		
			For	Against	Abstained