

Voting Policy

Kotak Mahindra Asset Management Company Limited (KMAMC) is a believer in the principle that the good Corporate Governance enhances the value of the company.

As an investment manager with a fiduciary responsibility towards its unitholders, KMAMC believes that it should exercise its right to vote neither for nor against management, but always in the best interests of unitholders of its schemes.

One of the primary factors KMAMC considers when determining the desirability of investing in a particular company is the quality and depth of its management. We recognize that a company's management is entrusted with the day-to-day operations of the company, as well as its long-term direction and strategic planning, subject to the oversight of the company's board of directors.

Accordingly, our proxy voting guidelines are not intended to substitute our judgment for management's with respect to the company's day-to-day operations. Rather, our voting guidelines are designed to promote accountability of a company's management and board of directors to its shareholders; to align the interests of management with those of shareholders; and, to encourage companies to adopt best practices in terms of their corporate governance. We rely on a company's disclosures, its Board's recommendations, a company's track record, specific best practices codes, our research analysis and, most importantly, our Fund Management Departments views, in making voting decisions.

KMAMC will follow the following policy and procedure for exercising voting rights:

1. Appointment of Voting Committee

Voting Committee was appointed by the Board in June 2014. The policy allows the Voting Committee to delegate rights under the Voting Policy to the Fund Managers of the Schemes, subject to such controls as they deem fit.

Subsequently, in September 2015, the voting rights under the policy have been delegated to CIO-Equities and all such Fund Managers of the schemes where there is holding in the company for which voting is to be done by the Voting Committee. CIO-Equities and all such Fund Managers shall report to Voting Committee. Wherever CIO-Equities and Fund Managers of the schemes require an opinion on voting decision, it shall consult the Voting Committee for voting decision.

2. Principles for Voting

- i. Voting is completely discretionary i.e. the decision may include “abstaining from voting” or to “vote for” or “against” or divide votes between “for” and “against”, or not vote at all. The rationale for decision taken on “voting for /voting against/ abstaining from voting” shall be recorded in writing by the Voting Committee.”
- ii. The Voting Committee will exercise proxy voting discretion on particular types of proposals 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.

- Changes to ESG policies of the company.
 - 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.
- iii. Assessment of implication of voting: The Voting Committee has the responsibility for the content, interpretation and application of the proxy votes and assessing the impact on the company of such voting. All the matters will be addressed on a case to case basis keeping in view the interest of unitholders.
- iv. Manner of Voting: KMAMC shall carry out voting either by e-voting, voting through proxy or by physically attending the meetings.
- v. Voting Advisors / Third Party – KMAMC may utilize the services of Proxy Advisory Firm/s and/or Third Party, which provide following services:
- Proxy advisory report analyzing resolutions put up for consideration of shareholders and giving analysis of the resolutions put up to shareholders vote.
 - Voting recommendation on all resolutions placed for shareholder consideration.
 - General analysis about the company covered highlighting any corporate governance issues.

In such cases, KMAMC shall consider the proxy advisory report provided by Proxy Advisory Firm/s and/ or Third Party, and shall perform additional diligence on various other parameters before coming up with final voting decision. KMAMC may go with the voting recommendations as provided by Proxy Advisory Firm/s and/ or Third Party, or may change it based on additional due diligence i.e. the final voting decision shall vest with KMAMC.

3. Governance measures

Investment in companies that have subscribed to the units of their schemes, KMMF shall not make any distinction between companies that have invested in KMMF schemes vis-a-vis other companies. All companies will be treated on par for the purpose of this voting policy.

4. Decision making process on voting

KMMF has currently defined a holding of 2% of the individual scheme net assets as a threshold for voting considerations, under this policy. However, the fund manager may in the interest of the unit holders decide to vote on any matter as he may deem fit, even where the holding is below the said threshold.

5. Decision making in the Committee

Each matter submitted to the Committee will be determined by the vote of a majority of the members present at the meeting. Should the vote concerning one or more recommendations be tied in a vote of the Committee the final voting decision will be taken by the CEO/ MD.

6. Resolving conflicts of interest

The Committee is also responsible for monitoring and resolving possible material conflicts between the interests of KMAMC and those of unitholders with respect to proxy voting. The Committee shall always ensure that voting will be in the exclusive interest of the unitholders of the schemes.

7. Representation at the general body meeting

The Committee may through a suitable delegation, exercise its decision on voting at the meetings in favour of any of its authorized representatives.

8. Disclosures

KMAMC shall follow the disclosure requirements in accordance with the guidelines set out by SEBI and as may be modified from time to time. The disclosures shall be made at such places and at such periodicity as defined by SEBI from time to time.

This policy has been approved by the Board of Directors of Kotak Mahindra Asset Management Company Limited and Board of Directors of Kotak Mahindra Trustee Company Limited at their meeting held on 27th March 2020.