

Policy on Exercising Voting Rights

As per the Securities and Exchange Board of India (SEBI) circular no. IMD/CIR/ No 18/198647/2010 dated March 15, 2010 ,principals enumerated by SEBI vide its circular no. CIR/CFD/CMD1/168/2019 dated December 24, 2019 and circular no. SEBI/HO/IMD/DF4/CIR /P/2021/ 29 dated March 5, 2021, AMCs are required to frame a general policy and procedure for exercising the voting rights in respect of shares of listed companies held by them and disclose the same on the website as well as in the Annual Report distributed to the unit holders. Further, as per the said circular, the AMCs are also required to disclose on their website the actual exercise of their proxy votes in the AGMs/EGMs of the investee companies (in all mutual fund schemes, including passive scheme) in respect of the following matters:

- a) Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions.
- b) Changes to capital structure, including increases and decreases of capital and preferred stock issuances.
- c) Stock option plans and other management compensation issues.
- d) Social and corporate responsibility issues.
- e) Appointment and Removal of Directors.
- f) 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.
- g) Any other issue that may affect the interests of the shareholders in general and interests of the unit-holders in particular.

As per Circular no. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated 05th March, 2021, Mutual Funds including their passive investment schemes like Index Funds, Exchange Traded Funds etc. shall be required to cast votes ('For' or 'Against') compulsorily in respect of the above resolutions. For all remaining resolutions which are not covered above, Mutual Funds shall also compulsorily be required to cast their votes ('For' or 'Against') with effect from April 01, 2022.

As the Investment Manager of various Schemes of SMF, SAMC believes in enhancing and protecting the value of investment of its unit holders. One of the missions of SAMC is to be "a socially responsible organization known for best corporate governance". SAMC further believes that it is its duty to protect the interests of unit holders from unscrupulous acts of some of the promoters and management of such Companies.

To protect the interests of its unit holders, in line with its mission, existing practices and SEBI guidelines, SAMC has framed the following policy on exercising the voting rights in investee companies.

Voting Policy:

The investments of SMF Schemes are guided by internal guidelines, inter alia, to invest in companies, which have acceptable standards of effective management, follow good corporate governance practices and have fundamental strengths. The voting policy will continue to be guided as under, keeping in view the adherence to sound management practices by Investee companies.

i) Routine matters like a) Approving Balance Sheet & Profit and loss Account, b) Appointment of directors, c) Appointment of Auditor, d) Fixation of remuneration of Auditors/Directors may not be objected in the normal course unless and otherwise it adversely affects the interests of the unit holders.

ii) Voting in respect of any important agenda items/Resolutions affecting to our investment like

a) Merger, Demerger, Acquisition, hiving off division, takeover proposal:

SAMC will continue to generally support merger/demerger/acquisition/hiving off division of company if the same enhances equity shareholders' wealth, is carried out in a transparent, conducive environment, is within the applicable laws, rules and regulations of the country and does not otherwise adversely affect the interests of the unit holders of the schemes of SMF. Any hostile takeover by investee company will be analysed and decision for casting vote will be taken in the best interest of Unitholders.

b) Diversification, expansion, incorporation of subsidiary company, related party transaction:

SAMC will continue to welcome and encourage expansion/diversification of the company's businesses which have the potential to enhance shareholder value. Unrelated diversification by the company, where SAMC understands that the company has no expertise and experience and which could prove a drain on the company's

capital, will not be encouraged. Company's related party transactions will continue to be examined carefully to protect the value of investment.

c) Changes to capital structure:

Companies raising capital for business growth will generally be supported if investment value of existing shareholders is not adversely affected.

d) Preferred stock issuance, stock option plans, unreasonable Bonuses and/or compensation to management:

SAMC believes in rewarding people, who perform well and assist their company to achieve its goals and objectives. However, any undue and unreasonable bonuses or remuneration etc. paid to managerial staff more particularly during turbulent periods for the company and undue favour to managerial staff or the Promoter Group may not be supported.

e) Proposal of unusual high payments for any purpose, Social and Corporate responsibility issue:

SAMC permits proposal for payment for performing social and corporate responsibility obligations which are within the laws of the land. Any unusual/ higher payments will be opposed.

f) Appointment and Removal of Directors

SAMC will continue to encourage having maximum number of professional, experienced, and independent directors on the Board to ensure a high level of corporate governance in the investee company. SAMC generally supports appointment of directors, who possess a good track record.

g) Changes in location of registered office of the company or any other matters including those as mentioned above that may affect the interests of shareholder, will be decided based on the factors including equity holding in the company, impact on SAMC's investment, adequacy of information, conflict of interest, protection of shareholders' interests.

iii) In addition to the above, depending on the nature of other proposed agendas which is not specifically covered above, the fund management team, in consultation with the research team and if required other concerned departments of SAMC, will take an appropriate view to protect the value of investment in the investee company.

If required, SAMC may consult other shareholders of the company in respect of the agenda/s proposed to be objected to protect the interests of unit holders.

SAMC will generally follow the voting policy as detailed above, however, if the relevant facts and circumstances so warrant, it may act differently to protect the interests of its unit holders.

Conflict of interest: Wherever SAMC comes to know that there may be potential conflict of interest when it votes on an entity with which it may have some relationship or otherwise, the AMC will exercise discretion carefully keeping in mind the best interest of the unit holders.

Circumstances for Abstaining from voting: There may be instance where Sundaram Mutual Fund may not have any economic interest on the day of voting. In those cases, it may not cast vote for such Investee Companies.

Applicability: The policy applies to exercise of the voting rights/proxy votes by the schemes of Sundaram Mutual Fund, the AGMs /EGMs /meeting of creditors/preference shareholders of the investee company.

Decision Making Process

SAMC has a well-laid down decision-making process outlining criteria to vote in favour or against on the resolution/agenda items keeping in mind the interests of its unit holders. Department of Fund Management (Dealing) of SAMC would carry out operational activities (including coordination with Fund Managers, casting of votes and disclosure on the website) in the subject matter. For casting vote it may use any mechanism (e.g. e-voting, physically attending meetings, voting through proxy, etc.) as per importance of agenda items, need of situation and convenience.

Decision making process of Sundaram Mutual Fund is given as under:

1) Analyst of respective Company provides its recommendation with rationale for each of the Resolutions. 2) An E- mail is sent to all Fund Managers about the

recommendation of Analyst. Fund Manager may also offer his views/recommendations on voting of the resolutions, along with rationale. 3) Head - Equities takes the final decision after perusing the recommendations of both Analyst and Head – Securities Research. 4) 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 Research analysts and/or Fund Manager/(s) of the other schemes, the voting at scheme level shall be allowed, subject to recording of detailed rationale for the same.

Review: The policy has been approved by the Board of Directors of the Sundaram Asset Management Company limited and will be reviewed every year based on the change in regulation and other factors.

Reporting to the Board of AMC and Trustee

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. Board of AMC and Trustees of Mutual Funds shall review and ensure that SAMC have voted on important decisions that may affect the interest of investors and the rationale recorded for vote decision is prudent and adequate. The implementation of voting guidelines and confirmation for above is reported to SEBI in the half yearly trustee reports.

Disclosure and Record Keeping

The data on voting exercised or otherwise is maintained in electronic / physical mode covering all equity holdings across all schemes of Sundaram MF and the same is disclosed on Quarterly basis within 10 working days from the end of the quarter on Sundaram MF website as per the format prescribed by SEBI from time to time. The disclosure includes name of the company, meeting date, details of resolution, details of actual voting done by SAMC for every proposed resolution in investee Companies and brief rational of voting decision. A web link is provided in annual reports of mutual fund schemes regarding the disclosure of voting details. Further, on an annual basis Scrutinizer's certification on the voting reports being disclosed is obtained. Such Scrutinizer's certification is submitted to trustees and also disclosed in the relevant portion of the Mutual Fund's annual report & website.