



PROXY VOTING POLICY

OBJECTIVES

SBI Funds Management Private Limited (hereinafter referred to as AMC) acts as Investment Manager for the schemes of SBI Mutual Fund. SBI Mutual Fund is a Mutual Fund registered with Securities & Exchange Board of India under the SEBI (Mutual Funds) Regulations, 1996. Equity Mutual funds, diversified funds and other mutual funds with an equity component hold securities and/ or shares of companies/ corporations registered in India and abroad. In connection with these investments of SBI Mutual Fund, the AMC exercises voting responsibilities for these investments through the corporate proxy voting process available to the members of the Company/ Corporations. The AMC intends to exercise its votes in the best of interest of funds as a shareholder/ unit holders.

This policy defines the principles that form the basis of all votes exercised by the AMC. When voting proxies, the AMC shall take utmost care to ensure that all decisions are made solely in the interests of the funds/unitholders and with the goal of maximizing the value of their investments. However, the AMC, at no point in time intends to participate directly or indirectly in the management of the companies.

PROXY VOTING PROCESS

In terms of SEBI Circular no. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010 read with circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, Circular no. SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016, Circular no. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021, principles enumerated by SEBI vide circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019 and other relevant guidelines issued by SEBI from time to time in this regard, a general voting policy is framed for exercising the voting rights vested in the AMC as an Investment Manager.

The AMC has constituted a Proxy Voting Committee (hereinafter referred to as 'Committee') comprising of Senior Officials of the AMC. The Committee will have the final authority to decide upon exercise of votes.

The Committee will meet and / or decide on the voting for the proposals by circulation at periodic intervals as and when required to consider proposals for exercise of votes. The quorum for the meeting will be minimum three members, one of which shall be the Managing Director & Chief Executive Officer, Dy. Chief Executive Officer or Chief Investment Officer(s).

The Committee may obtain recommendations/ feedback/ opinion/ views from Fund Managers, Research Analysts or such other persons as may be felt necessary. The AMC may decide to subscribe to services offered by an unaffiliated third party research firm, to receive analyses and recommendations on the shareholder meetings of companies/ corporations. These analyses will be reviewed and studied before taking a final voting decision.

The Committee shall at all times have the discretion to decide to exercise a vote for or against the proposal.

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 done subject to recording of detailed rationale for the same and placed before the Proxy Voting Committee.

The AMC has set in place broad guidelines for exercise of the voting rights.

The Committee shall appoint/ authorise any official of the Company and/ or any such service provider to act as a representative to implement the decisions taken by the Committee and take any necessary action as may be required. The proceedings of the meetings and the exercise of voting decisions shall be recorded appropriately. The Committee shall periodically review the internal mechanism for the control process for implementation of its decisions. The AMC will have an option to cast their votes by electronic means.

GENERAL VOTING GUIDELINES

A decision to invest is generally an endorsement of the management of an issuer and its strategy for the company. When the AMC believes that it is in the best interest of the unitholders to vote for/ against a resolution, the AMC may do so. Some of the key considerations for exercise of a vote will depend on the following factors :

- Does it protect the unit holders rights?
- Will it have an impact on the sustainability, growth prospects and profitability of the company?
- What will be the impact on the shareholder's value?
- Will it impact the company's governance?
- Will it impact minority shareholder's interest?
- Will it impact environment?
- Will it impact other stakeholders such as employees, customers, suppliers and surrounding community?
- Will the resolution provide any undue benefits to promoters/ their affiliates/ subsidiaries/ group companies?

The AMC has adopted general guidelines for voting proxies. Corporate Governance issues are various and continuously evolving. The guideline set forth below are not and cannot be a comprehensive survey of the proxy voting guidelines as all kinds of issues cannot be anticipated. Therefore, these guidelines rather reflect some of the principles that will generally be supported by the AMC. However, the AMC may exercise its discretion and act accordingly in some instances when it determines that based on the facts, it is in the best interest of the fund as a shareholder. The AMC shall compulsorily cast votes for all schemes of mutual fund including passive schemes like Index Funds, Exchange Traded Funds, etc, in respect of the resolutions which include the following:

Board of Directors: We support an independent board of competent individuals. When renewing a mandate (like appointment and removal of Directors), we will be attentive to the attendance in board meetings by directors. The compensation policy should be directly linked to the long term performance of the company.

Our general voting policy will be to vote -

- Against requiring a minimum stock ownership for Directors, unless required by law.
- Against giving the board the authority to set its size freely without shareholder approval.
- Our policy will be to vote for retirement / appointment in line with the Companies Act, as decided on case to case basis.
- Against policies which may compromise the independence of a director.
- Against proposals that directors can only be removed for legal cause.
- For increasing the independence of committees that are responsible for nominating members of the board, supervising outside auditors, and setting the terms of compensation for executive management
- For creating a nomination committee.
- For creating a compensation committee.
- For creating an audit committee.
- For creating a stakeholder engagement committee

Shareholder Proposals:

- Our general voting policy will be to vote -Against elimination or restriction of shareholders' right to call special meetings
- Against eliminating or limiting the shareholders' right to act by written consent.
- Against limitation on the right of shareholders to remove directors to cases where there is legal cause
- Against the issuance of preferred stock with superior voting rights
- For the adoption of confidential voting and the independent tabulation of proxy ballots.
- For the facilitation of shareholder voting, including the provision of electronic voting
- For asking the Board to adopt confidential voting and independent tabulation of the proxy ballots.

Corporate governance matters, including changes in the state of incorporation. merger and other corporate restructuring, and anti-takeover provisions:

Corporate governance matters including changes in the state of incorporation, Mergers and merger and other corporate restructuring, and anti-takeover provisions will be subject to careful review / analysis by the AMC to access if these are beneficial to shareholders.

Our general voting policy will be to vote -

- Against proposals that have the effect of entrenching existing management

Compensation:

Our general voting policy will be to vote -

- Against stock option and stock incentive plans that result in excessive dilution
- Against excessive golden parachute plans

Social and Corporate Responsibility Issue Proposals:

Our general voting policy will be to vote -

- For proposals requesting reports on sustainability, environmental impact or plans, human rights policies, and global labor practices.

Changes to Capital Structure:

Our general voting policy will be to vote considering-

- Reasonable need for change in capital structure is demonstrated;
- Material impact on companies business.

Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular:

The AMC will carefully review any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular and vote.

Related party transactions of the investee companies (excluding own group companies):

Related party transactions of the investee companies (excluding own group companies) will analysed properly to assess if it is beneficial to the shareholders.

The AMC is exempted from compulsory casting of votes in case SBI Mutual Fund have no economic interest on the day of voting.

CONFLICT OF INTEREST

The AMC is a separate entity from the activities of its two shareholders (State Bank of India and Amundi). All decisions pertaining to votes will be taken in the best interest of the units holders of SBI Mutual Fund.

In instances where the investments are in group companies of the AMC or the investee company has substantial investments in the schemes of SBI Mutual Fund, the Proxy Voting Committee will specifically review all such proposals and will take voting decisions in the best interest of unit holders. The Committee shall at all times have the discretion to decide to exercise a voting right. The Committee may also take an external opinion or refer /consult the matter to the Executive Committee comprising of Senior Management.

While voting for the parent of SBI Mutual Fund or a Company of the same group, it will be made sure that any employee nominated by the parent does not form part of the Proxy Voting Committee for that decision. There will be a clear segregation of the voting function and sales functions. No sales team member shall form part of the Proxy Voting Committee.

SBI Mutual Fund has a dedicated Policy for Prevention and Management of Conflict of Interest and adheres to its Stewardship Code, under which a committee for management of Conflict of Interest has also been constituted. However, for all matters related to Proxy Voting, the Proxy Voting Committee will take decisions keeping in view the conflicts.

DISCLOSURE OF PROXY VOTING RECORDS

This policy will be uploaded on the website of Asset Management Company (www.sbimf.com).

Further, following periodical disclosures pertaining to the exercise of votes cast will be made available on the website of the Asset Management Company (www.sbimf.com):

- a) Voting exercised along with the rationale supporting their voting decisions shall be disclosed on a quarterly basis within ten working days from the end of the quarter in the format prescribed by SEBI as amended from time to time. Additionally, a detailed report in this regard along with a summary of the voting exercised across all the investee companies and its break-up in terms of total number of votes cast in favor or against shall also be uploaded.
- b) AMC shall provide the web link regarding the disclosure of the proxy voting exercised on an annual basis in the Annual Report of the Schemes of SBI Mutual Fund along with due certification from the 'scrutinizer' in terms of Rule 20 (3) (ix) of Companies (Management and Administration) Rules, 2014 and any future amendment/s to the said Rules thereof.

AUDIT, REPORTING, REVIEW BY BOARD OF DIRECTORS OF AMC & TRUSTEE COMPANY

The AMC shall on an annual basis obtain a scrutinizer's certification on the voting reports disclosed. Such certification shall be submitted to the Board of Directors of the Trustee Company and also disclosed in the annual report, distributed to the unitholders and on the AMC's website.

A periodical report containing a summary of the voting decisions exercised along with the rationale, as the case may be, will be submitted to the Board of Directors of the AMC and Trustee Company. The Board of Directors of AMC and Trustee Company shall review and ensure that the AMC has voted on important decisions that may affect the interest of investors and the rationale recorded for vote decision is prudent and adequate. The confirmation of the above, along with any adverse comments made by the scrutinizer, shall be reported to SEBI in half-yearly Trustee Reports.

Further, Fund Managers/Decision makers (i.e. the Proxy Voting Committee) will submit a declaration on quarterly basis to the Board of Directors of Trustee Company 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.

Version: April 2021