



**KOTAK MAHINDRA ASSET MANAGEMENT (SINGAPORE) PTE. LTD**

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**PROXY VOTING POLICY**

The Proxy Voting Policies and Procedures are designed to ensure that proxies are voted in an appropriate manner and should complement KMAMS 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 the funds managed by KMAMS.

### **I. Governance and Voting Principles**

KMAMS considers corporate governance as one of the important factors while investing in a particular company. Corporate governance refers to the system by which a corporation is directed and controlled. It relates to the functioning of the managing board, supervision and control mechanisms, their inter-relationships and their relations with stakeholders. KMAMS believes that good corporate governance creates the framework which ensures that a corporation is managed in the long-term interest of shareholders.

Accordingly, 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 the shareholders; and, to encourage companies to adopt best practices in terms of their corporate governance. KMAMS relies on a company's disclosures, a company's track record, specific best practices codes, research analysis, third party advisors and, most importantly, its Fund Management Department's views in making voting decisions.

KMAMS will follow the below principles as a guiding framework in discharging its responsibilities through the exercise of proxy voting.

#### **1. Long term shareholders' interests**

The ultimate aim of the companies should be creation of long term economic benefits for the shareholders. The focus should be corporate governance matters, merger and other corporate restructuring and anti-takeover provisions in place.

#### **2. Rights of the Shareholders**

KMAMS considers the rights of shareholders to be of paramount importance. Protecting these rights is fundamental to good governance. All shareholders should be given the opportunity to vote on all decisions concerning fundamental corporate changes.

#### **3. Independence and efficiency of the board of directors**

KMAMS believes that every company should be headed by an effective board which is collectively accountable to shareholders and responsible for creating and sustaining long-term value for shareholders and other stakeholders. The board and its committees should include a strong presence of independent directors to allow an efficient oversight of the management.

#### **4. Executive and Director Compensation**

KMAMS considers that aligning management interests with shareholder interests is a key factor in corporate governance. KMAMS believes that the company's compensation policy with regard to its officers and management executives must be aligned with the company's results.

5. Governance of Environmental, Social and Governance (ESG) issues

As a responsible investor, KMAMS believes that ESG issues may impact the value and reputation of entities in which it invests. The companies are expected to act responsibly to all stakeholders and to meet corporate governance, environmental and social standards to protect stakeholders' long-term interests.

**The voting preference to be followed are set out below:**

Where proxy proposals concern corporate governance, takeover defence measures, compensation plans, capital structure changes and so forth, KMAMS shall pay particular attention to management's arguments for promoting the prospective change.

KMAMS's sole criterion in determining its voting stance is whether such changes will be to the economic benefit of the beneficial owners of the shares of the funds managed by it.

a. KMAMS will usually vote against discharging the board from responsibility in cases of pending litigation, or if there is evidence of wrong doing for which the board must be held accountable.

b. KMAMS will usually vote in favour of increases in capital which enhance a company's long-term prospects. However, KMAMS will vote against increases in capital which would allow the company to adopt "poison pill" takeover defence tactics, or where the increase in authorized capital would dilute shareholder value in the long term.

c. KMAMS will usually vote in favour of proposals which will enhance a company's long-term prospects. It will vote against an increase in bank borrowing powers which would result in the company reaching an unacceptable level of financial leverage, or where there would be a material reduction in shareholder value.

d. For routine proxies, KMAMS' position would be to neither vote in favour or against where the cost of voting outweigh the benefits that would accrue to investors. For Extraordinary General Meetings of Shareholders, however, where specific issues are put to a shareholder vote, these issues shall be analysed by KMAMS as to whether this is in the interests of the Fund.

e. KMAMS shall consider votes on director nominees on a case-by-case basis.

f. KMAMS shall consider proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan on a case-by-case basis, taking into account the extent of dilution and whether the transaction will result in a change in control

## II. Proxy Voting Procedure and Approach

KMAMS shall vote the proxies of its clients solely in the interest of its clients and the ultimate beneficiaries of the funds for which they are responsible.

### 1. Voting Committee

KMAMS has constituted a Voting Committee which is responsible for establishing voting guidelines and ensuring that these guidelines and procedures are followed. This committee is composed of members of the management and compliance teams.

KMAMS has appointed an independent third party proxy voting service provider with responsibility to review proxy proposals and to make voting recommendations. The voting is delegated by the committee to the investment team and is reviewed at the Investment Committee meetings. The proxy voting service provider shall not exercise any discretion in making vote recommendations. If the service provider is not able to provide its recommendations with respect to a proxy proposal an appropriate voting decision will be made by KMAMS in consultation with its analysts. KMAMS may vote proxies contrary to the recommendations of the service provider if it determines such action to be in the best interests of the investors. KMAMS will document the rationale for any proxy voted contrary to the recommendation of the service provider. As proxy voting is considered an integral part of the investment process, the final responsibility for proxy voting lies with the fund manager.

### 2. Voting Process

When the custodian receives notification from the Issuer regarding a proxy voting, the custodian will inform KMAMS.

The fund manager who has the biggest position in the company decides in consultation with other fund managers who may have exposure to same company. The fund manager will make the decision regarding the proxy and intimate the same to the appropriate team.

Upon being advised by the fund manager that it is necessary or desirable to vote on a particular matter relating to an investee company, one of the below route shall be used to execute the proxy voting:

- Execute the proxy through voting platforms or proxy advisors
- Instruct the custodian / sub-custodian through which proxy voting would be executed
- Vote directly at the general meeting
- Any other mechanism approved by the exchanges

Where KMAMS is a sub-advisor, it shall co-ordinate with the advisor as necessary to execute the proxy voting.

The proxy voting records are to be uploaded on the website on the link <https://www.kotakamc.sg>

### 3. ERISA Funds

Where KMAMS acts a fiduciary to plans governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and where sole proxy voting discretion rests with KMAMS, the policies and procedures as set out in this document will be followed, subject to the fiduciary responsibility standards of ERISA. These standards generally require fiduciaries to act prudently and to discharge their duties solely in the interests of participants and beneficiaries. The Department of Labor has indicated that the voting decisions of ERISA fiduciaries must generally focus on the course that would most likely increase the value of the stock being voted.

### III. Conflicts of Interest

There is a possibility that conflicts of interest may arise in the voting of proxies. Examples include conflicts of interest with companies within the Kotak Group (to which KMAMS belongs) as such companies may be providing funds or acting as the underwriter for investee companies or having other financial dealings. Each company in Kotak group has established formal barriers designed to restrict the flow of information between its various business units including securities, lending, commercial banking, investment banking and other divisions and the investment professionals in the Asset Management division.

In exercising its voting discretion, KMAMS and its employees shall avoid any direct or indirect conflict of interest raised by such voting decision.

In order to maintain the integrity and independence of KMAMS’ proxy-voting decisions without undue influence from business relations of affiliates with investee companies, KMAMS shall manage conflicts of interest by ensuring that the Voting Committee sets the broad guidelines of proxy voting and by utilising the services of the independent third party service provider which shall review proxies and make recommendations. Where potential for conflicts of interest are identified, KMAMS shall mitigate such conflicts of interest, by voting proxies in conformity with guidelines of the Voting Committee and the recommendations of the third party service provider unless there are compelling reasons in the best interest of investors to vote contrary to the voting guidelines/recommendations of the service provider. The rationale for voting contrary to the guidelines/ recommendations of the service provider shall be recorded by KMAMS. KMAMS may also abstain from voting if it is of the considered view that the conflict is significant and abstaining from voting would not adversely affect the interest of the investors.

### IV. Administration and Record Keeping

KMAMS is committed to transparency with regards to its proxy voting approach and execution. A copy of this policy can be accessed on the website.

KMAMS shall keep certain records in connection with its proxy voting activities and shall provide proxy-voting information to the respective fund upon its written or oral request.

KMAMS shall retain in the respective fund's file, the following:

- A record of the vote cast, if any (unless this record is retained by a third party for the benefit of Kotak and the third party is able to promptly provide KMAMS with a copy of the voting record upon its request);
- A record recording the basis for the vote cast or if no vote is cast, a record of the analysis and determination that the cost of voting the proxy exceeds the benefit to the said fund of voting the proxy.
- A copy of any document created by KMAMS or its employees that was material in making the decision on how to vote the subject proxy; and
- With respect to the registered investment company, a copy of the proxy statement, unless retained by any third party for the benefit of Kotak or the proxy statement is available from the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system; and
- A copy of any request or any other written communication (including emails or other electronic communications) to or from the said fund regarding the subject proxy vote cast by KMAMS.
- The above copies and records shall be retained in the said fund's file for a period not less than five (5) years (or in the case of an employee benefit plan, no less than six (6) years), which shall be maintained at the appropriate office of KMAMS.