



Birla Sun Life Asset Management  
Company Limited

**POLICY FOR PROXY VOTING  
IN PUBLIC LISTED  
COMPANIES  
(MF)**



## **Background**

The issue of the role of Mutual Funds in Corporate Governance of listed companies was considered by the Mutual Fund Advisory Committee and it was felt that mutual funds should play an active role in ensuring better corporate governance of listed companies. In terms of SEBI Circular No. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010 and clarificatory email received from SEBI on June 23, 2011, Birla Sun Life Asset Management Company Ltd. (hereinafter referred to as “the Company”) has decided that henceforth:

- The Company shall disclose its general policies and procedures for exercising the voting rights in respect of shares held by it on its website
  - Further, the Company shall also disclose on its website as well as in the annual report distributed to the unit holders from the financial year 2010-11, the actual exercise of its proxy votes in the AGMs/EGMs/ meetings of creditors/preference shareholders of the investee companies 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. Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular.
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## **Applicability**

The policy applies to the exercise of the proxy votes by the nominated member/s of the Company in the AGMs/EGMs/meetings of creditors/preference shareholders of the investee companies.

## **Statement of Policy**

Proxy voting is considered as an important fiduciary duty and the Fund Management team treats it accordingly in the best interest of its investors.

For the purpose of determining the vote, the Fund Management team would vote proxies according to the following policies and procedures:

### ***a. Fiduciary responsibility with respect to Proxy voting***

The right to vote emanates from shareholding / holding of securities. It is the responsibility of Fund Management team/personnel to consider relevant factors that may affect the value of the securities, should the proxy vote be exercised. The proxy voting rights must be exercised in the best interest of the participants in the investing plans.

The Fund Managers shall put up their recommendations along with due justification (viz. to vote in favor or against or abstain) on individual agenda items to Co-CIO – Fixed Income/Co-CIO – Equity and an approval in writing is to be sought from respective Co-CIO. It is upon the discretion of the Co-CIO to consult the Proxy Voting Committee, comprising of CEO, Chief Operating Officer, and Head – Compliance and Risk Management, Head – Legal, Compliance and Secretarial, Co-CIO – Fixed Income and Co CIO Equity in cases that may require any deliberation.

In case the fund management team takes a decision to vote ‘against’ any agenda item, the Fund Management team shall seek additional approval, in writing, from the Investment Committee. Approval by any two members of the Investment Committee shall be deemed to be the approval of the Investment Committee.

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As a Trustee to Birla Sun Life Mutual Fund, the Trustee Company shall grant authority to certain positions in Investment Management, Mid Office Group, Operations, and Secretarial & Risk Departments to attend and vote at the meetings. The resolution shall also define the authority level of the positions for attendance at such meetings.

**b. Roles & Responsibilities**

**i. Fund Management**

It is the intended policy and fundamental responsibility of the Fund Management to vote all proxies received in relation to stocks/securities held in portfolios over which they have a proxy voting authority.

Fund Management shall go through the documents, proposal etc. and decide on the course of the action by the fund house for exercising the voting rights. The proxy voting rights must be exercised in the best interest of the participants in the investing plans.

Fund Management shall ensure that the approval note (**Annexure A**) is forwarded to Co-CIO – Fixed Income/Co-CIO – Equity who may consult the Proxy Voting Committee for further deliberation if necessary. Fund Management team shall also ensure to intimate the Middle Office Team within minimum 3 working days before the date of the meeting, the decision to vote for, against or abstain.

The various aspects of voting including exercise of proxy vote, manner of taking poll etc shall be subject to the relevant provisions of the Companies Act, 1956, as may be applicable.

**ii. Middle Office Group (MOG)**

In addition to the Fund Management team receiving intimation and detailed agenda of the meeting from the custodian, MOG shall also send a reminder to the Fund Management about the meetings due, on a weekly basis

**Execution of Proxy:**

**Scenario 1: Postal ballot**

In case of postal ballot, MOG will intimate Custodian to participate in the voting as per directions provided by Proxy Voting Committee.

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### **Scenario 2: Other than Postal ballot i.e. by representing in person**

Where, in person voting has to be exercised, MOG will coordinate with Investments/Custodian/Operations to nominate the representative whether within or out of Mumbai as per Board resolution nominating personnel for voting and intimate to the person and his immediate reporting Manager of the requirement to vote.

Compliance will provide authority letter along with Board Resolution for the nominee in order to attend the meeting.

### **iii. Compliance**

The Compliance shall ensure that:

- The updated proxy voting policy is available on the company's website at all times
- in addition to annual disclosure, to make quarterly disclosure of votes cast on their website (in spreadsheet format) on or within 10 working days from the end of the quarter in the format annexed as Annexure B(i)
- Publish summary of the votes cast across all its investee company with break-up in terms votes cast in favor, against or abstained from (For format refer Annexure B(iii))
- The actual exercise of proxy votes in the AGMs/EGMs/ meetings of creditors/preference shareholders of the investee companies are disclosed on the company's website as well as in the annual report distributed to the unit holders from time to time (For format refer Annexure B(ii))
- Obtain on annual basis Auditor's certification on the voting reports. Such auditor's certification be submitted to trustees and also disclosed in the relevant portion of the Mutual Funds' annual report & website
- At every meeting of the AMC and Trustee Company, a statement shall be placed for noting as regards meetings attended and voting made since previous meeting.

### **iv. Risk Management**

Risk Management team shall ensure that:

- Details regarding all proxy votes for/against/abstain and missed cases be presented in the Investment Committee Meeting on a quarterly basis.
  - Highlight any exceptions on an Annual basis of voting for a company by our Fund house vis a vis the Peer fund houses.
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***c. Conflicts of Proxy Voting***

It is the responsibility of the Fund Management personnel to exercise discretion, in a case, where there are any direct or indirect conflict regarding proxy voting and should not be influenced by any overriding interests. The Compliance function should be consulted on any conflict concerns.

Should there be any questions regarding how to carry out responsibilities with respect to proxy voting, the Proxy Voting Committee should be consulted.

***d. Retention of Records***

All relevant records i.e. proxy form, proxy solicitation materials, Approval notes etc. are to be retained for a period of 8 years.



**Annexure A: Proposal from Fund Management****Approval Note**

To,  
The Members,  
Proxy Voting Committee

Dear All,

Enclosed below is the proposal note for your approval.

**MEETING DETAILS:**

<i>Company Name</i>	
<i>Date of Meeting</i>	
<i>Place of Meeting</i>	
<i>Type of Meeting</i>	

**PROPOSAL DETAILS:**

<b>Sr. No.</b>	<b>Proposal</b>	<b>Management/ Shareholder Recommendation</b>	<b>Voting Decision</b>	<b>Reason</b>	<b>Other Comments, if any</b>
1.	Consideration of the Balance Sheet, Profit & Loss Account and the Report of Directors and Auditors thereon for the year ended on 31.03.2013	Management Recommendation	For	Routine Resolution	
2.					
3.					



**Annexure B**

(i) Revised 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) Revised 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	Abstain

The disclosures as per the format at Annexure B (old format) shall be made effective from 2010-11 in the annual report which shall also be uploaded on the website.

The Quarterly disclosure to be effective from quarter ended June 30, 2014 and be reported in Half Yearly Trustee report effective from period ended September 30, 2014

Annual Auditor's Certificate to be obtained for the year ended March 31, 2015 and thereafter.

**Policy Changes/Updates**

This policy will incorporate any regulatory injunctions from time to time and any such changes/updates to the policy will be carried out by the owner with intimation to the Proxy Voting Committee. Such changes shall also be notified to the Trustee Company at the ensuing Trustee Meeting and at the Investment Committee meeting.