



NIPPON LIFE ASSET
MANAGEMENT LTD

PROXY VOTING POLICY

April 2018

HISTORY SHEET

Date	Particulars	Approved By	Signature
Jun 2010	Incorporation of Policy Version 1.0		
Oct 2011	Review and Incorporation of Version 2.0		
Oct 2012	Review and Incorporation of Version 3.0		
Nov 2013	Review and Incorporation of Version 4.0		
Nov 2014	Review and Incorporation of Version 5.0		
Dec 2015	Review and Incorporation of Version 6.0		
Mar 2016	Review and Incorporation of Version 7.0		
Feb 2017	Review and Incorporation of Version 8.0		
Apr 2018	Review and Incorporation of Version 9.0		

Reliance Nippon Life Asset Management Limited

Proxy Voting Policy and Procedures for Reliance Mutual Fund

Background

Securities & Exchange Board of India (SEBI), vide circular ref. SEBI/IMD/Cir No. 18/198647/2010 dated March 15, 2010 stipulated that mutual funds should play an active role in ensuring better corporate governance of listed Companies. In this regard, SEBI has mandated that, Asset Management Companies shall disclose their policy and procedure, for exercising the voting rights in respect of shares held on behalf of the mutual funds on their website as well as in the annual reports of the schemes.

Pursuant to the aforesaid SEBI circular, Reliance Capital Asset Management Limited, (henceforth referred to as “RNAM and/or AMC”), the Investment Manager of Reliance Mutual Fund, has formulated the Proxy Voting Policy and Procedure (‘the Policy’) for Reliance Mutual Fund

Voting Policy Guidelines

Reliance Nippon Life Asset Management Ltd (RNAM) is the Investment Manager to the Reliance Mutual Fund (RMF). Proxy voting is the paramount, fiduciary duty of the AMC on behalf of the unit holders. The AMC recognizes that this duty requires it, to vote on behalf of the unit-holders in a timely manner and make voting decisions in advancing the economic interests of the unit-holders and protecting their rights as beneficial owners of the companies in whose securities the AMC invests through the schemes that it manages.

RNAM will generally vote with the issuer company’s management on routine matters. With respect to non-routine matters such as proposed anti-takeover provisions or mergers, the financial impact will be analyzed and the proxy will be voted on a case-by-case basis, in the best interest of the unit-holders.

While arriving at the decision to vote, views of the Fund Managers, Research Analysts and other executives and sources may be considered. The requirements from SEBI shall be complied with as may be applicable from time to time.

A. **Corporate Governance matters (including changes in the state of incorporation, merger and other corporate restructuring and anti takeover provisions)**: Mergers and acquisitions and corporate restructuring proposals will be subject to appropriate review on a case-by-case basis to determine whether they would be beneficial to shareholders’ interest.

B. **Changes to capital structure, (including increases or decreases of capital and preferred stock issuances)**: The proposals for approval to alter the capital structure of the company, such as an increase in authorized capital will generally be supported. However, each proposal shall be evaluated on a case-by-case basis, to determine whether the proposed changes are in the best interest of the shareholders.

C. Stock option plans and other management compensation issues: In general, compensation matters are normally determined by the Company's Board of Directors, rather than the shareholders. The AMC would generally support proposals for Employee Stock option plans and other management compensation plans, but would oppose excessive compensation, if it feels that approval of the plan would be against shareholder interest.

D. Corporate Social Responsibilities: The AMC would generally support proposals on social issues that have demonstrable economic benefit to the issuer and long term economic value of the securities held in the scheme on case-by-case basis.

E. Appointment and Removal of Directors: The foundation of good corporate governance is in the selection of responsible and qualified, Independent Directors who are likely to diligently represent the interest of the shareholders and oversee management of the Company in the manner that will seek to maximize shareholder value over time. Hence, the AMC would generally support the Board's nominees in the election of Directors and generally support proposals that strengthen the independence of Board of Directors. However, each such proposal shall be evaluated on a case-by-case basis.

There may be circumstances where the AMC believes it is in the best interests of a Fund to vote differently than the manner contemplated by the Guidelines. The ultimate decision as to the manner in which the AMC's representatives/proxies will vote rests with Proxy Voting Committee

Voting Procedures –

All the decisions regarding Proxy voting as per the principles set out in this policy would be taken by the Proxy Voting Committee. The Proxy Voting committee shall consist of senior members of RNAM's Management as appointed by the Board.

The Proxy Voting Committee would consist of the following members –

Chief Executive Officer

Head – Equity Investments

Head – Fixed Income

Head – Compliance, Legal and Secretarial Head- Service Delivery & Operations Excellence

Head – Risk Management

Quorum

Minimum 3 members, out of which one should be from the Risk Management Team and one should be either of Chief Executive Officer or Head – Legal, Secretarial & Compliance and one should be from the Investments Team.

For the purposes of quorum, the presence may either be in person or via teleconference/ video conference.

Members and personnel from various departments may be asked to participate when considered necessary.

Chairman of the Meeting

CEO or any other member present

Frequency

As and when required subject to at least one meeting per quarter.

The above committee composition, quorum, and chairpersons would be subject to approval and revision by the board of directors from time to time.

The following procedures would generally be followed by the Proxy Voting Committee –

- 1) All notices for which a decision needs to be made regarding voting would be sourced from the Custodian or other specialized agencies providing this service.
- 2) It would be determined whether the holdings are in the actively managed schemes of Reliance Mutual Fund.
- 3) The Committee would meet as envisaged in this policy and decide whether to vote for / against / abstain on each of the resolutions.
- 4) The committee may if it considers it necessary take note of the views of any third party or any member of the RMF's Research or Fund Management teams before taking any decision.
- 5) The committee will generally Abstain from voting for the following reasons –
 - i) The notices were received late from the investee Company or any service provider.
 - ii) The information available in the notices is not sufficient to take any decision to vote for or against a resolution
 - iii) The holding is in Schemes that are exchange traded funds (ETFs) or index funds which are based on various indices or the price of physical gold, and RMF investment in such schemes are based on the index which is being tracked by such schemes. RMF only invests in such securities which are part of the index and rebalances the holding only when there are any changes to the existing weightage in index due to corporate

actions, inclusion or exclusion etc. or any other relevant details received from the index providers. As these schemes follow a passive philosophy towards the investments in these schemes and the investments are not made in the stocks based on active research, RMF would abstain from voting on any resolutions in which the holdings are only in such schemes as on the date of the meeting of the Proxy Voting Committee.

iv) In Arbitrage Scheme we invest in securities by taking long position in cash equities and short position in future derivatives basically the scheme runs a hedge portfolio. Investments in these schemes are not made in the stocks based on active research, RMF would abstain from voting on any resolutions in which the holdings are only in such schemes as on the date of the meeting of the Proxy Voting Committee.

v) The holding is in Group Companies

vi) Corporate Governance standards, disclosure requirements, and voting mechanisms vary greatly among the markets outside India in which the schemes may invest. RNAM will accordingly cast the vote in a manner believed to be consistent with the policy, while taking into account differing practices by market. In addition, there may be instances in which RNAM may refrain from voting if, the cost of voting in foreign markets may be substantially higher.

vii) The Schemes of Reliance Mutual Fund held the securities as on record date but these have been sold prior to the date of the meeting of the Proxy Voting committee.

viii) It may also refrain from voting on the issues presented in the resolutions which the committee feels are unlikely to have a material impact on shareholder value and its unit-holders.

There may be circumstances where the AMC believes it is in the best interests of a Fund to vote differently than the manner contemplated by the Guidelines. The ultimate decision as to the manner in which the AMC's representatives/proxies will vote rests with Proxy Voting Committee.

All the decisions would be minuted in the Proxy Voting Committee Minutes. The finalized Minutes of the Committee shall be signed by the chairperson of the relevant committee meeting.

The Proxy Committee minutes would be placed at the meetings of the Boards of Reliance Capital Trustee Company and Reliance Nippon Life Asset Management Company Limited held after the Proxy Committee Meetings.

Conflict of Interest

RNAM recognizes that there may be a potential conflict of interest when it votes on an entity with which RNAM may have some relationship. However, RNAM will ensure to vote in the interest of the unit holders.

Disclosure of Proxy Voting and other matters associated with such disclosures

The Proxy Committee minutes would be placed at the meetings of the Boards of Reliance Capital Trustee Company and Reliance Nippon Life Asset Management Company Limited.

In terms of SEBI Circular Nos. SEBI/IMD/Cir No. 18/198647/2010 dated March 15, 2010 and SEBI/IMD/DF/05/2014 RNAM shall annually disclose in such format as may be prescribed by SEBI from time to time the actual exercise of the votes in the general meetings of the investee company in the following manner –

- a) The specific rationale supporting the voting decision (for, against or abstain) with respect to each vote shall be recorded and disclosed.
- b) A summary of votes cast across all investee companies and its break – up in terms of total number of votes cast in favour, against or abstained from.
- c) The disclosures shall be made (in spreadsheet format) on a quarterly basis, within 10 working days from the end of the quarter. Further voting details shall also be disclosed in the annual reports of the schemes.
- d) The format for disclosures will be as prescribed in the relevant SEBI Circulars from time to time.
- e) Further on an annual basis, RNAM shall obtain Auditor's certification on the voting reports being disclosed by RNAM for the RMF Schemes. Such Auditor's certification shall be submitted to trustees and also disclosed in the relevant portion of the Mutual Funds' annual report and website.
- f) Board of RNAM and RCTC shall review and ensure that RNAM 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 same, along with any adverse comments made by the auditors, shall be reported to SEBI in the yearly trustee reports.