



**PGIM**  
India Mutual Fund

## **Proxy Voting Policy for Mutual Fund**

This document is updated as on 29<sup>th</sup> December, 2022 and approved by the Investment Committee on January 05, 2023 and Board of the AMC on January 30, 2023 and Trustees on January 31, 2023



## **1. Preamble**

Securities & Exchange Board of India (SEBI), vide circular ref. SEBI/IMD/Cir No.18/198647/2010 dated March 15, 2010 has stipulated that mutual funds should play an active role in ensuring better corporate governance of listed companies. In this regard, SEBI has mandated that, AMC's 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 report of the schemes.

Pursuant to the aforesaid SEBI circular, PGIM India Asset Management Private Limited, (the 'AMC'), the investment manager of PGIM India Mutual Fund, has formulated 'the PGIM India MF Proxy Voting Policy' ('the Policy') with the approval of PGIM India Trustees Pvt. Ltd., the Trustee of PGIM India MF.

## **2. Policy Statement**

PGIM India Mutual Fund ("PGIM India MF") proxy matters must comply with the provisions set forth in this policy. Proxies will be voted in the best interests of unit holders of PGIM India MF. Potential conflicts will be identified, addressed and monitored.

As per SEBI Circular SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021, it is mandatory to vote on all matters. Further, Mutual Funds including passive investment schemes like Index Funds, Exchange Traded Funds etc. shall also be required to cast votes

## **3. Voting Policy Guidelines**

The AMC seeks to ensure that all proxy voting proposals are voted with the primary goal of seeking the optimal benefit for the unit holders. Consistent with this goal, the AMC views the voting process as a means to encourage strong corporate governance practices and ethical conduct by corporate management. The AMC views the proxy voting process as a component of the investment administration process, as the right to vote emanates from securities held under the schemes of PGIM India MF.

In general, the AMC does not intend to participate directly or indirectly in the management of the companies in which it has invested, but it will use its influence as the representative of the shareholders (unitholders) amongst others by exercising its voting rights in accordance with and to further the best interests of unit holders.

Each proxy vote is reviewed and voted in accordance with the Proxy Voting Policy.

Generally, the AMC will vote with the issuer company's management on routine matters. With respect to non-routine matters such as mergers/demergers, acquisitions, takeovers, and /or Substantial Acquisition of Shares under SAST regulations, 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.

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



**B. Changes to capital structure**, including increases and decreases of capital and preferred stock issuances: The proposals for approval to alter the capital structure of the company, such as an increase in capital will generally be supported if the research analyst / fund manager believe would enhance the rights of common shareholders.

**C. Stock option plans and other management compensation issues:** In general, the AMC believes that compensation matters are normally best determined by a corporation'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 the research analyst or the fund manager feel 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 and are evaluated by the analyst / fund manager on case-by-case basis

**E. Appointment and Removal of Directors:** The AMC believes that a company's Board of Directors is likely to have better access to important, non-public information regarding a company's business and long-term prospects, rather than the shareholders, and is therefore best-positioned to set corporate policy and oversee management. The AMC therefore believes that the foundation of good corporate governance is the selection of responsible, qualified, independent corporate directors who are likely to diligently represent the interest of the shareholders and oversee management of the corporation 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. In individual cases, consideration may be given to a director nominee's credentials of representing shareholder interests as a Director of the company issuing the proxy or other companies.

#### 4. Use of Proxy Advisory Service

PGIM India, uses the services of proxy advisory firms to gain insights of a neutral third party on the resolutions put forward by the investee companies. The investment team uses the proxy advisory reports and recommendations for guidance only and the recommendations are not binding in nature. The Services provided are in the nature of advisory and the investment team can vote at its own discretion.

The scope of services offered by the proxy advisory firms includes :

- a) Giving analysis of the resolutions put up to shareholders through the Proxy Advisory Report which is provided to PGIM India AMC covering all the meetings of companies under coverage by the advisory firm.
- b) Providing voting recommendation on all resolutions placed for shareholders consideration.

#### 5. Responsibility

The investment team is responsible for the decision to exercise the voting rights, record the rationale for voting in case of transactions/proposed transactions of the list companies. The investment Operations team is responsible for disseminating the decision to the issuer entity through the custodian. Each portfolio company is mapped to an analyst/Fund Manager as the primary voter in the company's resolutions.



Once the voting decision is communicated to the Investment Operations Team by the investments team, the Investment Operations team takes responsibility to communicate the voting decision for each such voted resolution to the Issuer entity either through the e-voting process or through the custodian.

The designated analysts/fund managers in equity team will vote on all resolutions keeping in mind the interest of the scheme(s), investment philosophy of the Fund and the market best practices. In case of conflicts or need for a clearer direction, the matter may be referred to the CIO for his guidance. The concerned Research Analyst / Fund Manager communicates such voting decision or recommendation to the Investment Operations Team for transmitting the same to the issuer entity.

## **6. Administration and Record Keeping**

The Investment Operations team manages the daily upload of securities holding report and the upcoming proxy voting data (for the next 3 weeks) in the SES system.

The Operations unit will also maintain the records of each proxy voted and make available the periodic summaries of all proxies voted for information of the Board of Trustees and unitholders.

Normally, the Custodian (as representative of the Fund) executes the voting instructions of the AMC, conveyed by the Investment Operations team of PGIM India AMC and accordingly votes at the meetings of the shareholders of the various companies.

## **7. Conflict of Interest in Exercising Voting Rights**

The AMC will exercise adequate safeguards to avoid or address any conflict of interest while exercising voting rights, should a voting issue potentially implicate a conflict of interest between PGIM India MF and the AMC or its employees /associates/ affiliates. In the event of a voting proposal giving rise to a material conflict of interest, the analyst/fund manager must consult the Chief Executive Officer / CIO.

## **8. Retention of Records**

The AMC shall retain / maintain the records as to how the proxies have been exercised on behalf of the investors for a minimum period of 8 years.

Further, in accordance with SEBI guidelines, the AMC shall disclose on its website as well as in the annual report distributed to the unit holders, the actual exercise of their proxy votes in the AGMs/EGMs of the investee companies for all resolutions.