

CAPITALMIND ASSET MANAGEMENT PRIVATE LIMITED

Voting Policy

CAPITALMIND MUTUAL FUND

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Policy Version Control

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1	1	-	Formulation of the policy in accordance with SEBI circulars

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1. Background

SEBI Master Circular on Mutual Funds dated June 27, 2024, mandated Mutual Funds to have a clear policy on voting and disclosure of voting activity to protect interest of unitholders and to improve governance of investee companies. The relevant guidelines and circulars issued by SEBI from time to time in this regard states that Mutual Funds should play an active role in ensuring better corporate governance of listed companies.

In terms of the above, we, Capitalmind Asset Management Private Limited (“the AMC”), the AMC to the schemes of Capitalmind Mutual Fund (“the Fund”), have a fiduciary responsibility to act in the best interest of the unitholders of the Fund and such responsibility includes exercising voting rights attached to the securities of the investee companies. In light of this, the AMC has formulated the Voting Policy and procedures for exercising the voting rights for the schemes of the Fund (“the Policy”).

2. Objective

- a) The AMC recognizes that its role with respect to proxy voting and stewardship activities is to protect interest of unitholders and not to interfere in the operations of its investee companies. The AMC, at no point in time, intends to participate directly or indirectly in the management of the investee companies.
- b) The Policy covers the framework and principles to be followed for exercising voting rights.

3. Proxy Voting Guideline

- a) The Voting Policy covers the framework and principles that need to be followed for exercising voting rights. The proxy voting guidelines set out in the Voting Policy are designed with an intent to
 - i. promote accountability of a company's management and board of directors to its shareholders;
 - ii. align the interest of management with those of shareholders; and;
 - iii. encourage companies to adopt best practices in terms of their corporate governance.

- b) The Fund Managers of the AMC may rely on Company's disclosures, its Board's recommendations, a company track record, specific best practices codes, in-house research analysis, recommendations of external proxy advisory services, etc.
- c) The Fund Managers shall review all voting proposals (routine as well as non-routine items) and shall ensure that non-routine items like change in the state of incorporation, merger and other corporate restructuring, changes in capital structure, stock options, appointment and removal of directors, etc. are identified and voted in the manner designed to maximize the value of the unitholders.

4. General Guidelines for Voting

- 1) The AMC shall compulsorily cast votes for all the schemes of the Fund in respect of the resolutions which includes the following:

- 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-to-case basis to determine whether they would be beneficial to shareholders' interest. The Investment team will analyse various economic and strategic factors in making the final decision on a merger, acquisition or any other corporate restructuring proposals. Based on the Fund Manager's opinion whether the proposal is likely to enhance the economic value or cause indeterminate and unnecessary expense to shareholders, the AMC may exercise a vote either in favor or against the proposal.

- b) **Changes to capital structure (including increase or decrease 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-to-case basis, to determine whether the proposed changes are in the best interest of the shareholders. The AMC shall take into consideration that a company's decisions pertaining to financing have a material impact on its shareholders, in particular when they involve the issuance of additional shares or the assumption of additional debt. However, changes resulting in excessive

dilution of existing shareholder value will not be generally supported barring exceptional circumstances.

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 which are tied to achieving long-term performance and enhancing shareholder value, but would oppose excessive compensation and any undue favour to managerial staff or the promoter group, especially during turbulent periods for the company, if it feels that approval of the plan would be against shareholder interest.

d) **Social and Corporate Responsibility Issues**

The AMC would generally support proposals on social and corporate responsibility issues that have demonstrable long-term economic value for the securities held in the schemes of the Fund.

e) **Appointment and Removal of Directors**

The foundation of good corporate governance is in the selection of responsible and qualified Directors who are likely to diligently represent the interest of all 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, who possess a good track record, and generally support proposals that strengthen the independence of Board of Directors. However, each such proposal shall be evaluated on a case-to-case basis.

f) Any other issue that may affect the interest of the shareholders in general and interest of the unitholders in particular, including but not limited to board and executive remuneration, shareholders rights, audits and accounts, grant of ESOPS, appointment of auditors, corporate charter and by-laws, conflict of interest, etc.

g) Related party transactions of the companies (excluding own group companies) shall be analysed properly to assess if it is beneficial to the unitholders

2) As a general practice, the votes shall be cast at Fund Level and not at Scheme 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 allowed subject to recording of detailed rationale for the same.

- 3) Although the AMC will generally vote in accordance with the Voting Rights Policy, there may be circumstances where the AMC may believe it is in the best interests of the AMC to vote differently than in the manner contemplated by the Policy. Hence, the AMC may deviate from the Voting Policy if deviation is necessary to protect the interests of the Unitholders. All such voting which deviates from the Voting Policy shall be documented with reasoning and reported to the Trustees.
- 4) Compulsory casting of votes may be exempted in case of the Fund having no economic interest in the Investee Companies on the day of voting.

5. Use of Services of Voting Advisor

The AMC may use their discretion to avail the services of Proxy advisor(s)/Proxy advisory firms to aid in arriving at decision for voting. The Investment Committee duly constituted by the Board of the AMC is authorized to approve engagement of an external agency for proxy voting or other voting advisory services, scope of services, whenever the AMC proposes to avail such services. The Fund Managers shall not be bound with the Proxy advisors' recommendations, and they are permitted to use their discretion whether to rely and/or act on the suggestions/recommendations given by such Proxy advisor(s).

6. Conflicts of Interest

- a) Conflicts of interest may arise in certain situations, where:
 - I. AMC/Fund Managers have material business relationship with a proponent of a proxy proposal, participants in a proxy contest, or directors or director candidates of an investee company; and
 - II. An employee of the AMC has a personal interest in the outcome of a particular proxy proposal (which might be the case if, for example, a member of an employee's immediate family were a director or executive officer of the relevant company).
- b) However, AMC will make its best efforts to avoid such conflicts and ensure that any conflicts of interest are resolved in the best interests of unitholders. Measures taken by the AMC would include but not be limited to:
 - I. Fund Managers of other schemes who do not have a conflict of interest exercising the vote

- II. The Investment team taking a joint decision in the interest of the unitholders and recording the rationale of the final vote
- III. Escalations to the Investment Committee if needed
- IV. Abstain with reasoning provided

7. Mechanism of Voting

- a) With the introduction of voting through electronic means ("E-Voting"), the AMC shall cast its votes on the voting platform offered by NSDL/CDSL and other service providers. At times, even after E- Voting, the Fund Managers may attend the general meetings of the investee companies or authorize our proxy advisor to attend on behalf of the Fund Manager, as it provides an opportunity to pose questions to the directors of the investee companies. Where E-Voting is not mandated or in cases where E-Voting is not possible, the AMC shall endeavour to vote through proxy.
- b) The internal mechanisms for voting shall include guidelines on how to assess the proposals and take decisions thereon as well as guidelines on how to vote on certain specific matters/ circumstances including list of such possible matters/circumstances and factors to be considered for a decision to vote for/ against.

8. Disclosure of Voting Policy and Records Thereof

- a) This Voting Policy will be accessible on AMC's website and would also be available in the annual report distributed to the unitholders.
- b) The AMC will disclose on its website as well as in the annual report distributed to the unitholders from the actual exercise of their proxy votes in the AGMs/EGMs of the investee companies
 - I. The AMC will disclose on a quarterly basis (as per format provided in Annexure I), summary of the votes cast across all its investee companies and name of the company, details of resolution, actual voting done by the AMC and brief rationale supporting the voting decision. This shall be done within 10 working days from the end of the quarter on the AMC's website and should be in a machine-readable spreadsheet format.
 - II. The AMC shall provide the web link in its annual report regarding the disclosure of voting details
 - III. The AMC shall additionally publish a summary of the votes cast across all its investee companies and its break-up in terms of total number of votes cast in favour, against or abstained from as per provided in Annexure I.

- c) Further, on an annual basis, the AMC shall obtain scrutinizer's certification on the voting reports disclosed by the AMC. Such certification shall be obtained from a "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. The scrutinizer's certification shall be submitted to the trustees and shall be disclosed in the relevant portion of the AMC's/Fund's annual report and website of the AMC / Fund.

9. Review By the AMC and Trustees

- a) The Board of the AMC and Board of Trustees shall be required to review and ensure that AMC has voted on important decisions that may affect the interest of investors, and the rationale recorded for voting decision is prudent and adequate. The confirmation to the same, along with any adverse comments made by scrutinizer, shall have to be reported to SEBI in the half yearly trustee reports.
- b) Fund managers/decision makers shall submit a declaration on quarterly basis to the Trustees that the votes cast by them have not been influenced by any factor other than the best interest of the unitholders. Further, trustees in their half yearly trustee report to SEBI, shall confirm the same.

10. Voting Disclosures by ESG Schemes

- a) In order to enhance transparency on votes cast by ESG schemes, under the rationale for voting decisions (whether "in favor" or "against"), the AMC shall categorically disclose whether the resolution has or has not been supported due to any environmental, social or governance reasons.
- b) The disclosure of voting rationale is to be made at scheme level. However, in instances wherein the voting approach for ESG and non-ESG schemes of Fund is not same, the details and rationale for votes cast on behalf of ESG schemes and non-ESG schemes shall be disclosed separately.

11. Review of Policy

Any regulatory amendment/update etc. shall be carried out from time to time to the policy by the Investment Committee. The Investment Committee will review the proxy voting required as per the voting policy and actual exercise of proxy votes. The Investment Committee may also act as an escalation mechanism in certain special cases of voting. The Policy shall be reviewed annually and be approved by the Board of the AMC and the Trustees

12. Annexure I: Formats

(i) Revised format for disclosure of vote cast by Mutual Fund – 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)	Reason supporting Vote Decision

(ii) Revised format for disclosure of voting by Mutual Fund/AMC 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)	Reason supporting Vote Decision

(iii) Format of providing the summary of proxy votes cast by Mutual Fund/AMC 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