

TATA ASSET MANAGEMENT LIMITED

STEWARDSHIP POLICY

Preamble and scope of policy on Stewardship Responsibilities:

The Policy is framed to discharge Stewardship responsibilities in accordance with the guidelines set out by SEBI vide its circular ref CIR/CFD/CMD/168/2019 dated Dec 24, 2019. As a part of this activity, the investment management team is expected to monitor and engage with the investee company on matters including performance (Operational, financial) etc., strategy, corporate governance, including (Board structure, remuneration etc.), corporate governance, opportunities or risks, capital structure etc. and any other issues such that the interest of the investors are protected.

This policy will be referred to as Stewardship Policy to include responsibilities to be undertaken by the Company and the processes that the company intends to follow in order to safeguard the interest of the investors.

This policy is applicable for Mutual Fund as well as AIF (Alternative Investment Fund) activities undertaken by Tata Asset Management Limited (TAML).

Effective Date:

This policy will be effective from 1st July 2020 and would be reviewed and updated on an annual basis or as and when there are regulatory changes. Any material changes in the policy will also be approved by the Equity Investment Committee / AIF Investment Committee (EIC/AIT). The EIC/AIT shall inform the changes in the policy to the Board of Tata Asset Management Limited (TAML) & Tata Trustee Company Limited (TTCL).

Stewardship Principles

In order to safeguard the interest of the investors, TAML shall work towards fulfilling the objectives of the following principles.

Principle 1

TAML has designed a comprehensive policy on the discharge of their stewardship responsibilities. TAML will publicly disclose it, review and update it periodically.

a) Policy on Active Engagement includes:

1. TAML shall continuously monitor and actively engage with investee companies, where investment is large (i.e. where investment by Tata Mutual fund or Tata Alternative Investment Fund is more than 5% of the scheme AUM) on various matters including performance (Operational, financial etc.), strategy, corporate governance (Including Board

structure, remuneration, etc.), corporate governance opportunities or risks, capital structure, etc.

2. Voting and engaging with investee companies in a manner consistent with the best interests of its shareholders/investors;
3. Maintaining transparency in reporting its voting decisions and other forms of engagement with investee companies

b) Policy on Discharge of Stewardship responsibility

1. TAML to follow the voting policy formulated pursuant to the various circulars on proxy voting issued by SEBI from time to time to deal with the exercise of the Company's voting rights in Investee companies and shall disclose the voting report periodically.
2. TAML shall appropriately monitor and engage on an issue which may potentially, affect an investee company's ability to deliver long term sustainable performance and value for threshold of large investments (i.e. where investment by Tata Mutual fund or Tata Alternative Investment Fund is more than 5% of the scheme AUM).
3. The engagement with Investee Company may be through written communication, detailed discussions with management, interaction with investee company boards, voting in board or shareholders meetings, etc.
4. TAML shall endeavor to work collectively with other institutional investors and support collaborative engagements organized by representative bodies and others for threshold of large investments.
5. TAML shall disclose compliance to the Policy and the principles therein on its website on an annual basis.
6. TAML's most visible sign of the engaged ownership is participation in proxy voting at shareholder meetings. TAML has an experienced group of analyst team that evaluates proposals and casts votes in accordance with our voting guidelines. TAML guidelines are designed to promote long-term shareholder value by supporting good corporate governance practices as well as support instances of corporate social responsibilities and environmental protection(ESG) In evaluating votes, the analyst team may consider information from many sources, including a company's management and board, shareholder groups, and various research and data resources. They also refer to voting recommendation from Proxy Advisory Firm(s). At present TAML is using services of Institutional Investor Advisory Services (IIAS). Voting guidelines are reviewed periodically to consider further developments in governance standards based on global best practices and any related training thereof.
7. In case of outsourced activities, EIC/AIT shall evaluate the action proposed by the outsourced agency to ensure that proposed action is in the interest of the investors.

c) Oversight of Stewardship activities:

Equity Investment Committee (EIC) of Tata Mutual Fund and Investment Team of Tata Alternative Investment Fund (AIT) shall ensure that there is an effective oversight of TAML's

stewardship activities. The EIC /AIT shall be responsible for the overall implementation and execution of this Policy. The threshold of investment in the investee company beyond which the Company shall perform its stewardship activities shall be prescribed by the EIC/AIT. The investee company used in this policy shall mean Investee companies in which Tata Mutual Fund (TMF) /Tata Alternative Investment Fund (TAIF) has made equity investments. The EIC/AIT shall recommend the changes in the policy to the Board.

d) Disclosure of Stewardship Code

The policy shall be reviewed and updated periodically, and the updated policy should be publicly disclosed on the TAML website.

e) Training Policy

Current investment team and any new joiners in the future may be trained on the various aspects of implementing the stewardship policy. TAML may engage the help of the existing Proxy Advisory Firms to carry out such training modules periodically.

Principle 2

TAML has designed a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Conflict of interest refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment of professional activity.

The policy shall be reviewed and updated by the Conflict of Interest Committee, which constitutes CEO, COO, Head of Risk and Head of Compliance. The CIO will be a permanent invitee to this committee.

a) Avoiding conflict of interest:

TAML shall undertake reasonable steps to avoid actual or potential conflict of interest situations. In unavoidable situation, conflicts of interest shall be resolved in the best interests of the unit holders of TMF/TAIF.

In the event of any doubt as to whether a particular transaction would create (or have the potential to create a conflict of interest) the Conflict of Interest Committee may be consulted.

b) Identifying Conflict of interest

Given below are a few instances where conflict of interest may arise:

1. TAML and the investee company are part of same group
2. The Investee Company is an associate of TAML
3. The investee company is an institutional investor of TMF/TAIF
4. The investee company is a distributor of products / services offered by TAML

5. The investee company is a vendor of TAML
6. The Company is a lender to the TMF/TAIF Scheme(s)/Officials of Investment department/ Members of EIC or Member of AIT has a personal interest in the investee company
7. A nominee of the Company has been appointed as a director or a key managerial person of the investee company
8. Anything other than the above, which may give rise to conflict of interest.

c) Managing conflict of interest:

1. A conflict of interest in relation to an investee company shall be highlighted to EIC/AIT and get recorded. All decisions pertaining to votes will be taken in the best interest of the unit holders of TMF/TAIF. In instances where the investments are in the group companies of the AMC or the investee company has substantial investments in the schemes of TMF/TAIF, the Proxy Voting Committee will specifically review all such proposals and will take voting decisions in the best interest of unit holders. The Committee shall at all times have the discretion to decide to exercise a voting right or abstain from it.
2. There will be a clear segregation of the voting function and sales functions. No sales team member shall form part of the Proxy Voting Committee.
3. Apart from strict adherence to Code of Conduct of TAML, the employees in the investment teams shall ensure strict compliance with the Code of Conduct for Prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations.
4. Member of the investment team who is interested or have any association with the Investee Company will not be allowed to participate in Proxy Voting related decision.
5. Rationale for voting on each shareholder resolution shall be recorded as per the voting policy.
6. Detailed rationale behind every new investment decision shall be recorded.
7. For all other possible instances of conflict, the Conflict of Interest Committee may be referred for guidance / decision.

Principle 3

TAML monitors their investee companies.

Manner of Monitoring:

1. Monitoring shall include but need not be restricted to strategy and business outlook, operation and financial performance, Industry analysis, management evaluation and

corporate governance issues including board structure/diversity, related party transactions, handling of shareholder rights, their grievances, capital structure and key risk areas. Monitoring on areas like succession planning, remuneration, corporate governance, opportunities or risks issues will be on a best effort basis.

2. The company shall actively monitor all investee companies except for those held in passive funds(Arbitrage/Index/ETF).however, engagement or intervention with Investee Company may be considered if the circumstances so demand.
3. EIC/AIT shall review the monitoring and engagement activities being carried out by the investment team keeping in mind regulations on insider trading and would ensure the compliance of the regulations.
4. TAML may rely on sources for monitoring activities of investee companies
 - a. Bloomberg
 - b. Sell side broker Reports
 - c. Quarterly Results (On calls)
 - d. Annual Reports
 - e. Publicly available information includes exchange filings
 - f. Management Interaction includes conference calls
 - g. IIAS Recommendations
5. TAML will endeavor to have at least one meeting with the investee company in a year. However, there can be investee companies where the management is not accessible or not accessible at appropriate levels or cases where the investment team believes that there is no incremental information which is being provided by the management. In such cases, it is possible that the monitoring is through other sources including participation in AGM/Voting on Share Holder’s resolution or engagement through external agencies.
6. During engagement with the Investee Company, employee may come to know about unpublished price sensitive information (UPSI). Employee shall maintain strict confidentiality of such UPSI and shall not share such UPSI with anyone inside or outside the organization. No investment/disinvestment decision shall be taken based on such UPSI.

Principle 4

TAML has designed a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.

Intervention Policy

TAML may intervene or collaborate with other institutional investors in case of large investments (where it holds more than 5% of the scheme AUM).

Identifying possible circumstances of active intervention:

- a. Poor financial performance of a company for instance a sharp miss vs. earnings guidance or long-term financial targets
- b. Related party transactions especially relating to ICDs, royalty, to sister concerns.
- c. Improper excessive Director/Executive remuneration in relation to the annual profits or overall financial performance
- d. Inequitable treatment of shareholders especially in corporate action/M&A
- e. Lawsuits/Litigations arising out of whistleblower complaints
- f. Insufficient or inaccurate disclosures on financial statements or material auditor qualifications incl. instances of auditor resignations
- g. Non-compliance with regulations for example environmental norms.

Mechanism of intervention:

a) Engagement: TAML shall endeavor to send letters to individual investee companies, have one-to-one meetings with the management team, engagement with specific teams etc. to resolve any concerns including steps to be taken to mitigate such concerns.

b) Collaboration: TAML shall endeavor to work collectively with other institutional investors and support collaborative engagements by professional associations like AMFI, regulators and other entities it deems necessary for a collective engagement or joint representation with the investee company.

c) Escalation though voting: There can be investee companies where the management is not accessible or not accessible at appropriate levels or cases where the investment team believes that there is no incremental information which is being provided by the management. In such cases, it is possible that the monitoring is through other sources including participation in AGM/Voting on Share Holder's resolution or engagement through external agencies. TAML will maintain internal notes/minutes/other records for each intervention.

Principle 5

TAML has designed a clear policy on voting and disclosure of voting activity.

TAML has formulated a policy and process for exercising voting rights and the same shall be followed / adhered so the voting in Investee Company is taken care. Voting Policy is given in Annexure A.

Principle 6

TAML reports periodically on their stewardship activities.

TAML will make periodical disclosures to investors (on its website as well disclosure in annual report of the schemes) on discharge of its stewardship responsibilities. This includes the following:

1. TAML will report on each principle annually. While Voting will continue to be reported separately on a quarterly basis, the rest of the principles will be reported annually.
2. Implementation of conflict of interest policy
3. Any updation in this Stewardship Code will be disclosed on the website.
4. Summary of voting report and other disclosures will be circulated to investors along with the annual report or as annual intimation.

Date:

1st July 2020

Annexure A

TATA MUTUAL FUND

VOTING POLICY:

1. PHILOSOPHY

Tata Asset Management Limited (The AMC) has set out this Voting policy. The Policy contains the principles that form the basis of all votes. The AMC believes that these principles are essential to ensure the long-term performance of assets managed by the AMC. The AMC will endeavor to manage voting rights with the same level of care and skill as it manages the funds. As a broad principle, the AMC does not have intention to participate directly or indirectly in the management of the companies but it will use its influence as the representative of the shareholder amongst others by exercising its voting rights in accordance with the best interests of its funds unit holders. The Schemes are entitled to exercise the voting rights attached to the shares. The shareholders do not necessarily need to be physically present at the site of the company's annual meeting / extra-ordinary general meeting in order to exercise their right to vote. It is common for shareholders to voice their vote by proxy.

2. PRINCIPLES OF VOTING

In terms of SEBI Circular no. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010 read with circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, Circular no. SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and other relevant guidelines issued by SEBI from time to time in this regard, a general voting policy is framed for exercising the voting rights vested in the AMC as an Investment Manager.

a) Voting is completely discretionary i.e. the decision may include “abstaining from voting” or to “vote for” or “against” or divide votes between “for” and “against”, or not vote at all. The rationale for decision taken on “voting for /voting against/ abstaining from voting” shall be recorded.

b) The AMC abstains from voting on following factors:

1. Where the investments in the investee company were made by Arbitrage /Index /Passive Funds
2. On routine matter which do not have a material impact on the interest of the unitholders

c) TAML exercises proxy voting in respect of the following matters: -

- Corporate governance matters, including changes in the state of incorporation, merger & acquisition and other corporate restructuring, and anti-takeover provisions.
- Changes to capital structure, including increases and decreases of capital and preferred stock issuances.
- Changes to governance policies of the company.
- Stock option plans and other management compensation issues;
- Social and corporate responsibility issues.
- Appointment and Removal of Directors.
- Any other issue that may affect the interest of the shareholders in general and interest of the unitholders in particular.

3.MECHANISM

The AMC exercises voting responsibilities for the investee companies through the corporate proxy voting process available to the members of the Company/ Corporations. The mechanism may also include physically attending the meetings. The AMC intends to exercise its votes in the best of interest of funds as unit holders. However, the AMC, at no point in time intends to participate directly or indirectly in the management of the companies.

The AMC has constituted a Proxy Voting Committee (hereinafter referred to as 'Committee') comprising of CIO, Fund Managers and Analysts of the AMC. The Committee will have the final authority to decide upon exercise of votes. The Committee will meet at periodic intervals as and when required to consider any changes to the voting policy. The Committee may obtain recommendations/ feedback/ opinion/ views from Fund Managers, Research Analysts or such other persons as may be felt necessary.

The AMC may also decide to subscribe to services offered by an unaffiliated third party research firm (IiAS Advisory Services), to receive analyses and recommendations on the shareholder meetings of companies/ corporations. These analyses will be reviewed and studied before taking a final voting decision.

4.CONFLICT OF INTEREST

The AMC is a separate entity from the activities of its two shareholders (Tata Sons Ltd. And Tata Investment Corp.). All decisions pertaining to votes will be taken in the best interest of the units holders of Tata Mutual Fund.

a) The AMC will exercise adequate safeguards to address any conflicts of interest with regard to any individual investments including where investments are in the group companies of the AMC. This may imply that the AMC through its Proxy Voting Committee may decide to refrain from exercising its voting rights if considered appropriate. AMC will only be voting in the

exclusive interest of the unitholders, without taking into consideration the interest of any particular lobby/business group / promoter etc. of such company.

b) The Committee may also take an external opinion or refer the matter to the Executive committee includes CEO, COO, Head of Risk and Head of Compliance & the CIO.

5.INTERNAL REVIEW & CONTROLS:

Particulars	Responsibility
Ownership of the Voting Policy	Investment Committee
Evaluation of Voting Proposals and Decision Making on Proxy Voting	Investment Committee
Monitoring of Adherence to Voting Policy	Risk & Compliance Function

The AMC shall present the details of proxies exercised to the Trustee annually

6.DISLOSURES

This policy will be uploaded on the website of Tata Mutual Fund (www.tatamutualfund.com), In accordance with the regulatory guidelines, AMC will make following disclosures to the unitholders.

a) Voting exercised and abstained along with the rationale supporting their voting decisions shall be disclosed on a quarterly basis in the format prescribed by SEBI as amended from time to time.

b) A summary of the voting exercised across all the investee companies and its break-up in terms of total number of votes cast in favour, against or abstained from shall also be disclosed.

c) AMC shall disclose the proxy voting exercised on an annual basis in the Annual Report of the Schemes of Tata Mutual fund along with due certification from the '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.