

Stewardship Policy

BANK OF INDIA MUTUAL FUND

BANK OF INDIA INVESTMENT MANAGERS PRIVATE LIMITED

Documents Control

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STEWARDSHIP POLICY

I. Introduction, Objectives and Definitions

INTRODUCTION

- Bank of India Investment Managers Private Limited (“BOI IM”) (“AMC”) is the Investment Manager to Bank of India Mutual Fund (“BOI MF”) and as a part of its normal investment management activities, the various schemes of BOI MF invests in Equity Shares issued by companies (Investee Company/ies).
- Exposure to equities is taken with due consideration to investment objective of schemes of BOI MF and regulatory guidelines. The investments in equities are generally made for long- term capital appreciation and dividend yield. These investments are monitored regularly and are reviewed by the Investment Committee.
- Mutual Funds are significant institutional investors in listed companies. It is expected that Mutual Funds engage with the managements at a greater level to improve their governance. It will result in informed decisions by the parties and ultimately improve the return on investments to the unitholders.
- SEBI has vide its circular No. CIR/CFD/CMD1/168/2019 dated December 24, 2019 issued Guidelines on Stewardship Code for Asset Managers in India with an aim to enhance and protect the value for the investors of mutual funds. The said guidelines shall be effective from July 01, 2020.
- Further, SEBI has mandated all the AMCs to have in place a policy based on the principles spelt out in the aforesaid circular to discharge its stewardship responsibilities.
- Accordingly, BOI IM has framed the Stewardship Policy encompassing the Stewardship Principles enumerated in the aforesaid SEBI Circular.
- The Stewardship Policy shall be effective from July 01, 2020.

OBJECTIVES

Objectives of the Stewardship Policy of the BOI IM are as follows:

- To set out the principles to be followed to protect the interest of the unitholders of BOI MF;
- To put in place process of monitoring of the Investee companies and voting on the resolutions;
- To set guidelines for engagement with the managements of the Investee companies with significant holding; and
- To state the manner of public disclosures and reporting thereto.

Definitions

“BOI IM” means the BOI Investment Managers Private Limited – Investment Managers for Bank of India Mutual Fund

“BOI MF” – Bank of India Mutual Fund

“BOI TS” means the Bank of India Trustee Services Private Limited

“Investee Company” means the entity in which the Schemes of BOI MF have invested its funds.

“Unitholders” means the Investors of the Schemes of BOI MF.

“Voting Policy” means Voting Policy of the BOI IM prescribing the various procedures pertaining to Voting in respect of securities being listed equity shares of any issuer, and held by any scheme of BOI MF.

Words and expressions used and not defined in these Policy but defined in the SEBI (Mutual Funds) Regulations, 1996 or in any of the Rules/Regulations/Guidelines made thereunder or in BOI IM’s- Employees Securities Dealing Policy (ESDP Policy) or Voting Policy, shall have the meanings respectively assigned to them in those Acts/Rules/Regulations/ Guidelines/Code.

II. Key Stewardship Responsibilities

BOI IM believes that monitoring of investments made on behalf of the unitholders is a fundamental aspect of the service that we provide to our clients and is a duty that our Investment Teams discharge as part of their day-to-day activities. BOI IM has established a **Stewardship Committee**, which is charged with upholding good standards of corporate governance in Investee companies. The Stewardship Committee is chaired by Chief Investment Officer, BOI IM. The Committee includes representatives of Investment Teams, who bring their hands-on investment perspective to the Committee’s deliberations, Head- Operations, and Head- Risk. No sales team member shall form part of the said Committee. The Stewardship Committee reviews the Corporate Governance & Voting Policy and Guidelines applied on behalf of our clients and unitholders. The Committee oversees the implementation of these policies, relevant engagement activities and the voting decisions reached on behalf of clients who have invested in various schemes of BOI MF as detailed in the paras below.

Primary Stewardship Responsibilities: The Investment Team at BOI IM is expected to take into consideration, in the investment process, investee companies’ policies available in public domain. It is also expected to take into account the corporate governance practices of investee companies, while taking buy and sell decisions. It will enhance investor value through productive engagement with investee companies. It will vote and engage with investee companies in a manner consistent with the best interests of unitholders.

It will be accountable to investors within the parameters of professional confidentiality and regulatory regime; and maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.

We aim to align our voting and engagement practices with best practice in the markets in which we operate. The purpose of this particular document is to enumerate BOI IM's adherence to the 5 Principles of Stewardship Code as outlined by SEBI. The information provided is also applicable to our investment monitoring activities in general.

A) Principle 1 : Managing Conflict of Interest

BOI IM's Conflicts of Interests Management Policy establishes the general framework for the management of potential conflicts of interest within our firm. In relation to our stewardship activities, we have adopted a set of guidelines to identify circumstances which may give rise to conflicts of interests. These guidelines include relationships with listed affiliates such as our shareholder, i.e Bank of India, key clients and significant suppliers. We manage conflicts within our voting activities using the following approach. We aim to align our voting and engagement practices with best practice in the markets in which we operate. In addition, where potential conflicts of interest have been identified, recommendations to vote in support of management resolutions contrary to our regular Policy position will be escalated to the Stewardship Committee. Any decision by the Committee to vote contrary to the Policy position in these cases will be supported by a written record.

The term "conflict of interest" refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment of professional activities. A conflict of interest exists where the interests or benefits of BOI IM (including its Investment Team and directors) conflict with the interests or benefits of its investor or the investee company.

- i. Avoid conflict of interest:** BOI IM will identify actual or potential conflict of interest situations with members of Investment Team and Directors. BOI IM will identify conflict of interest and vote/abstain in the interest of unitholders.
- ii. Identifying conflict of interest:** Conflict of interest may arise in the following cases:
 - a) BOI IM and the investee company are part of same group; or
 - b) the investee company is partner or holds an interest, in the overall business or
 - c) the investee company including any associates, sponsor or group companies of the AMC is engaged in providing any services to BOI IM/BOI TS/BOI MF, in the normal course of business, shall be selected in the best interests of BOI MF or its unit holders. The services shall be selected on an arms-length basis.
 - d) the investee company is a large distributor of schemes of BOI MF;
 - e) a nominee of BOI IM has been appointed as a Director of the investee company;
 - f) a Director of BOI IM / BOI TS has a personal interest (as per Section 184 of the Companies Act, 2013) in the investee company;
 - g) Members of Investment Team or director(s) at BOI IM having affiliations/ immediate relatives on Board/Key Managerial positions of the Investee Company.
- iii. Manner of managing conflict of interest:**
 - a) All instances of conflict of interest, as identified above, would be dealt with due care to ensure that the voting is in the interest of the unitholders.

- b) Rationale for voting on shareholder resolutions shall be recorded and uploaded on the website of BOI IM on quarterly basis.
- c) A potential conflict of interest in relation to an investee company shall be reasonably highlighted to the Stewardship Committee.
- d) Directors of BOI IM & BOI TS will report their including of their immediate relatives' outside appointments to Boards of companies with the Compliance Department annually or as and when there is a change.
- e) Any potential conflicts of interests between internal teams/department and its employees shall reasonably be highlighted to the Stewardship Committee.
- f) Business level conflicts, if any, shall be resolved on a case to case basis by the Chief Investment Officer, after factoring the relevant considerations.
- g) BOI IM shall implement best execution/allocation process to ensure fair allocation of trades executed on behalf of its clients under all its businesses, for which the AMC has fiduciary responsibility.

The conflict of interest would be resolved in accordance with BOI IM's Conflict of Interest policy as approved by the Board of Trustees.

B) Principle 2 : Monitoring of Investee Companies

BOI IM's fund managers and analysts monitor the companies in which we are invested using a range of internal and external resources. Our Fund Managers and Analysts hold regular discussions with the board and management of Investee companies during which they discuss issues of relevance to the long-term performance of investee companies.

As a policy BOI IM will not seek to nominate its representative on the Board of an investee company based on its investments in the investee company, unless such investment is strategic in nature and / or the Stewardship Committee decides that a nominee is warranted. The Stewardship Committee, in that case, will recommend nomination of members on the Board of Investee Company, to the Board of BOI IM. Once such approval is received, BOI IM will take up with the investee company, for nomination of its representative to be inducted as a director on the Board of the investee company under certain special conditions. The person if nominated will follow the code of conduct prescribed by BOI IM.

i. Manner of Monitoring:

The Stewardship Committee at BOI IM will be responsible for monitoring of the investee companies' business strategy, performance, risk, capital structure, capital allocation, past financial performance, corporate governance practices as available in the public domain or made available through Analyst meets or any meetings with Company personnel. In this context, Investment Team would follow the monitoring mechanism as given below:

- a) Monitoring would be based on the information available in public domain like Review of Financial Results, Annual Reports, Corporate Actions, Press Release, Media News etc.;

- b) Interaction with Management of Investee Companies: The best efforts would be made to have interaction with senior officials of Investee Companies individually or with other Institutional Investors. This interaction would also be attempted through any mode of communication with Investee Companies;
- c) Research Reports of these Companies and to its Industry may be available in public domain. Efforts would be made to have these types of reports from our empanelled equity brokers as well. These reports would also help to understand the developments happening in these Investee Companies;
- d) Attending Analyst Meets and joining Conference Calls: Investment Team would endeavor to attend the Analyst meets and join for Conference call of these Investee Companies on a regular basis;
- e) While dealing with the investee company, BOI IM shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015, as amended from time to time & the Employee Securities Dealing Policy of BOI IM framed in this regard.

Training policy: CIO shall ensure training of the Investment Team involved in implementation of the principles enumerated under this policy and make them aware of their responsibilities in accordance with the said policy.

ii. Additional monitoring and identification of responsibilities of the Investee companies:

BOI IM will ensure additional monitoring and oversight over and above mentioned in the earlier paras in the cases where the investments in Investee companies cross a minimum threshold as enumerated below:

Threshold: Total investment by all equity oriented mutual fund schemes of BOI MF in the said Investee Company exceed 10% of the total AUM of the said schemes in aggregate. (Note: In the event it exceeds 10%, the Management Team shall intimate the Board of AMC and Trustee immediately).

In such cases, the Stewardship Committee will be additionally responsible for the supervision and monitoring of the investee companies' using a range of internal and external resources. This will include business strategy, risk, leadership effectiveness, succession planning, future expansion plans, and specific focus on environmental, social and cultural issues.

Our Fund Managers and analysts will try and hold regular discussions with the board and management of investee companies during which they would discuss issues of relevance to the long-term performance, future strategy of investee companies.

- a) An indicative list of expected responsibilities of the investee companies (subject to periodic review) would include:
 - 1. having an effective and balanced Board with relevant experience, and appropriate skill and diversity;
 - 2. demonstrating a commitment to best practice / standards of business ethics;
 - 3. having a publicly available whistleblower mechanism that enables stakeholders (including employees, directors, officers, vendors, and shareholders) to raise matters of concern anonymously with an adequate protection mechanism;

4. having effective processes and risk management practices in place to ensure that critical issues that may have potential or actual adverse effect on the investee company's financial position, reputation and risk profile are well captured and escalated.
5. adopting principles of full disclosure of relevant and useful information, subject to issues of commercial interests.

C) Principle 3: Active Intervention in the Investee Company

BOI IM will engage in active intervention only where there is very significant investment of BOI MF schemes in the Investee company. This is defined as under:

Applicable threshold for Active Intervention: BOI IM shall intervene in the acts/omissions of an investee company, in which all schemes of the Mutual fund put together holds at least 2% of the investee company's equity paid up capital. The said limit will be calculated by aggregating the holdings across all the schemes of BOI MF.

(In the event it exceeds 2%, the Management Team shall intimate the Board of AMC and Trustee immediately).

BOI IM views engagement as a useful tool to encourage constructive discussions between investors and companies. Our preference is for engagement to be conducted on a confidential basis between investors and company representatives. Where we have concerns that have not been or cannot be adequately addressed in our regular interactions with company representatives, we may start a period of focused engagement with the board chairman or the senior non-executive director, if it is not appropriate to contact the chairman on the particular issue of concern. However, where direct engagement is not progressing we will consider a range of other options which may include:

- Writing to the full board through the office of the Company Secretary to ensure that our concerns have been properly tabled
- Collaborating with other investors
- Voting against relevant resolutions at general meetings
- Submitting shareholder resolutions at general meetings
- Requisitioning an EGM
- Issuing a press statement or other public statement on the issue, although this is not our preferred option and will normally be taken in extreme circumstances.

- i. BOI IM can also intervene if, in CIO's opinion, any act/omission of the investee company is considered material on a case to case basis, including but not limited to insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, governance issues, related party transactions, corporate plans/ strategy, CSR and environment, or any other related matters.

- a) Intervention by BOI IM: The decision for intervention shall be decided by the Chief Investment Officer based on the following broad parameters:

1. BOI IM shall not generally intervene if the threshold is below the prescribed level.
2. BOI IM may consider intervening in matters below the thresholds, if in the reasonable opinion of the Chief Investment Officer, the issue involved may adversely impact the overall corporate governance atmosphere or investment made by schemes of BOI MF.

- b) BOI IM's intervention and escalation policy is as follows:

1. Engagement: BOI IM shall take all reasonable steps to engage with the investee company's management (above the threshold limit as stated above) to resolve any concerns of BOI IM including steps to be taken to mitigate such concerns.
2. Re-engagement: In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by BOI IM within a reasonable timeframe, BOI IM shall take all reasonable steps to re-engage with the management to resolve BOI IM's concerns.
3. Escalation: In case there is no progress despite the first two steps, BOI IM shall escalate the matter to the Investment Committee. If the Investment Committee decides to escalate, BOI IM shall engage with the Board of the investee company (through a formal written communication) and elaborate on the concerns. BOI IM may also consider discussing the issues at the general meeting of the investee company.
4. Reporting to the Regulators: If there is no response or action taken by the investee company despite the first three steps. BOI IM may approach the relevant authorities or can consider recourse to other legal actions.

In all cases of engagement with the management and / or the Board of Directors of the investee company, all communications and discussions will be conducted in private and confidential manner. The objective of the interactions is to play a constructive role in enhancing the value of the investment in the equity of the investee companies to benefit the unitholders of the Schemes of BOI MF.

In case BOI IM's intervention is not successful (either fully or partially), it will not automatically result in BOI IM being required to exit its investment in the investee company. The decision to purchase more equity or sell all or part of investment by schemes of BOI MF in the investee company shall be made by the Investment Team, which may consider the outcome of the intervention as an input in its decision-making process.

D) Principle 4 : Collaboration with other Institutional Investors

- i. BOI IM acts in collaboration with other investors where we believe that collective action by institutions with mutual interests will enhance our engagement efforts. When determining whether to support collaborative engagement we will take account of the following factors including: the issue of concern, our holdings in the company, alignment of views amongst the investor group and the likelihood of success of the collective engagement.
- ii. BOI IM will consider collective engagement with other shareholders / institutional investors / advisors / proxy advisory firms, on a case to case basis, and in particular, when it believes a collective engagement will lead to a higher quality and/or a better response from the investee company. BOI IM may approach, or may be approached by, other institutional investors to provide a joint representation to the investee companies to address specific concerns.
- iii. BOI IM can also, where permitted, collaborate with other investors, professional associations i.e. Association of Mutual Funds in India and regulators i.e. SEBI to solicit views.
- iv. An indicative list of matters which require collaborative engagement may include

appointment or removal of directors, poor financial performance, ESG risks, leadership issues, change in the nature of business and related party transactions.

- v. BOI IM shall determine individually its position on any issue requiring collaborative engagement and shall not act or be construed as acting as a ‘person acting in concert’ with other shareholders.

E) Principle 5 : Voting and disclosure of voting activity

BOI IM believes that voting at company meetings is an important part of the dialogue between a company and its shareholders and a fundamental aspect of our fiduciary duty to our clients. Considered voting is at the core of our corporate governance activity. Our Voting Policy provides the basis for our voting activities and highlights the important principles of corporate governance which we believe protects our clients’ long term interests in investee companies. Our objective is to vote in line with our clients’ investment footprint. We consult a range of research from recognised proxy voting organisations. These organisations provide research, analysis and voting advice on the resolutions proposed at general meetings. Voting decisions are taken by BOI IM based on fundamental principles of good corporate governance, while taking account of the company’s particular circumstances and best practice standards pertinent to the relevant market,

We will vote against or abstain on resolutions which we do not believe uphold good standards of corporate governance or are not in our clients’ long-term interests. We agree that it is good practice to inform Boards for the reasons for not supporting management resolutions. We primarily discharge this obligation through our public Voting Records which includes a voting rationale for all votes against and abstentions on management resolutions.

BOI IM is responsible, in its fiduciary capacity, to act in the best interests of unitholders of BOI MF. Equities held by schemes of BOI MF carry voting rights. Exercising voting rights is to be carried out in the overall interest of the stakeholders.

- i. The Investment Team of the BOI IM will exercise the voting rights as per its Voting Policy and the voting decisions shall be made in accordance with the BOI IM’s Voting Policy, which is available on the website.
- ii. BOI IM shall also consider several factors, including recommendations made by proxy advisory firms, while voting. The Company shall vote against resolutions which:
 - a) are not consistent with its voting policy, or
 - b) are not in its investors’ best interests.
- iii. BOI IM shall record and disclose specific rationale supporting its voting decision (for, against or abstain) with respect to each vote it has exercised.
- iv. Attendance at General Meetings: Investment Team of BOI IM shall, wherever required, attend general meetings of the investee companies (annual as well as any extra ordinary general meetings) where appropriate, and to the extent possible, actively speak and respond to the matters being discussed at such meetings.
- v. BOI IM shall disclose all voting activity on quarterly basis on its website for the benefit of the Unitholders and the said report shall also form a part of Annual Report of BOI IM.

- vi. As regards stock lending and recalling lent stock, the BOI IM shall follow the norms prescribed by SEBI for Stock Lending and Borrowing (SLB).

Detailed Voting policy is available on the BOI IM website under the following link:

<https://www.boimf.in/regulatory-reports/voting-policy>

F) Principle 6: Reporting of Stewardship Activities

Our Stewardship Committee will submit the minutes of its meeting to the Investment Committee for review and discussion.

BOI IM shall issue a quarterly Activity report detailing the compliances or non-compliance (with justification of non-compliances, if any) with the Stewardship Principles and the requirements set out in this Stewardship Policy, any intervention undertaken, collaboration undertaken and cumulative voting activity for the last quarter. The report shall be published on the BOI IM's website in the format prescribed in **Annexure A**. The report shall also form a part of the Annual Report of BOI IM.

III. Review of the Policy

The Policy shall be reviewed on annual basis by the Investment Committee or whenever any changes are to be incorporated in the Policy due to any amendment in the Guidelines on Stewardship Policy for Asset Managers in India or as may be felt appropriate by the Investment Committee.

Any material changes in the policy will also be approved by the Board of Directors.

Annexure A

Format for annual reporting of compliance status of Stewardship Policy

Period of Report:

Status of Compliance with Stewardship Principles:

S.I. No.	Description of Principles of Stewardship Policy	Periodicity	Compliance Status	Justification for Non-compliance