



Zerodha Fund House

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Zerodha Asset Management Private Limited

Voting Policy

| Policy Version Matrix | |
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| Policy Owner | Compliance & Investment Department |
| Policy Administrator | Compliance Department |
| Policy Adherence by | Investment Department |
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| Reviewed and recommended by | The Board of Directors of Zerodha Asset Management Private Limited and Zerodha Trustee Private Limited. |
| Propriety | This document is the sole property of Zerodha Asset Management Private Limited (“ZAMC”). Any use or duplication of this document without permission is strictly prohibited and illegal. |
| Periodic Review | The Policy will be reviewed as needed/ required by the Board of Directors of Zerodha Asset Management Private Limited and Zerodha Trustee Private Limited. |

1. Background & Objective

Zerodha Asset Management Private Limited (“ZAMC” or “AMC”) acts as asset management company (“Investment Manager”) to the schemes of Zerodha Mutual Fund (“Fund”). As an Investment Manager, we have fiduciary responsibility to act in the best interest of the unitholders of the Fund. The responsibility includes exercising voting rights at the general meetings attached to the securities of the companies in which the schemes of the Fund invest (“Investee Company”) in the best interest of the unitholders. In terms of the SEBI circular no. SEBI/IMD /CIR No.18/198647/2010 dated March 15, 2010, CIR/IMD/DF/05/2014 dated March 24, 2014, SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016, CIR/CFD/CMD1/168/2019 dated December 24, 2019 and guidelines issued by SEBI in this regard ZAMC has framed the policy (“Voting Policy”). This voting policy shall be applicable to all equity holdings of public listed companies across all mutual fund schemes (including passive investment schemes viz Index funds, Exchange Traded Funds, etc.). The policy set out the norms to be followed by ZAMC in deciding whether and how to exercise, or to abstain from exercising, the rights on behalf of the unitholders of the investor schemes.

2. Proxy Voting Guidelines

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 promote accountability of a company’s management and board of directors to its shareholders; to align the interest of management with those of shareholders; and; to encourage companies to adopt best practices in terms of their corporate governance. The Investment Manager 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.

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 unit-holders. The 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 unit holders. Further, Trustees in their Half Yearly Trustee Report to SEBI, shall confirm the same.

ZAMC will not be actively involved/ engaged with the investee companies for the passive schemes. Therefore, the voting responsibility/ activities as mentioned in the policy will be discharged on a best effort basis and to the extent possible by the Fund Manager/s of the scheme/s in line with the recommendations of the Proxy Advisory firm.

3. General guidelines for voting

The vote shall be cast at Mutual Fund Level. However, in case Fund Manager/(s) of any specific scheme has a 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. The voting will be exercised in respect of investments held by the schemes of the Fund. However, in the event, the schemes of the Fund have no economic interest in the Investee Companies on the day of the voting it may be exempted from compulsory casting of votes

- i. Corporate Governance Proposals (including change in the state of incorporation, merger and other corporate structuring, and anti-takeover provisions).

Investment manager supports resolutions like change in state of incorporation, merger and other corporate structuring, which are in the interest of the unitholders of the Fund. Investment Manager will analyze various economic and strategic factors in making the final decision on merger, acquisition or any other corporate restructuring proposals. However, Investment Manager will vote against the resolutions pertaining to takeover by an acquirer etc, which are against interest of unit holders.

- ii. Changes to capital structure (including increases and decreases of capital & preferred stock issuances)

Change in Capitalization will be generally supported where a reasonable need for the change is demonstrated. Investment manager will review on a case-to-case basis, proposals by companies to increase authorized share capital and purpose for the increase. Investment manager believe 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.

- iii. Stock option plans & other management compensation issues

The Investment Manager would support such remuneration proposals, which are tied to achieving long term performance and enhancing shareholder value. Stock option plans that are excessively generous or dilute other shareholders value will not be generally supported.

- iv. Social and Corporate Responsibility issues

In the light of increasing need for fair disclosures, a growing need for corporate and social responsibility, the Investment managers responsibility increases. Investment manager shall generally vote in favour of such matters which are believed to have significant socio-economic benefits.

- v. Appointment & Removal of Directors

The Investment Manager believes in the philosophy of having an independent Board of Directors as the same ensures compliance of good corporate governance norms.

- vi. Any other proposals that may affect the interest of the shareholders in general and interest of the unitholders of the schemes of the Fund in particular.

- vii. Investment manager would evaluate proposal of Related Party Transactions of Investee Companies (excluding own group companies) after considering inter-alia compliance with the provisions Companies Act, 2013, SEBI Listing Regulations, 2015, disclosure made in this regard by Investee Companies, etc. However, the Investment Manager would support related party transactions which are in the best interest of unitholders.

A report on votes exercised by the AMC and the rationale recorded for each voting decision will be placed before the Board of Director of the AMC and Trustee Company from time to time to review that the AMC has voted on important decisions that may affect the interest of investors and the rationale recorded for vote decision is prudent and adequate. 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 unitholders to vote differently than in the manner contemplated by the Guidelines. Hence, the AMC may deviate from the Voting Rights Policy which it determines that the deviation is necessary to protect the interests of the Unit holders.

4. Proxy Advisory Services

The AMC will be taking services from one Proxy Advisory firm.

The scope of proxy advisory service providers is limited to only assisting the AMC with research and recommendations pertaining to the proposed resolution of the investee companies.

The final decision to vote (for/ against) will be of the fund manager/s of the scheme/s which shall be in the best interest of the unitholders.

5. Disclosure of Voting

The AMC will disclose all the voting done on a quarterly basis in the prescribed format within the timelines provided in the SEBI (Mutual Funds) Regulations, 1996 and shall publish the same on its website. The requisite reports/certification, as specified in SEBI's Circular CIR/IMD/DF/05/2014 dated March 24, 2014 and SEBI's Circular SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016, will also be disclosed on the Fund's website and/or in the Annual Report of the Fund.

On an annual basis, the AMC shall obtain a certification on the voting reports disclosed during the financial year. This certification shall be issued by a "scrutinizer" in terms of Rule 20(3)(ix) of the Companies (Management and Administration) Rules, 2014, or any subsequent amendments thereto. The certification report shall be submitted to the Board of Directors of the Trustee Company and shall also be disclosed in the annual report of the Mutual Fund and prominently on the AMC's website.

6. Conflicts of Interest

The conflicts of interest may arise in certain situations, where:

- a. AMC/Fund Managers have a 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
- b. 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).

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.

7. Policy Review & Control

The Voting Policy and the actual process of exercising the proxy voting will be regularly reviewed by the AMC Board. Any change in the guideline by the Regulator will be incorporated appropriately and duly complied with.

8. Disclosure of Voting Policy & Exercise of Proxy Votes

The Voting Policy is available on the Fund's Website and also available in the annual reports of the schemes of the Mutual Fund.

The disclosure of exercise of proxy votes in equity holdings of public listed companies, if any, across all schemes of Mutual Fund shall be accessible on our website.

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