ACE LANSDOWNE INVESTMENTS SERVICES LLP

STEWARDSHIP CODE

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1. Applicability

The code is applicable to the schemes of the SEBI registered Alternative Investment Fund/s (AIF or AIF's) and Schemes of the Alf's where Ace Lansdowne Investments Services LLP is acting as the Investment Manager.

2. Purpose and Effective Date

SEBI vide its circular dated 24.12.2019 has mandated all categories of AIF's to mandatorily follow the Stewardship Code as per the Principles specified in the SEBI circular. The Policy shall come into effect from July 01, 2020.

3. Background

Stewardship code is a set of principles or guidelines aimed primarily at institutional investors, who hold shares, and thus, voting rights in companies. Implying that it is part of the fiduciary duty of investors to behave as good owners of companies, stewardship codes require investors to monitor and, where necessary, engage with companies on material matters, including environmental, social, governance, strategy, performance and risk issues and to vote their shares at company AGMs and EGMs.

Companies and investors have a symbiotic existence: companies need investors, just as much as investors need companies. Consequently, effective stewardship and effective governance go together. For a company to be able to act in the investors' best interest, it also needs to understand the investors' perspective. The stewardship code sets out a framework that encourages the investors to engage with companies they have invested in and their boards. This benefits both, the companies and the investors.

Stewardship codes are being introduced globally. After the UK adopted a Stewardship Code in 2009, about eight other countries have similarly mandated stewardship requirements, including a few Asian countries such as Malaysia, Japan, and Taiwan. Singapore and South Korea, have set up working groups to develop stewardship codes. Under the umbrella of a stewardship code, investors have been able to achieve different agendas – from getting more independent directors on boards, to ensuring that annual reports are being published in time.

4. Key principles

Key principles of stewardship code outlined by the SEBI are as under

Principle 1	*Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.*
Principle 2	*Institutional Investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.*
Principle 3	*Institutional investors should monitor their investee companies.*
Principle 4	*Institutional investors should have 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.*
Principle 5	*Institutional investors should have a clear policy on voting and disclosure of voting activity.*
Principle 6	*Institutional investors should report periodically on their stewardship activities.*

5. Key Responsibilities

5.1 Primary Stewardship Responsibilities: The Investment Manager shall:

a) take into consideration, in the investment process, investee companies' policies and practices on environmental, social and governance matters;

b) take into account the corporate governance practices of investee companies, when undertaking buy and sell decisions;

c) enhance shareholder/investor value through productive engagement with investee companies;

d) vote and engage with investee companies in a manner consistent with the best interests of its shareholders/investors;

e) influence the development of corporate governance standards and corporate responsibility;

f) communicate environmental, social and governance principles and policy guidelines to investee companies;

g) be accountable to shareholders/investors within the parameters of professional confidentiality and regulatory regime; and

h) maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.

5.2 Discharge of Stewardship Responsibilities: The Investment Manager shall discharge its stewardship responsibilities through:

a. voting on shareholders' resolutions, with a view to enhance value creation for the shareholders/investors and the investee companies;
b. advocating for responsible corporate governance practices, as a driver of value creation; and
c. intervening on material environmental, social and governance opportunities or risks in the Investment Manager's investee companies.

5.3 Responsibility for oversight of the stewardship activities:

The investment committee of the Investment Manager ("**Committee**") shall ensure that there is an effective oversight of the Investment Manager's stewardship activities.

5.4 Disclosure of Stewardship Code: This Stewardship Code and amendment thereto, shall be disclosed on the website of the Investment Manager. Any amendment or modification to this Stewardship Code shall be disclosed on the website.

5.5 Disclosure of Stewardship Activities: The Investment Manager shall also disclose the requisite compliance and non-compliance with the Stewardship Code and Stewardship Principles.

6. Managing Conflict of Interest

6.1 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 the Investment Manager (including its employee, officer or partner) conflict with the interests or benefits of its shareholder/investor or the investee company.

6.2 Avoid conflict of interest: The employees, officers and directors of the Investment Manager shall undertake reasonable steps to avoid actual or potential conflict of interest situations. In the event of any doubt as to whether a particular transaction would create (or have the potential to create) a conflict of interest, employees, officers and directors shall consult with the [*Committee / Stewardship Officer*].

6.3 Identifying conflict of interest: While dealing with investee companies, the Investment Manager may be faced with a conflict of interest, *inter alia*, in the following instances, where:

a) the Investment Manager and the investee company are part of same group; or
b) the investee company is also a client of the Investment Manager or its group companies or affiliates;

c) the Investment Manager is a lender to the investee company;

d) the investee company is partner or holds an interest, in the overall business or is a distributor for the Investment Manager's group;

e) any of the group companies or affiliates of the Investment Manager is a supplier or partner of the investee company;

f) a nominee of the Investment Manager has been appointed as a director or a key managerial person of the investee company;

g) a director or a key managerial person of the Investment Manager has a personal interest in the investee company;

h) the Investment Manager (including its employee, officer or director) is likely to make a financial gain, or avoid a loss, at the expense of a shareholder/investor or the investee company.

6.4 Manner of managing conflict of interest:

a) The board of directors of the Investment Manager shall frame guidelines for dealing with conflict of interest.

b) On a half yearly basis, every employee, officer and partner of the Investment Manager must submit to the Compliance Officer a securities statement setting out the details of the securities of listed companies and unlisted companies held by him/her (including the securities held by his/her immediate relative).

c) Rationale for voting on each shareholder resolution shall be recorded in the internal records of the Investment Manager.

d) A potential conflict of interest in relation to an investee company shall be reasonably highlighted in the internal compliance system.

e) Employees, officers and directors of the Investment Manager will record their outside appointments/professional engagement with the Compliance Officer.

f) Save as in the ordinary course of business, the members of the Committee [*and the Stewardship Officer*] shall not engage with the investee companies outside the scope of their duties under the Stewardship Code.

g) The Investment Manager may consider abstaining from voting when the Investment Manager and the investee company are part of the same group, unless the Investment Manager records rationale for voting on such resolutions.

h) Business level conflicts shall be resolved on a case to case basis by the Committee, after factoring the relevant considerations

7. Monitoring of Investee Companies

7.1 The Investment Manager shall monitor all investee companies.

7.2 Manner of Monitoring:

a) The Committee shall be responsible for the supervision of the monitoring of the investee companies' business strategy, performance, risk, capital structure, leadership effectiveness, succession planning, remuneration, corporate governance performance, cultural, social and environmental matters.

b) The Investment Manager may use publicly available information, sell side research and industry information and shall engage with the investee companies' investor analyst calls at least once in [*quarter / half year / a year*], to monitor the investee companies.

c) The Investment Manager shall inform the investee companies to not share any unpublished price sensitive information with the Investment Manager which would make the

Manager an 'insider', without a specific prior agreement with the

Investment Manager. While dealing with the investee company, the Investment Manager shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015.

7.3 Identify the responsibilities of the investee companies:

The Investment Manager shall review the investee companies' business strategy, performance, risk, capital structure, leadership effectiveness, succession planning, remuneration, corporate governance, cultural, social and environmental matter

8. Active Intervention in the Investee Company

8.1 Applicability

The Investment Manager shall intervene in the acts/omissions of an investee company, in which it: **more than 2% of the paid-up share capital of the investee company for all schemes of AIF.**

Beyond this exposure to Investee Company would be considered for review under this policy. However, investment team can decide to also intervene in companies where the investment is below threshold level, considering the seriousness of the issue

The Investment Manager shall intervene if, in its 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.

8.2 Intervention by the Investment Manager: The decision for intervention shall be decided by the [*Committee/Stewardship Officer*] based on the following broad parameters:

a) The Investment Manager shall not generally intervene if the threshold is below the prescribed level or investment is already earmarked for divestment.

b) The Investment Manager may consider intervening in matters below the thresholds, if in the reasonable opinion of the [*Committee/Stewardship Officer*], the issue involved may adversely impact the overall corporate governance atmosphere or the Investment Manager's investment.

8.3 The Investment Manager's intervention and escalation policy is as follows:

a) Engagement: The Investment Manager shall take all reasonable steps to engage with the investee company's management to resolve any concerns of the Investment Manager including steps to be taken to mitigate such concerns.

b) Re-engagement: In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by the Investment Manager within a reasonable timeframe, the Investment Manager shall take all reasonable steps to re-engage with the management to resolve the Investment Manager's concerns.

c) Escalation: In case there is no progress despite the first two steps, the Investment Manager shall escalate the matter to the Committee. If the Committee decides to escalate, the Investment Manager shall engage with the board of the investee company (through a formal written communication) and elaborate on the concerns. The Investment Manager may also consider discussing the issues at the general meeting of the investee company (either called by the investee company or requisitioned by the Investment Manager).

d) Reporting to the Regulators: If there is no response or action taken by the investee company despite the first three steps. The Investment Manager may approach the relevant authorities [*or can consider recourse to other legal actions*].

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

8.4 The Investment Manager shall also, where permitted, collaborate with other shareholders, professional associations such as [*General Insurance Council of India, Life Insurance Council, Association of Mutual Funds in India, General Insurers' Public Sector Association, IiAS and/or other proxy advisory firms*]; regulators such as IRDA, Pension Fund Regulatory and Development Authority, SEBI, and other policy makers to solicit views.

8.5 An illustrative list of matters which require collaborative engagement may include appointment or removal of directors, executive remuneration, change in the nature of business, mergers and acquisitions, divestment, matters dealing with inequitable treatment of the shareholders, and related party transactions.

8.6 The Investment Manager 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.

9. Voting and disclosure of voting activity

9.1 The Investment Manager shall exercise their voting rights and vote on all shareholder resolutions of all investee companies.

9.2 Voting decisions shall be made in accordance with the Investment Manager's voting policy, which is available here: *<<insert website link to the voting policy.*

9.3 The Investment Manager shall also consider several factors, including recommendations made by IiAS and or other proxy advisory firms, while voting (if any). The Investment Manager shall vote against resolutions which are not consistent with the Investment Manager's voting policy, or which are not in its investors'/shareholders'/clients' best interests.

9.4 Attendance at General Meetings: The Investment Manager shall attend general meetings of the investee companies (annual as well as any extra ordinary shareholders' meetings) where appropriate, and to the extent possible, actively speak and respond to the matters being discussed at such meetings.

9.5 The Investment Manager shall be required to record and disclose specific rationale supporting its voting decision (for, against or abstain) with respect to each vote proposal.

9.6 The Investment Manager shall disclose all voting activity on a [*event-based / monthly / quarterly*] basis and a detailed report on voting in the annual compliance report. The

Investment Manager shall also disclose if it has relied (either partly or fully) on the voting recommendations provided by IiAS and or any other proxy advisory firm (specify).

10. Reporting of Stewardship Activities

10.1 The Investment Manager shall issue a report detailing the compliances or non-compliance (with justification of any non-compliance) with the Stewardship Principles and the requirements set out in this Stewardship Code, including how conflicts were managed (if any), extent of monitoring of investee companies, any intervention undertaken, collaboration undertaken and cumulative voting activity and outcome of each of these actions, *for the last financial year within* 60 working days of the ending of the *year*. The report shall be made made available to on the Investment Manager's website.

10.2 The Insurer shall also report its compliance status with the Stewardship Principles in the format issued by the SEBI.

11. Review frequency

This policy would be reviewed annually by the Designated Partners as per business or regulatory requirements