

**3P INVESTMENT MANAGERS  
PRIVATE LIMITED**

**STEWARDSHIP CODE**

**Version**  
**Policy Owner**  
**Approved By**  
**Approved Date**

Content:

1. Introduction
2. Key Principles adopted -
  - Principle 1 – Discharge of Stewardship Responsibilities
  - Principle 2 – Managing Conflict of Interest
  - Principle 3 – Monitoring of Investee Companies
  - Principle 4 – Active intervention in the Investee companies
  - Principle 5 – Voting and disclosure of voting activity
  - Principle 6 – Disclosures
3. Stewardship Committee
4. Quorum
5. Frequency
6. Amendment

## 1. Introduction

This Code is approved by Board of the Company and shall be effective from date \_\_\_\_\_. The Board has authorized Stewardship Committee (“Committee”) to carry out any changes in the Stewardship Code followed by ratification by Board of the Company.

3P Investment Managers Private Limited (“IM”) is the investment manager of 3P India Equity Fund (“Trust”) – Category III Alternative Investment Fund (AIF) registered with SEBI bearing registration number [ ] and such other AIFs as may be launched from time to time in accordance with the provisions of SEBI (Alternative Investment Funds) Regulations, 2012 (“Regulations”).

SEBI vide its circular No. CIR/CFD/CMDI/168/2019 dated December 24, 2019 (“SEBI Circular”) had mandated all Alternative Investment Funds to follow the Stewardship Code in relations to the schemes’ investments in listed equities of companies (Investee Companies). We, at 3P Investment Managers Private Limited view Stewardship as a step towards improved corporate governance in the investee companies and improving the interest of investors. The principles espoused in the Stewardship Code (“Code”) will govern few aspects of our fund management activities namely monitoring of investee companies, our engagement with investee companies and voting on resolutions of the investee companies and the disclosures of proxy voting.

This Code documents the guiding principles to be adopted and followed by the Investment team (members of Investment team to whom this role has been assigned) (hereinafter referred to as “Investment team”) of the IM and this Code will be referred to as the ‘Stewardship Code’ of 3P Investment Managers Private Limited. The Code is prepared on the basis of principles enumerated in the said SEBI Circular. The Code shall act as guidance to the Investment team for discharging the stewardship responsibility, however, this code is not intended to curtail / restrict the fund management activities of the IM. The Investment team shall always be at liberty to decide their dealing strategies, keeping in mind the investment objectives of the scheme, though the same may conflict with the principles specified in the Code.

Our Stewardship Code has to be read in conjunction with the Proxy Voting Policy of the 3P Investment Managers Private Limited.

## **2. Key Principles adopted in our Code are as follows:**

### **Principle 1: How do we discharge our stewardship responsibility?**

At 3P, we see ourselves as long-term stewards of our investors' capital and this philosophy naturally leads us to focus on the long-term prospects for the companies in which we invest. The IM manages each of its funds with the objective of generating returns consistent with funds' objectives. It is therefore central to our investment process to consider each company's ability to create, sustain and protect value. We believe that analyzing a company's exposure to, and management of, Environmental, Social and Governance (ESG) factors, in addition to traditional financial analysis, will enhance our understanding of a company's fair value and its ability to deliver long-term sustainable returns.

The Board of Directors of the Company approved the terms of reference for the Committee for discharging the Stewardship obligations. The Committee will set / update threshold level primarily based on the materiality of the issue and the size of our exposure to the individual investee company, beyond which the exposure to the investee company will be deemed to be 'meaningful'. The threshold level will help in determining the level of engagement, monitoring and intervention with the investee company. The Committee is empowered to modify the meaningful threshold level, as it deems appropriate.

Committee will also be responsible for reviewing the code every year and / or whenever any changes are to be incorporated in the Code due to any amendment in the guidelines by SEBI for Alternative Investment Funds in India or as may be felt appropriate by the Committee and recommend the same for approval/ratification of the Board of the Company.

The Investment team will be guided by the principles provided in the Code, however if there is conflict between discharge of the stewardship responsibilities and the Investment team's normal fund management activity, the Investment team shall always ensure that they act in the interest of the investors.

The IM will conduct annual training, for the personnel involved in implementing the Stewardship Principles. This may be done through external agency or internal team presentations including sharing of reading materials, holding internal/external sessions

on Stewardship Principles, and reviewing best practice.

The manner of disclosure(s) of Code and amendment thereto, on the website of the IM are provided under the “Principle 6: Disclosures”.

## **Principle 2: Managing Conflicts of Interest**

The IM may face conflicts of interest in relation to our stewardship responsibilities. However, our approach will be to keep in mind interest of our investors uppermost.

The voting for investee companies’ resolutions may entail some instances of conflict of interest between the interests of shareholders of the IM and the unit holders' interests. A conflict of interest may be actual, potential, or perceived and may be financial or nonfinancial. As a rule, in all cases of conflicts of interests, the voting decisions of the IM will be based on the best interests of the investors.

### **Potential conflicts of interest**

Potential conflicts of interest may arise in certain situations, such as:

- The Investee Company is a client of Investment Manager and/or its affiliates;
- In certain cases, wherein any affiliates of the Investment Manager are lender to the Investee Company;
- The Investee Company is a seller whose products or services are important to the business of Investment Manager and/or its affiliates;
- The Investee Company is an entity participating in the distribution of investment products advised or administered by the Investment Manager and/or any of its affiliates.
- The investee company is partner or holds an interest, in the overall business of the IM
- A director or a key managerial person of the IM has a personal interest in the investee company

The IM will make its best efforts to avoid such conflicts and ensure that any conflicts of interest are resolved in the best interests of unit holders.

### **To manage conflict of interest, following procedures have been put in place**

- The IM will manage conflicts of interest by requiring access employees / persons, Committee members and other personnel involved in implementing this policy to:

- Avoid conflicts of interest where possible.
  - Identify and disclose any conflicts of interest.
  - carefully manage any conflicts of interest.
- Where a potential / actual conflict is identified, the matter will be referred to the Chief Compliance Officer who, if appropriate, will convene the Committee meeting. Record of the decision taken and supporting rationale will be documented in the form of minutes of the meeting.
  - Once the conflict of interest has been appropriately disclosed, the Committee (excluding the member disclosing conflict of interest) will take the required decisions.
  - As a rule, in all cases of conflicts of interests the voting decisions of the IM will be based on the best interests of the unitholders.
  - The voting decision will be guided by the approved proxy voting policy, which is published on our website.

### **Principle 3: Monitoring of Investee Companies**

- The Investment Team of the IM will be responsible for monitoring the investee companies and for engaging with the managements of the investee companies. However, level and degree of monitoring / engagement may vary depending upon the materiality of investments.
- Investment team will be responsible for laying down the process for monitoring of the investee companies. Such monitoring process will lay down criteria inter-alia, various levels for monitoring of the investee companies, areas to be monitored like financial performance, management evaluation, business outlook, corporate governance issues, capital structure, industry level changes, and key risk areas. Monitoring on areas like remunerations, risk related to social & environmental issues, shareholder rights & grievances will be on a best effort basis. In case, any material risk is identified during the course of monitoring, the future course of action will be governed by the Principle 4 laid in this code.
- The Investment team as part of its monitoring process may use publicly available information i.e., corporate disclosures on the exchanges viz. quarterly results, annual reports, corporate announcements etc. It may also engage with the management of the investee companies on periodic basis. Further, it can also review the sell side research and industry information, etc.

- If an investee companies' ESG disclosures are insufficient to allow the IM to gain an appropriate understanding of the company's sustainability-related risks, the IM will encourage the investee company to make more robust public ESG reporting.
- The Securities dealing Code is established to control in dealing where a person comes into possession of unpublished price sensitive information ("UPSI") of the investee companies. Under this framework, detailed controls and processes are specified to be followed in case any person is in possession of UPSI. While engaging with the investee companies we may receive information i.e., material non-public information/ Unpublished Price Sensitive Information (UPSI). We do not pursue or seek for UPSI, however, if we are in receipt of UPSI, we shall follow our internal process as outlined in Securities dealing Code. All employees involved in engagement activities shall be given proper understanding on Insider Trading to fulfil requirement of the Code/Policies laid down

#### **Principle 4: Active intervention in the Investee companies**

Concerns may arise with respect to the investee companies from time to time mainly on account of insufficient disclosures, non-compliance to regulations, performance parameters, governance issues, corporate plans/ strategy, Corporate Social Responsibility (CSR) and environment & society related matters.

In certain cases, especially if the investment is beyond the meaningful threshold, the Investment team may deem it necessary to escalate the engagement/intervention on particular issue. The tactical aspects of the intervention will be determined on a case-to-case basis by the Investment team and may be referred to the Committee for advice and guidance. The Committee may determine the level of intervention to ensure that the views of the IM are represented.

##### **Step 1: Interaction**

In case of instances identified for intervention, the IM as an active shareholder will endeavour to engage with the company's management to discuss the concerns, apprehensions, and actions to mitigate these concerns.

In case, where the concerned management of the investee company is not accessible for more than a reasonable period of time despite requests / reminder, then the IM may consider escalating the matter as per the process laid under Step 3.

### Step 2: Reiteration

If there is no response from the management on the concerns raised or there is any lack of follow-up actions as promised despite the passage of a reasonable period of time, the IM may re-engage with the management to reiterate the conclusions or the plans of action decided at the prior meetings. A time bound plan to rectify or re-align the business practices or actions should be discussed and agreed upon.

### Step 3: Escalation

In case there is no progress despite the first two steps, the matter may be discussed with the Committee for further escalation to the Board of Directors of the investee company. If the Committee decides to escalate the matter to Board of Director of the investee company, then the communication to the Board of the investee company will elaborate the concerns, enumerating inter-alia the past requests for engagement with the management of the company, the past discussions, and the agreed course of actions, etc.

The Investment team shall decide about the direct engagement with the investee company, the approach it shall adopt either for highlighting the routine matters or for carrying out research related activities or for matters detailed under Steps 1 & 2.

In all cases of engagement/interventions with the management and / or the Board of Directors of the investee company, all communications and discussions are to 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 unit holders of schemes managed by the IM.

In case the IM intervention is not successful (either fully or partially), it will not automatically result in the Fund being required to exit its investment in the investee company. The investment and/or research team, under the direction of the Committee will take a decision based on then existing environment and expectations

### **Collaboration with other Institutional Investors**

- In select cases, collaboration with other investors', especially institutional investors, may be the most effective manner to engage with the investee companies. Collaborative approach is not only cost effective; it is efficient and potent as well as is likely to deliver the desired results. In such instances, we may willingly initiate action or support other investors' actions.



- The IM may choose to engage with the investee company in collaboration / consultation with the other institutional investors, whose interests are aligned with the IM, in order to have a wider group of investors representing a larger proportion of shareholders to engage with the investee company. The IM may also choose to involve industry associations or forums to engage with the investee company, if it deems it appropriate.
- In taking collaborative action, we would be cognizant of legal and regulatory requirements, including on market abuse, insider dealing, persons acting in concert as per SEBI takeover regulations

#### **Principle 5: Voting and disclosure of voting activity**

The Investment team shall follow the guidelines for voting on the resolutions of the investee company as specified in the Proxy Voting Policy. The Committee may formulate broad guidelines for voting on similar proposals with an endeavour to ensure consistency in voting pattern. However, the fund manager(s) may use his/her exercise discretion to vote keeping in mind the best interest of unit holders.

#### **Principle 6: Reporting and Disclosures**

The IM will disclose on website the implementation of the principles enlisted in the Code. Amendments to the format of disclosure will be approved by Committee and is subject to regular updates.

Disclosures on the votes cast by The IM for all the resolutions put forth by the investee companies for shareholders' approval will be published on quarterly basis, as required by prevailing SEBI guidelines.

This Code, as amended from time to time, will be disclosed on the website of the IM along with other public disclosures. Any change or modification to the Code will also be disclosed at the time of updating the code on the website.

### 3. Stewardship Committee

The Board of Directors has constituted the Stewardship Committee of Executives of the IM. The Committee shall consist of senior members of AIF 's Management as approved by the Board.

The Committee would consist of the following members:

Fund Manager

Chief Compliance Officer

Respective Analyst

Any other person who Fund manager feels should be there in Committee

### 4. Quorum

Minimum 2 members.

For the purposes of quorum, the presence may either be in person or via teleconference or video conference.

Members and personnel from various departments may be asked to participate when considered necessary.

### 5. Frequency

The Stewardship Committee will meet at least once in a year or more frequently, as circumstances dictate.

The above committee composition, quorum, and chairpersons would be subject to approval and revision by the board of directors from time to time.

Roles and responsibilities of the Stewardship Committee includes, but not limited to:

- Ensure adherence and effective implementation of Stewardship Code, proxy voting policy and relevant regulations.
- Monitor engagement of equity research team with the investee companies.
- Ensure that all voting's are exercised as per the proxy voting policy, stewardship code and relevant regulations.
- Monitor the services of external agencies in discharging stewardship responsibilities including the proxy voting advisory services.
- Ensure adequate training to personnel engaged in implementation of stewardship principles.
- Ensure adequate and timely disclosures (including proxy voting) as per the stewardship code.

- Make decisions pertaining to actual / potential conflicts of interest situations and ensure that
- The IM will always act in the best interest of the unitholders.
- Ensure that the IM will actively engage and intervene in a timely manner, wherever required, as per the stewardship code
- Make decision for escalations, reporting to regulators, collaboration with other institutional investors, etc., as per Principle 4 of this stewardship code.
- Review and recommend this stewardship policy for further approval to the Board.
- Ensure proper records are maintained as per regulation and internal policies.

## **6. Amendment**

In this Code, any reference to any provision of law, regulations or circulars would be deemed to include a reference to every modification(s), amendment(s) and replacement(s) as may be effected from time to time with effect from the time at which such changes are given effect to.