

Policy on Stewardship Responsibilities

Date : April 07, 2025

Version 2

<u>Document Control</u>	
Title	Policy on Discharge of Stewardship Responsibilities
Policy Owner	Compliance Department
Tentative next review	On any Regulatory change or Annually, whichever is earlier
Date of circulation to relevant stakeholder after approval	

Version No.	Date of Review	Adopted on [Date]
Version 2	4 th April 2025	7 th April 2025

This document is the sole property of Nine Rivers Capital Holdings Private Limited. Any use or duplication of this document without express permission of Nine Rivers Capital Holdings Private Limited is strictly forbidden and illegal.

Content

<u>Sr. No.</u>	<u>Contents</u>	<u>Page No</u>
1.	Title	4
2.	Applicability	4
3.	Objective	4
4.	Responsibility	5
5.	Implementation / Process	5
6.	Responsibility	13
7.	Violation	13
8.	Deviation to Framework	13
9.	Power to Remove Difficulties	13
10.	Effective Date	13

1. Title:

Policy on discharge of Stewardship Responsibilities (“Policy”)

2. Applicability

The Policy is applicable to Nine Rivers Capital Holdings Private Limited (“Investment Manager”) who is acting as an Investment Manager to Alternative Investment Fund (AIF) registered with SEBI in relation to investment in listed equities by AIF. The term ‘investee companies’ used in this Policy for discharge of Stewardship responsibility shall mean investee companies in which equity investments by AIF are either INR 20 crore or 5% of its paid up equity share capital, whichever is lower.

3. Objective:

The importance of institutional investors in capital markets across the world is increasing the world over; they are expected to shoulder greater responsibility towards their clients / beneficiaries by enhancing monitoring and engagement with their investee companies. Such activities are commonly referred to as ‘Stewardship Responsibilities’ of the institutional investors and are intended to protect their clients’ wealth. Such increased engagement is also seen as an important step towards improved corporate governance in the investee companies and gives a greater fillip to the protection of the interest of investors in such companies.

Securities and Exchange Board of India (SEBI) vide its Master Circular No. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024 has provided Guidelines on Stewardship Code for all categories of Alternative Investment Fund (AIF), in relation to their investment in listed equities.

As per the aforesaid SEBI circular, AIF being institutional investor should have a comprehensive policy on the discharge of their stewardship responsibilities. This Policy documents the guiding principles to be adopted and followed by the equity investment team (“Investment team”) of the Company. The Policy is prepared on the basis of principles enumerated in the said SEBI circular. The Policy shall act as guidance to the Investment team for discharging the stewardship responsibility, however, this Policy is not intended to curtail / restrict the fund management activities of the Investment Manager. 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 Policy.

4. Responsibility

The roles and responsibilities are defined as below:

Investment team

The Investment team shall be responsible for ongoing monitoring of the investee companies, for engaging with the management of the investee companies and for identifying situations which require intervention in the investee companies and manner of this intervention. The Investment team shall also be responsible for identifying situations which may give rise to a conflict of interest.

Investment Committee

The investment team of Investment Manager under the guidance of the Investment Committee shall be responsible for ongoing monitoring of the investee companies through periodic engagement with the management of the investee companies, review of publicly available information, and interacting with industry participants in general. A structured operating framework/guidelines may be put in place by the Investment Committee to enable the Investment team to effectively monitor investee companies and adhering with requirements of the Policy on an ongoing basis.

Compliance Officer

The compliance officer shall be responsible for disclosures pertaining to stewardship activities including voting reports at a frequency stated under various SEBI circulars. The compliance officer shall also be responsible for maintaining the records pertaining to the voting activities and maintaining a list of investee companies in which conflict of interest, as defined below, has been identified.

Board

The Board of Director (Board) of Investment Manager may also periodically review the adherence of the Policy and record the same in its minutes.

5. Implementation / Process as laid down in the Regulation

Principle 1:

Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.

The primary stewardship responsibilities of the Investment Manager shall be:

- i. To take into consideration, in the investment process, the investee companies' policies and practices on corporate governance matters;
- ii. To seek productive engagement with the investee companies;
- iii. To exercise voting rights in the investee companies in a manner consistent with the best interests of its investor, and;
- iv. To maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.

The Investment Manager shall fulfil its stewardship responsibilities in the following manner:

- i. The Investment Manager shall frame procedures on voting to deal with the exercise of the Investment Manager's voting rights in investee companies.

- ii. The Investment Manager shall appropriately engage and intervene on any issue/matter which may, potentially, affect an investee company's ability to deliver long-term sustainable performance and value. The matter may include performance (operational, financial, etc.), strategy, corporate governance (including board structure, salary, etc.), material environmental, social and governance (ESG) opportunities or risks, capital structure, etc. Such engagement may be through detailed discussions with management, interaction with investee company boards, voting in board or shareholders meetings, etc.
- iii. The Investment Manager shall endeavor to work collectively with other institutional investors and support collaborative engagements organized by representative bodies and others
- iv. The Policy will be reviewed and updated by the head of the Investment team as and when there are regulatory requirement or business need and recommend the same for approval by the Investment Manager. However, the Policy will be reviewed by the Investment Manager at least annually. The updated Policy will be publicly disclosed on the Investment Manager's website.
- v. The Investment team will be provided necessary training explaining the responsibility under the Policy along with amendments, if any atleast once in a two year. This may be done through external agency or internal team presentations. The head of the Investment team is empowered to decide or amend the frequency and modalities of training under this Policy.

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.

The Investment Manager should handle the matters carefully when the interests of clients or beneficiaries diverge from each other. The Investment Manager will ensure that the interest of the client/beneficiary is placed before the interest of the entity.

The Investment Manager has detailed out below the process of identifying and managing conflict of interest.

Avoiding conflict of interest: 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 situation, the head of the Investment team will be consulted and suitable steps to avoid such conflict of interest will be taken.

Identifying conflict of interest: While dealing with investee companies, the Investment Manager may be faced with various conflict of interest situations. Given below are a few instances where conflict of interest may arise:

- i. The investee company is an associate of the Investment Manager;
- ii. The investee company is also an institutional client of the Investment Manager;
- iii. The Investment Manager is a lender to the investee company;

- iv. The investee company is a partner or holds an interest, in the overall business or is a distributor / supplier for the Investment Manager;
- v. A nominee of the Investment Manager has been appointed as a director or a key managerial person of the investee company; or
- vi. The Investment Manager and the investee company are part of same group;
- vii. A director or a key managerial person of the Investment Manager has a personal interest in the investee company

In order to manage/avoid the above conflicts of interest, the Investment Manager will undertake the following steps:

- a) A conflict of interest in relation to an investee company shall be highlighted to the Directors of the Investment Manager / respective committees.
- b) The Investment teams shall comply with the Policy for Prevention of Insider Trading of the Investment Manager.
- c) Rationale for voting on each shareholder resolution shall be recorded by the Investment Manager. 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.
- d) Rationale behind a new investment decision shall be recorded.
- e) The Investment Manager may consider blanket bans on investments in certain cases.
- f) Client relations/ sales functions should not be involved in voting decision making function.
- g) Employee / member of investment committee should recuse from decision making in case they are having any actual/ potential conflict of interest in the transaction.
- h) The Investment Manager should maintain records of decisions taken to address such conflicts.

Principle 3:

Institutional investors should monitor their investee companies

The Investment Manager while monitoring of the investee companies will consider the following:

1. The Investment team of the Investment Manager shall have the threshold level as defined in Point 2 (Applicability) of this Policy for the 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.
2. The Investment team will monitor following areas which shall, *inter-alia*, include:
 - a) Investee Company strategy and performance - operational, financial etc.

- b) Industry-level monitoring and possible impact on the investee companies.
 - c) Quality of company management, board, leadership etc.
 - d) Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.
 - e) Risks, including Environmental, Social and Governance (ESG) risks.
 - f) Shareholder rights, their grievances etc.
 - g) Succession planning.
3. The Investment team shall engage with investee companies as part of the research process that leads to an investment in an investee company, which might include meetings with management.
- Once an investment is made, the Investment team shall continue to monitor each investee company. As a part of this process, the fund manager/ analysts shall, where feasible, attend meetings/conference calls conducted by the management of the investee company. Fund manager/ analysts may also use publicly available information, sell side research and industry information.
- 4. While dealing with the investee company, the Investment Manager shall ensure compliance its Policy on Prohibition of Insider Trading.
 - 5. The Investment Manager may nominate its representative on the Board of an investee company, wherever it deems necessary.
 - 6. The Directors/respective committees shall review the monitoring and engagement activities being carried out by the Investment team on an annual basis.

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.

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 poor financial performance of the Investment Manager, corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation, insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, related party transactions etc.

The Investment team may consider intervening in matters below the thresholds as given in Point 2 (Applicability) of this Policy, if in the reasonable opinion of the Investment team/Directors of the Investment Manager, the issue involved may adversely impact the overall corporate governance or the AIF's investment.

In case the investment is already earmarked for divestment or post planned divestment holding will be below threshold level, intervention may not be considered, unless if in the reasonable opinion of the Investment team/Directors of the Investment Manager and there are other factors which warrants intervention.

The matrix that should be followed by the Investment Manager for intervention is as follows:

1. Communication:

The Investment team shall communicate to the investee company's management about any concerns including steps to be taken to mitigate such concerns.

2. 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 engage with the management of the investee company for constructive resolution of the Investment Manager's concerns. In all cases of engagement with the management and / or the Board of Directors of the investee company, the objective of the interactions should be to play a constructive role in enhancing the value of the investment in the equity of the investee companies and that would ultimately benefit the unit holders of the Fund.

3. Collaboration:

The Investment Manager shall also consider collaboration with other institutional investors, professional/industry associations (eg. AMFI), regulators, and any other entities where it deems necessary and in particular, when it believes, a collective engagement will lead to a higher quality and/or a better response from the investee company. The Investment Manager may approach, or may be approached by, other institutional shareholders to provide a joint representation to the investee companies to address specific concerns. The act of collaboration with other institutional investors shall not be deemed to be an act of collusion or persons acting in concert.

4. Escalation:

In case there is no progress despite the first three steps, the Investment team shall escalate the matter to the Directors of the Investment Manager. If the Directors/respective committees decide to escalate, the Investment Manager shall engage with the Board of Directors 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 Body meeting of the investee company. The Investment Manager may vote against decisions at appropriate forum on behalf of AIF.

5. Reporting to regulators/authorities:

In cases where the concerns relate to matters of public interest and security or public laws and where there is no response or no action taken by the investee company despite the intervention at aforesaid levels, the Investment Committee may decide to report the matter(s) to the relevant regulator, authority or any Government body as may be required.

It is to be strictly ensured that no unpublished price sensitive information is obtained while seeking information from the management/board of the investee companies.

Principle 5:**Institutional investors should have a clear policy on voting and disclosure of voting activity.**

Specific decision on a particular resolution i.e. to support, oppose or abstain from voting, shall be taken on a case-to case basis considering potential impact of the vote on shareholder value and interests of the unitholders of the AIF at large. Investment Manager may also at its discretion choose to abstain from participating in any resolution and hold a neutral stance, should the concerning issue be of no major relevance for the shareholder value and/or unitholder interest. The decision regarding voting on the resolution, i.e. whether the Investment Manager will vote for or against the resolution proposed by the Investment Manager/Issuer, will be taken by the Head of the Investment team on voting.

Voting Procedure:

The decision of the respective head of the Investment team on voting for shareholder's resolution(s) to be passed at the general meeting or through postal ballot of the investee company, shall be executed by the Investment Manager by casting votes through the e-voting facility provided by NSDL/CDSL, by physically attending the meeting or voting through proxy. However, in case the e-voting facility is not offered by any investee company or the Investment Manager is not in a position to cast its vote through e-voting, any of the following personnel/ representatives of the Investment Manager or an externally authorized agency such as a custodian would be delegated the responsibility for exercising the physical votes by the head of the Investment team:

1. Head of the Investment team
2. Fund Manager(s)
3. Head – Research / Research Analyst(s)
4. Head – Compliance
5. Head – Operations
6. Representative of an externally authorized agency such as the Custodian

A report on votes exercised by the Investment Manager and the rationale recorded for each voting decision will be placed before the Directors of the Investment Manager from time to time to review that the Investment Manager 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 Investment Manager will generally vote in accordance with the Policy, there may be circumstances where the Investment Manager may believe it is in the best interests of the AIF to vote differently than in the manner contemplated by the guidelines. Hence, the Investment Manager may deviate from these guidelines which determine that the deviation is necessary to protect the interests of the unit holders. The ultimate decision as to the manner in which the Investment Manager's representatives /

proxies will vote rests with the Investment Manager. The Investment Manager may take the help of a proxy voting advisory services for providing recommendations in order to assist the Head of the Investment team in the decision – making process. The Investment Manager will make following disclosure to investor in respect of voting exercised by it:

- a) Details of actual voting for every proposed resolution in investee companies i.e. for, against or abstain
- b) Rationale for voting.
- c) Manner of disclosure — e.g. in annual report to investors, quarterly basis on website etc.

Principle 6:

Institutional investors should report periodically on their stewardship activities.

The Investment Manager will report to their investors/ beneficiaries periodically on how it has fulfilled its stewardship responsibilities in an easy-to-understand format.

The compliance with the aforesaid principles does not constitute an invitation to manage the affairs of investee company or preclude a decision of the Investment Manager to sell a holding when it is in the best interest of the investors/beneficiaries of AIF.

Investment Manager shall report periodically on their stewardship activities in the following manner:

The Investment Manager will disclose on its website the implementation of the principles enlisted in the Policy. The format of disclosure will be approved by the head of Investment team and is subject to regular updates.

Disclosures on the votes cast by the Investment Manager 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 Policy, as amended from time to time, will be disclosed on the website of the AIF along with other public disclosures. Any change or modification to the Policy will also be disclosed at the time of updating it on the website.

The Investment Manager in addition to the disclosure on its website as specified above shall also circulate to unitholders a status report for every financial year, as part of annual intimation to the investors. The report shall inter alia include details indicating the compliance/ any variances with the principles laid down in this Policy.

1. Responsibility

The Compliance Officer of Investment Manager will be responsible for implementation of Policy.

2. Violation

If anyone is found in violation of this Policy, he/she will be liable for appropriate action by appropriate authority.

3. Deviation to Framework

Deviations to the Policy on account of regulatory changes shall be approved by the Board of Directors or equivalent authority of Investment Manager; all other deviations shall be approved by the Directors of Investment Manager or equivalent authority and Compliance Officer of Investment Manager.

4. Power to Remove Difficulties

In order to remove any difficulties in the application or interpretation of this Policy, the Compliance Officer of Investment Manager shall have the power to issue clarifications.

5. Effective Date

This Policy supersedes the earlier policy on this subject matter. This Policy shall be effective from 7th April 2025.
