

**3P INVESTMENT MANAGERS
PRIVATE LIMITED (“Company”)**

STEWARDSHIP CODE

Version- Second

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Approved By- Board of Directors

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1. Introduction

3P Investment Managers Private Limited ("**Company**" or "**Investment Manager**") is the investment manager of 3P India Equity Fund ("**Fund**") – Category III Alternative Investment Fund ("**AIF**") registered with SEBI bearing registration number (IN/AIF3/22-23/1221) and such other AIFs as may be formed from time to time in accordance with the provisions of SEBI (Alternative Investment Funds) Regulations, 2012 ("**Regulations**").

This Stewardship Code ("**Code**") is approved by board of directors of the Company ("**Board**") and shall be effective from March 03, 2023. The Board has authorized Stewardship Committee ("**Committee**") to recommend changes in the Stewardship Code, as may be necessary, which will then be ratified by the Board. The Committee is mandated to manage conflicts and to monitor compliance with SEBI's guidelines on stewardship code.

SEBI vide its circular no. CIR/CFD/CMDI/168/2019 dated December 24, 2019 ("**SEBI Circular**") has mandated all AIFs to follow the stewardship code in relation to their schemes' investments in listed equities. The Investment Manager views stewardship as a step towards improved corporate governance in the investee companies and serving the interest of the investors/ unitholders. The principles espoused in this Code will govern the Investment Manager's fund management activities including, *inter alia*, monitoring of investee companies, its engagement with investee companies and intervention in the investee companies.

This Code documents the guiding principles to be adopted and followed by the investment team of the Investment Manager ("**Investment Team**") and will be applicable to all the schemes under the Fund. The Code is prepared based on principles enumerated in the said SEBI Circular. The Code shall act as guidance to the Committee and the Investment Team for discharging stewardship responsibilities as per the SEBI Circular, however, this Code is not intended to curtail / restrict the fund management activities of the Investment Manager. The Investment Team shall have the liberty to decide its dealing strategies, keeping in mind the investment objectives of the scheme, subject to SEBI Circular and other

applicable laws/regulations. In case dealing strategy or normal fund management activities conflict with the principles specified in the Code, the Investment Team shall ensure that they act in the interest of the investors/ unitholders.

The Code must be read in conjunction with the voting policy of the Investment Manager (“**Voting Policy**”).

2. Key Principles adopted in the Code

2.1. Discharge of stewardship responsibilities

The Investment Manager views itself as long-term steward of its investors’ capital and this philosophy naturally leads it to focus on the long-term prospects for the companies in which it invests. The Investment Manager manages each of its funds/ schemes with the objective of generating returns consistent with funds’/schemes’ objectives. It is, therefore, central to the investment process of the Investment Manager to consider each company's ability to create, sustain and protect value. It is believed that analyzing a company’s management of corporate governance, corporate restructuring, industry-level monitoring, material environmental, social and governance (“ESG”) factors, in addition to the traditional operational and financial analysis, will enhance the Investment Manager’s understanding of an investee company’s fair value and its ability to deliver long-term sustainable returns.

The Board approved the terms of reference for the Committee for discharging the stewardship obligations. The Committee will set out/ update threshold levels primarily based on the materiality of the issue and the size of exposure to an individual investee company beyond which the exposure to the investee company will be deemed to be ‘material’ for any intervention, engagement, monitoring by the Investment Manager in the investee company. The Committee has been authorised by the Company to modify these threshold levels, and the criteria to determine such thresholds, as it deems appropriate.

Committee will also be responsible for reviewing the Code every year (or any time as may deemed necessary) and recommend to the Board changes/ modifications to the Code in case of any amendment in the applicable laws, including, without limitation, the SEBI Circular and SEBI Regulations. These

recommended changes/ modifications will only be adopted in the Code upon approval by the Board.

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 activities, the Investment Team shall ensure that it acts in the interest of the investors/ unitholders, subject to applicable laws.

The Investment Manager will conduct annual training, for its personnel involved in implementing the stewardship principles as per this Code. These trainings may either be conducted by the Company's personnel or through external agencies and may include sharing of reading materials, holding internal / external sessions on stewardship principles, and reviewing best industry practices.

The manner of disclosure(s) of Code and any amendment thereto, on the website of the Company is provided under the Clause 2.6 (*Reporting and Disclosures*).

2.2. Managing conflicts of interest

The Investment Manager may face conflicts of interest in relation to its stewardship responsibilities in respect of the funds/schemes being managed by the Investment Manager. While addressing and resolving such conflicts, the Investment Manager shall ensure that the interest of its investors/ unitholders are kept paramount.

A conflict of interest may be actual, potential, or perceived and may be financial or non-financial in nature. The Investment Team shall undertake reasonable steps to avoid actual or potential conflict of interest situations. The voting for investee companies' resolutions may entail some instances of conflict of interest between the interests of shareholders of the Company and the investors'/ unitholders' interests. In the event of any doubt as to whether a particular transaction would create (or have the potential to create) a conflict of interest, the Committee may be

consulted in accordance with Clause 2.2.2 of this Code. The Investment Manager shall ensure that, in accordance with the SEBI Circular, in all cases of conflict of interests, the voting decisions of the Investment Manager will be based on the best interests of the investors/ unitholders.

2.2.1. Potential conflicts of interest

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 of the Investment Manager (including any of its employees, officers or directors) conflict with the interests or benefits of its unitholders or the investee companies. Potential conflicts of interest may arise in certain situations, such as:

- (a) The investee company is a client of the Company and/or its affiliates;
- (b) In certain cases, wherein any affiliates of the Company are lenders to the investee company;
- (c) The investee company is a seller whose products or services are important to the business of the Company and/or its affiliates;
- (d) 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;
- (e) The investee company is partner or holds an interest, in the overall business of the Company; and/or
- (f) A director or a key managerial person of the Company has a personal interest in the investee company.

The Company including all its employees and directors will use their best efforts to avoid such conflict of interest and ensure that such a conflict, if it arises, is resolved in the best interests of investors / unitholders.

2.2.2. Procedures to manage conflict of interest

- (a) The Company will manage conflicts of interest by requiring the access employees / persons, Committee members and other personnel involved in implementing this Code to:

- avoid conflicts of interest where possible;
 - identify and disclose any conflicts of interest in a timely manner; and
 - carefully manage any conflicts of interest.
- (b) Where a potential / actual conflict of interest is identified, the matter will be referred to the Chief Compliance Officer of the Investment Manager, who if deems appropriate, will convene the Committee meeting. A 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, if any) will take the required decisions and records of minutes of decisions taken to address such conflicts will be maintained by the Company.
 - As a rule, in all cases of conflicts of interest the voting decisions of the Committee will be based on the best interests of the investors/unitholders.
 - The voting decision of the Investment Manager in the investee company, as the case may be, will be guided by the Voting Policy of the Company, which is published on the Investment Manager's website.

2.3. Monitoring of Investee Companies

- 2.3.1. The Investment Team will be responsible for monitoring the investee companies and for engaging with the managements of the investee companies. However, the level and degree of monitoring / engagement may vary depending upon the materiality of investment, as determined by the Committee.
- 2.3.2. Investment Team will be responsible for laying down the process for monitoring of the investee companies. Such monitoring process will lay down the key aspects for monitoring including, without limitation, the criteria for monitoring, various levels of monitoring of the investee companies (basis

pre-determined criteria such as the extent of investment), areas to be monitored like financial performance, management evaluation, business outlook, corporate governance issues, capital structure, industry level changes, strategies and key risk areas. The areas of monitoring with respect to investee companies will include regular monitoring of company strategy and performance, relevant industry level practices/developments and quality of management of investee companies.

Monitoring of aspects such as corporate governance practices/measures of investee companies (remunerations, board structure etc.) risk related to social, governance and environmental issues and shareholder rights and grievances will be on a best effort basis. In case, any material risk is identified during the course of monitoring as per the process laid down by the Investment Team, the future course of action will be governed by Clause 2.4 of this Code.

- 2.3.3. 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 a periodic basis. Further, it can also study and analyze publicly available research findings and industry information.
- 2.3.4. If an investee companies' ESG disclosures are insufficient to allow the Company to gain an appropriate understanding of the investee company's sustainability-related risks, the Investment Manager will encourage the investee company to make more robust public ESG reporting.
- 2.3.5. The Securities Dealing Code of the Company ("**Securities Dealing Code**") is established to control dealing in securities of the investee companies, where a person comes into possession of unpublished price sensitive information of the investee companies ("**UPSI**"). 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 the Investment Manager may receive information i.e., material non-public information/UPSI. The Investment Manager will not pursue or seek for UPSI, however, if the Investment Manager is in receipt of UPSI, it shall follow the internal process as outlined in the Securities Dealing Code. All employees of the Investment Manager involved in engagement activities shall be given proper understanding on insider trading to fulfil requirement of the Securities Dealing Code/ policies laid down on insider trading.

2.4. Active intervention in the investee companies

- 2.4.1. 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), initiation/pendency of litigation, leadership issues and environment related matters.
- 2.4.2. In cases where the investment is beyond the threshold determined by the Investment Manager (on the basis of extent/size of investment made in the investee companies), the Investment Team may deem it necessary to escalate the engagement/intervention on a 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 provisions of this Code are adhered to.
- 2.4.3. Intervention in investee companies having governance related issues, ESG risks and fraud issues needs to be done irrespective of the extent/size of investment.
- 2.4.4. Broad steps for intervention by the Investment Manager in the investee companies will be as follows:

(a) Step 1: Interaction

In case of instances identified for intervention, the Investment Manager as an active shareholder will endeavor to engage with the investee 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 / reminders, then the Company may consider escalating the matter as per the process laid under Step 3 below.

(b) Step 2: Reiteration

If there is no response from the management of the investee company 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 Company may re-engage with the management to reiterate the conclusions, or the plan 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.

(c) Step 3: Escalation

In case there is no progress despite the above 2 (two) steps, the matter may be discussed by the Investment Team with the Committee for further escalation to the board of the investee company. If the Committee decides to escalate the matter to board 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.

2.4.5. The Investment Team shall decide matters relating to 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 and 2 above.

2.4.6. In all cases of engagement/interventions with the management and / or the board 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 unitholders of schemes managed by the Investment Manager.

2.4.7. In case the Investment Manager's 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 Team and/or Investment Manager's 11 research team, under the direction of the Committee will take a decision based on then existing environment and expectations.

2.4.8. Collaboration with other institutional investors

(a) 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, the Investment Manager may willingly initiate action or support other investors' actions.

(b) The Investment Manager may choose to engage with the investee company in collaboration / consultation with the other institutional investors, whose interests are aligned with the Investment Manager, in order to have a wider group of investors representing a larger proportion of shareholders to engage with the investee company. The Investment Manager may also choose to involve industry associations or forums to engage with the investee company, if it deems it appropriate.

- (c) 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 Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

2.5. 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 Company's Voting Policy. The Committee may formulate broad guidelines for voting on similar proposals with an endeavor to ensure consistency in voting pattern.

2.6. Reporting and disclosures

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

Disclosures on the votes cast by the Company 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 Company's website 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

- 3.1. The Board has constituted the Committee of executives of the Company. The Committee shall consist of senior members of Company's management as approved by the Board.
- 3.2. The Committee would consist of the following members:

- Fund manager;
- Chief Compliance Officer;
- Respective analyst; and
- Any other person who the Fund manager feels should be a part of the Committee.

3.3. The quorum for the Committee meeting will be a minimum 2 (two) members. For the purposes of quorum, the presence of the member of the Committee may either be in person or via teleconference or video conference.

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

3.5. The Committee will meet as and when required.

3.6. The Committee composition, quorum, and chairpersons would be subject to approval and revision by the Board from time to time.

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

- Ensuring adherence and effective implementation of this Code, Voting Policy and relevant regulations.
- Monitoring the engagement of equity research team with the investee companies.
- Ensuring that all voting is exercised as per the Voting Policy, this Code and relevant regulations.
- Monitoring the services of external agencies who are engaged discharging stewardship responsibilities including the proxy voting advisory services.
- Ensuring adequate training is given to personnel engaged in the implementation of stewardship principles.
- Ensuring adequate and timely disclosures (including proxy voting) as per the Code.
- Making decisions pertaining to actual / potential conflicts of interest situations and ensuring that the Company always acts in the best interest of the unit holders.
- Ensuring that the Company actively engages and intervenes in a timely manner, wherever required, as per the Code.

- Make decisions for escalations, reporting to regulators, collaboration with other institutional investors, etc., as per clause 2.4 of this Code.
- Review and recommend this Code for further approval to the Board.
- Ensure proper records are maintained as per regulation and internal policies.

4. Amendment of the Code

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 notified from time to time with effect from the time at which such changes are given effect to.

The Code will be reviewed and updated periodically and any amendments to the Code will be disclosed promptly to all stakeholders.