

EAAA India Alternatives Limited

(Formerly known as Edelweiss Alternative Asset Advisors Limited)

Stewardship Policy

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1. Introduction to the Policy

EAAA acts as the Investment Manager for various Securities and Exchange Board of India (“SEBI”) registered Alternatives Investment Funds and/ or their schemes (hereinafter singly referred to as the “AIF” and collectively as the “AIFs”). These AIFs are governed by the SEBI (Alternative Investment Funds) Regulations, 2012 as amended from time to time (hereinafter referred to as the “SEBI AIF Regulations”) as well as their respective Fund Documents (i.e. Private Placement Memorandum, Indenture of Trust, Contribution Agreement and Investment Management Agreement). These AIFs raise funds from the Investors in various segments including institutions, corporates, business houses, family offices and high networth individuals.

The SEBI vide its circular dated December 24, 2019 (“Circular”) has enacted the Stewardship Code for the AIFs. Effective from April 01, 2020, the Company, as the investment manager of the AIFs, shall conduct the Stewardship activities for the AIFs operating under its domain.

As per their respective investment strategy and objectives, each of the AIFs carry out the investment activity which may include making investments in listed equities. The Investment Team of each strategy is expected to monitor and engage with the portfolio companies on various matters like strategy, business performance, corporate governance and other related matters in the best interest of the funds/schemes and/or the Investors thereof. This Stewardship Policy is set of principles and guidelines to engage with the portfolio companies, deciding voting matters for AIFs as shareholders and intervention scenarios.

This Stewardship Policy has been made in accordance with the Circular and shall be applicable with respect to investments made in the **listed equities** by the AIFs (and their Schemes) managed by the Company.

2. Definitions

“AIFs” means Alternative Investment Funds and the Schemes thereof managed by the Company for the time being.

“Board” means the Board of Directors of the Company.

“Circular” means the Circular dated December 24, 2019 issued by SEBI on Stewardship code for all categories of AIFs.

“Company” means EAAA India Alternatives Limited which acts as the Investment Manager of AIFs.

“Investors” means the investors or contributor or beneficiaries of the AIFs managed by the Company.

“Portfolio Company” means the entity in which the AIFs or any of their Schemes have invested in listed equity.

“SEBI” means the Securities and Exchange Board of India.

3. Objective of the policy

The purpose of this policy is to guide the Company's stewardship responsibilities with respect to the AIFs it manages. This includes fiduciary responsibility towards the AIFs/investors, enhancing AIFs/Investors' value through productive engagement with the portfolio companies, taking into account the prevailing corporate governance practices within the portfolio companies, voting and engaging with the portfolio companies on matters including environmental, social and governance principles in the best interests of the AIFs/ investors, and non-solicitation of any unpublished price sensitive information from the portfolio companies. The policy also outlines procedures for managing conflicts of interest, monitoring portfolio companies, and active intervention in the portfolio companies.

4. Stewardship Principles

While discharging the Stewardship responsibilities with respect to the AIFs managed by it, the Company shall take into consideration the following principles:

- A comprehensive policy and guiding principles to discharge the stewardship responsibilities.
- Managing conflicts of interest in fulfilling stewardship responsibilities and to ensure investor(s) interest is placed first.
- Enhance AIFs/ Investors' value through productive and continuous monitoring of/ engagement with the portfolio companies.
- Identification of circumstances and the manner of intervention for regular assessment of portfolio companies including collaboration with other institutional investors, where required, to preserve the interest of the investors.
- Implement voting and disclosure requirements to protect/ enhance the wealth of the investors and improve the governance of portfolio companies.
- Periodic disclosure requirements regarding fulfilling the stewardship responsibilities.

5. Discharge of Stewardship Responsibilities

The Company would discharge its stewardship responsibilities with respect to AIFs through one or more of the following means:

- Implementing this Stewardship Policy duly approved by the Board of Directors of the Company to discharge stewardship responsibilities with respect to AIFs/ Investors.
- Exercising voting rights on behalf of AIFs on the matters proposed for shareholders' decisions by the portfolio companies, as may be necessary to protect the interest of AIFs/ Investors.
- Managing the conflict of interest in performing the responsibilities towards portfolio companies.
- Monitoring and actively engaging with portfolio companies on various matters including

performance (operational, financial, etc.), strategy, corporate governance (including board structure, remuneration, etc.), material environmental, social, and governance (ESG) opportunities or risks, capital structure, etc.

- Intervention in the portfolio companies on need basis collaboration/ engaging with other institutional investors towards a joint and collective approach, if required.
- Ensuring reporting and disclosure requirements on the website and to the investors.

6. Role and responsibility of Investment Team

The Investment Team for each of the investment strategies shall ensure implementation of stewardship principles as enumerated in this Policy for their respective portfolio companies. The head of the respective Investment strategy shall monitor and oversee the stewardship activities with respect to each strategy and shall provide confirmation in this regard to the Compliance Team for the purpose of disclosure and reporting requirements.

The Company may avail the services of external agencies in discharging its Stewardship responsibilities. In case the Investment Team engages an external agency, scope of services that it proposes to avail will be specified along with the mechanism to ensure that in such case, stewardship responsibilities are exercised properly and diligently. However, the team may use its discretion to rely and/or act on the suggestions/ recommendations given by such external service provider(s). Notwithstanding the above, the ultimate stewardship responsibilities shall be discharged by the Company.

The Investment Team shall also be responsible for voting on resolutions proposed by the portfolio companies in accordance with the voting mechanism mentioned in this policy. The rationale for voting on each resolution shall be documented by the Investment Team and shared with the Compliance Officer/ Compliance Team on a quarterly basis for hosting the same on the website.

7. Role and responsibility of Compliance Team

The Compliance Team shall be responsible for the disclosures and reporting/ hosting requirements pertaining to stewardship responsibilities at a frequency stated under this Policy and assist in addressing/ managing the conflict of interest aspects as provided below.

8. Training Program

A training program shall be formulated for training of Investment Team and Investment Committee/ Review Committee explaining the responsibility under this Policy along with amendments, if any. This may be conducted through external agency or internal team presentations.

The periodicity of the training shall be as may be decided by the Compliance Team in consultation with the Investment team. The Investment Team and Compliance team are empowered to decide or amend the frequency and modalities of training under this Policy.

9. Threshold for application of this Policy

The Stewardship principles enumerated in this Policy shall apply to those portfolio companies wherein, one or more AIFs (or their Schemes) being managed by the Company cumulatively holds 10% or more of the equity capital of such portfolio company.

However, the above limit of 10% shall not apply with respect to the conflicts of interest related provisions which would continue to remain applicable in all the case.

10. Managing Conflict of Interest

Conflicts of interest exists where the interests or benefits of the Company, any Group Company or employee conflict with the interests or benefits of AIF/Scheme or the portfolio company.

While dealing with portfolio companies, the Company may be faced with conflicts of interest, inter alia, in the following instances, where:

- the Company and the portfolio company are part of same group.
- the portfolio company is a material/ critical client of the Edelweiss Group.
- the portfolio company has existing material/ critical business relationships with Edelweiss Group.
- nominee of the AIF has been appointed as a director on the Board of portfolio company and has a fiduciary responsibility thereof.
- proposed resolution by the portfolio company is pertaining to Edelweiss group company or Director/ KMP of the Company.
- director(s) or key managerial person(s) of the Company has personal interest in the portfolio company.

11. Manner of managing conflict of interest:

The Company will manage conflicts of interest on the following principles:

- The Company being part of a financial conglomerate has various policies and procedures to manage the conflict of interest. It shall undertake mitigation measures for conflicts of interest in accordance with such policies and procedures.
- In the event any potential conflict of interest scenario arises, the Company shall undertake reasonable steps to avoid such potential conflict of interest. In the event of any doubt as to whether a particular transaction would create (or have the potential to create) a conflict of interest, Investment Team shall consult the Compliance Officer of the Company and propose the matter to Governance Committee, if required.
- Avoid conflicts of interest where possible. Nonetheless, even though potential conflicts of interest

may arise, the Company shall keep the Investor's interest above in exercising its vote (positive/negative/abstain). In case the Investment Team is exercising its voting under conflicts of interest situation, it shall highlight the same to the Compliance Officer along with the rationale for the proposed vote.

- The Company may consider blanket bans on investments in certain cases, if required.
- Identify and disclose any conflicts of interest and refrain from participating in decision making when conflicted
- Clear segregation of decision in voting function and investor relations/ sales function
- Employees being restricted to trade in any of the portfolio companies wherein the AIF has made the investment in accordance with the Policy on Prevention of Insider Trading.

12. Monitoring of portfolio companies

The Company shall monitor the portfolio companies in the following manner:

- The Investment Team shall be responsible for monitoring different areas of portfolio company's business, on a best effort basis, provided hereinafter and as determined and deemed appropriate by the Investment Team.
- The Investment Team may use publicly available information, management meetings, independent research and industry information and shall engage with the portfolio companies' during investor analyst calls, if held, to monitor the portfolio companies.
- The Company shall (to the extent feasible) attend general meetings and other meetings convened by the portfolio company.
- The Company may nominate its representative on the Board of portfolio company, wherever it deems necessary.

13. Monitoring:

The level and degree of monitoring/ engagement may vary depending upon the nature of investments, type of portfolio company, nature of business, etc. The Investment Team, may identify situations where active engagement with the portfolio companies may not be necessitated especially if investment is insignificant, etc. In the case of the portfolio companies where larger investments are made, we may involve higher levels of monitoring.

This monitoring would form the basis of voting decisions and involvement in such decisions by the Investment Team. Accordingly, where the portfolio company does not fall within these limits, the Investment Team shall not be required to exercise voting decisions and other responsibility under this Policy except for conflict of interest responsibility.

14. Areas of monitoring:

The respective Investment Team shall endeavor to monitor mainly the following aspects of the portfolio companies:

- Company strategy and performance - Operational, financial etc.
- Industry-level monitoring and possible impact on the portfolio companies.
- Quality of company management, board, leadership, etc.
- Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.
- Risks, including Environmental, Social and Governance (ESG) risks.
- Capital Restructuring, merger, amalgamation, etc.
- Shareholders' rights, their grievances, etc.
- Litigations.
- Removal of statutory auditor.
- Any downgrades of debt instrument of portfolio company.

15. Receipt of Unpublished Price Sensitive Information ("USPI"):

The Investment Team/ other personnel may receive sensitive information and/ or USPI in the course of monitoring/ engagement with the portfolio company. If any personnel of the Company were nevertheless to become an insider, or to receive USPI, they would follow the relevant process as mentioned in the Policy on Prevention of Insider Trading of the Company in this regard including abstaining from any activity that could constitute a breach of the applicable law or regulation or such Policy.

16. Active Intervention in the portfolio company and collaboration with other institutional investors, if required

The Company shall intervene if, in the opinion of the Investment Team, any act/omission of the portfolio company is considered material on a case to case basis, including but not limited to poor financial performance, ESG risks, insufficient disclosures, inequitable treatment of stakeholders, leadership issues, noncompliance with regulations, managerial remuneration performance parameters, governance issues, related party transactions, corporate plans/ strategy, CSR and environment, litigation or any other related matters.

17. Intervention mechanism:

The decision with respect to intervention shall be taken by the Investment Team on case-to-case basis of all the available facts of portfolio company at that point in time. The intervention shall be on the following lines:

- **Engagement:** The Investment Team shall take all reasonable steps to engage with the management of portfolio company to seek clarification and resolve any concerns including steps to be taken to mitigate such concerns.
- **Re-engagement:** In the event the management of the portfolio company fails to undertake

constructive steps to resolve the concerns raised by the Investment Team within a reasonable timeframe, the Investment Team shall take all reasonable steps to re-engage with the management to resolve the concerns.

- **Escalation:** In case there is no progress despite the first two steps, the Investment Team may engage with the Board of the portfolio company (through formal written communication) and elaborate on the concerns. Further, the Investment Team may internally refer the matter to the Key Investment Team for appropriate steps to further action including considering enforcement of shareholders' rights or to exit from the Company. In this regard, any decision taken as per the Fund Documents of the AIFs shall be final.

- **Collaboration with other Institutional Investors**

The Company shall consider collective engagement with other institutional shareholders on a general basis and when it believes, a collective engagement will lead to a higher quality and/ or a better response from the portfolio company. The Company may approach, or may be approached by, other institutional shareholders to provide a joint representation to the portfolio companies to address specific concerns. The Company 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 institution and will work in the best interest of the AIFs/Schemes.

18. Voting and disclosure of voting activity

The Company may exercise its voting rights and vote on shareholder resolutions of portfolio companies, as may be deemed necessary in the interest of the Investors.

Voting decisions shall be made in accordance with the Company's voting policy.

Attendance at General Meetings: The Company shall attend general meetings on behalf of the AIFs of the portfolio companies (annual as well as any extra ordinary general meetings) where appropriate, and to the extent possible, actively speak and respond to the matters being discussed at such meetings.

The Company may take into consideration all the facts relating to voting and may record the decision of voting as may be necessary on case to case basis.

19. Disclosure and Reporting

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

- Disclosure on the website regarding the implementation of the principles enlisted in this Policy on an annual basis.
- Disclosures on the voting by the Company for all the resolutions put forth by the portfolio companies for shareholders' approval will be published on quarterly basis on the website of the Company.
- This Policy, as amended from time to time, will be disclosed on the website of the Company along

with any change or modification.

- In addition to the disclosure on its website as specified above, the Company 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.

DISCLAIMER: KINDLY NOTE THAT THE COMPLIANCE WITH THE AFORESAID PRINCIPLES DOES NOT CONSTITUTE AN INVITATION TO MANAGE THE AFFAIRS OF THE COMPANY OR PRECLUDE A DECISION OF THE COMPANY TO SELL A HOLDING WHEN IT IS IN THE BEST INTEREST OF INVESTORS.

20. Review of this Policy

This Policy shall be reviewed annually by the Board of Directors of the Company or whenever any changes are to be incorporated in the Policy due to any amendment in the Circular or as may be felt appropriate by the Board of Directors.

In case of any regulatory change(s) between two review cycles/ amendment, this Policy shall be deemed as amended in accordance with the changed regulations/circulars. In other words, in case of conflict between applicable regulations and Policy, the applicable regulations shall prevail at all times.