

OYSTERROCK CAPITAL

POLICY ON STEWARDSHIP CODE

1. BACKGROUND

The Securities and Exchange Board of India (“SEBI”) vide circular number CIR/CFD/CMD1/168/2019 dated December 24, 2019, has issued guidelines on Stewardship Code, applicable to institutional investors, i.e., all mutual funds, asset management companies, trustee companies, boards of trustees of mutual funds and all Alternative Investment Funds (“AIFs”) in relation to their investment in listed equities. The investment manager of OysterRock Capital LLP (the “AIF”) has adopted the following Stewardship Code in respect of the investment made by AIF(s) managed by the investment manager. The Stewardship Code defines the stewardship responsibilities to be undertaken by investment manager of the AIFs and process that investment manager intends to follow in order to safeguard the interests of unit-holders of AIFs.

2. OBJECTIVE OF STEWARDSHIP CODE

The Stewardship Code is formulated to broadly lay down the principles and guidelines to monitor and engage with the investee companies on various matters including performance, strategy, corporate governance, material environmental, social and governance (ESG) opportunities and risk, capital structure and exercising voting rights on shareholder resolutions of Investee companies.

3. STEWARDSHIP CODE

A) 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 of the Fund shall be:

- a. To take into consideration, in the investment process, the Investee Companies’ policies and practices on various matters including performance, strategy, corporate governance (including board structure, remuneration etc.) material environmental, social and governance opportunities or risks, capital structure etc.;
- b. To seek productive engagement with the investee companies;
- c. To exercise voting rights in the investee companies in a manner consistent with the best interests of the respective Fund’s unit-holder; and
- d. To maintain transparency in reporting its voting decisions and other forms of engagement with the investee companies.

The Investment Manager shall fulfill its stewardship responsibilities as investment manager of the funds/schemes by way of below activities:

- i. The Investment Manager shall frame procedures on voting to deal with the exercise of the Fund’s voting rights in investee companies
- ii. The Investment Manager shall appropriately engage and intervene on any issue which may, potentially, affect an investee company’s ability to deliver long-term sustainable performance and value.
- iii. The Investment Manager shall endeavour to work collectively with other institutional investors and support collaborative engagements organised by representative bodies and others.
- iv. The Investment Manager shall disclose compliance to the Policy and the principles therein on its website as required under the Guidelines.
- v. Compliance under this Policy and its importance would be understood by the Investment Team on a regular basis.

- vi. In case any of the activities are outsourced, Investment Team shall ensure that stewardship responsibilities are exercised in line with the Policy.

B) 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 has a framework for managing Conflict of Interest applicable to the Fund. In the case of the Fund, identification of conflicts of interests and process for its resolution is detailed in the entity's Conflict of Interest policy.

C) Principle 3: Institutional Investors should monitor their investee companies.

- a. The Investment Team, shall identify the levels of monitoring for all the investee Companies, areas for monitoring, mechanism for monitoring etc. Further, considering the amount of investment or other factors, the Investment Team may decide not to be actively involved with any investee company including in relation to an investee company where the fair value of the investments by an AIF has been impaired by more than 50% of the original cost of investment.
- b. The Investment Team shall be responsible for the monitoring of the investee companies' strategy and performance, Industry-level monitoring and possible impact on the investee companies, the investee companies' leadership effectiveness, succession planning, corporate governance, reporting and other parameters they consider important.
- c. 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 Investment Team shall, where feasible, attend meetings/Conference calls conducted by the management of the investee company. They may also use publicly available information, sell-side research and industry information.
- d. The Investment Team shall periodically present to the investors the monitoring and engagement activities being carried out by the Investment Team.
- e. While dealing with the investee, the Investment Manager shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015 and its Insider Trading Code.

D) 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 Team, shall decide to 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 company, corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation, or any other related matters. The Investment Team may also consider intervening, if, in its reasonable opinion, the issue involved may adversely impact the overall corporate governance or the Fund's investment.

The escalation matrix followed by the Fund for intervention is as follows:

- i. Communication: The Investment Team shall communicate to the investee company's management about any concerns of the Fund, including steps to be taken to mitigate such concerns. If the matter comes to voting, the Fund shall exercise its voting rights.
- ii. Engagement: In the event, the management of the investee company fails to undertake constructive steps to resolve the concerns within a reasonable timeframe, the Investment Team shall take all reasonable steps to engage with the management of the investee company to resolve the Fund's concerns.
- iii. Collaboration: The Investment Team shall consider collaboration with other institutional investors, professional associations, institutional investor associations, regulators, and any other entities where it is in the interests of the Fund's unit-holders to do so and only when the situation warrants the same. Further, the act of collaboration with other institutional investors shall not be deemed to be an act of collusion or persons acting in concert.
- iv. Escalation: In case there is no progress despite the earlier steps, the Investment Team shall escalate the matter to the board of the investee company (through a formal written communication) and elaborate on the concerns. The Investment Team may also consider discussing the issues at the general meeting of the investee company.

E) Principle 5: Institutional Investors should have a clear policy on voting and disclosure of voting activity

An active and informed voting policy is an integral part of Investment Manager's investment philosophy. The Investment Manager shall keep in mind the interests of the Fund's unit-holders while exercising voting decisions.

The key areas that the Fund seeks to vote on will be related to corporate governance and matters related to future prospects of the investee companies, including director appointments and compensation, corporate restructuring and related party transactions. The Investment Team may also consider additional factors, including recommendations made by any proxy advisory firms while voting.

The Investment Team may decide to obtain recommendations/ feedback opinion/ views from proxy firms or advisory firms on a case-to-case basis. The analyses provided by such firms will be reviewed and studied before taking a final voting decision. The Investment Team may take into consideration all the facts relating to voting and may decide to approve casting of vote by the Fund in favor of / against the matter or to abstain from voting.

The Investment Manager on behalf of the Fund shall attend general meetings of the investee 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 Fund will have an option to cast their votes in person, by electronic means or through an authorized representative. The entity shall maintain a record of the voting on investee company resolutions and rationale for the same.

Disclosure of voting

Details of actual voting for every proposed resolution i.e., for, against or abstain and rationale for voting in investee companies will be disclosed as required under the Stewardship Code. In case of any proposed resolution voting right is exercised through a proxy or services of other voting advisory are availed, the same shall also be disclosed.

F) Principle 5: Institutional Investors should have a clear policy on voting and disclosure of voting activity

The Investment Manager shall disclose its voting and stewardship activities annually to the investors of the respective AIFs. The Fund wise report shall be placed on Investment Manager's website on implementation of the principles and disclosures as required under the Guidelines. The report on stewardship activity shall also be sent as a part of annual intimation to the unit holders of the respective Funds.

4. REVIEW OF POLICY

The entity will review this Policy on an annual basis or earlier, if required, in light of change in regulatory compliance and business reasons.
