

**SWYOM ADVISORS ALTERNATIVE INVESTMENT TRUST**  
**STEWARDSHIP POLICY**

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## **STEWARDSHIP POLICY**

### **Preamble**

**Swyom Advisors Limited** acts as **“the Investment Manager”** for various 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 AIF Regulations, 2012 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 no. CIR/CFD/CMD1/168/2019 dated December 24, 2019 has enacted the Stewardship Code for the AIFs. The effective date of Circular is April 01, 2020. The Company as the investment manager of the AIFs shall carry out 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 includes making investments in listed equities. The investment team of each strategy is expected to monitor and engage with the Portfolio companies on issues like strategy, business performance, corporate governance and other related issues in order to 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 SEBI circular dated December 24, 2019 and shall be applicable with respect to investments made in the listed equities by the AIFs (and their Schemes) managed by the Company.

### **Definitions**

**“AIFs”** means Alternative Investment Funds, i.e. **Swyom Advisors Alternative Investment Trust** and the Schemes thereof time being managed by the Company.

**“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 Mutual Funds and all categories of AIFs.

“Company” means Swyom Advisors 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.

### **Stewardship Principles**

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

- Fiduciary responsibility towards the AIFs/investors within the parameters of professional confidentiality and regulatory framework;
- enhance AIFs/Investors’ value through productive engagement with the Portfolio Companies;
- Take into account the prevailing corporate governance practices within the Portfolio Companies;
- vote and engage 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.

A training program shall be formulated for training of Investment team and Investment Committee explaining the responsibility under the Code along with amendments, if any. This may be done through external agency or internal team presentations. Investment Committee is empowered to decide or amend the frequency and modalities of training under this Code.

### **Discharge of Stewardship Responsibilities:**

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

- (i) 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.
- (ii) Encouraging for responsible corporate governance practices in the Portfolio Companies as the need arises.
- (iii) Participation in matters relating to material environmental, social and governance opportunities in the as and when opportunity arises with respect to the Portfolio Companies.
- (iv) Co-ordinating and engaging on need basis with other institutional investors in the Portfolio Companies towards a joint and collective approach.

#### **Responsibility for oversight of the stewardship activities**

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 fund management strategy shall monitor and oversee the stewardship activities with respect to each strategy. The Company may avail the services of external agencies in discharging its Stewardship responsibilities.

Notwithstanding the above, the ultimate stewardship responsibilities shall be discharged by the Company.

#### **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. The Board of Directors of the Company may review this threshold on need basis.

#### **Managing Conflict of Interest**

A conflict 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. The Company being part of a financial conglomerate has various policies and procedures to manage the conflict of interest. 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 with the Compliance Officer of the Company.

While dealing with Portfolio companies, the Company may be faced with a conflict 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 client of the Swyom Group;
- the Portfolio Company has existing business relationships with Swyom Group;

- a nominee of the AIF has been appointed as a director on the Board of Portfolio Company and has a fiduciary responsibility thereof;
- a director or a key managerial person of the Company has a personal interest in the Portfolio Company.

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

- Avoid conflicts of interest where possible and keep the Investor's interest above
- Identify and disclose any conflicts of interest and conflicted part not to take part of decision making
- Employees being restricted to trade in any of the Portfolio Companies wherein the AIF has made the investment

Further the matters pertaining to conflict will also be reviewed in accordance with the conflict policy of the Company including the deliberation by the Conflict Management Committee. Once the conflict of interest has been appropriately disclosed, the Compliance Officer will take the required decisions and update the Company's Board of Directors appropriately.

### **Monitoring of Portfolio Companies**

The Company shall monitor the Portfolio Companies in the following manner:

- The Investment Team shall be responsible for monitoring of the Portfolio Company's business strategy, performance, risk, capital structure, leadership effectiveness and succession planning, remuneration, corporate governance performance, cultural, social and environmental matters, which shall be on a best effort basis.
- The Investment Team may use publicly available information, management meetings, independent research and industry information and shall engage with the Portfolio Companies' 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.

### **Active Intervention in the Portfolio Company**

- The Company shall consider intervening in the acts/omissions of a Portfolio Company, in which it has invested (acquisition cost) more than 1% of the Investment Assets of the Company, as at the end of the immediately preceding quarter or 50 crores, whichever is lower
- 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 insufficient disclosures, inequitable treatment of stakeholders, noncompliance with regulations, managerial remuneration performance parameters,

governance issues, related party transactions, corporate plans/ strategy, CSR and environment, or any other related matters.

#### **Intervention by the Company:**

The decision for intervention shall be taken by the Investment Team on a case-to-case basis based on all available facts of Portfolio Company at that point of 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 a formal written communication) and elaborate on the concerns. Further, the investment team may internally refer the matter to the AIF's Investment Committee for appropriate steps to further action including to consider to enforcement of shareholders' rights or to exit from the Company. Any decision taken in this regard 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 in particular, 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.

#### **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, which is available on the website of the Company.

Attendance at General Meetings: The Company shall attend general meetings on behalf of the AIFs (or the schemes thereof) 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.

### **Disclosure & Reporting**

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

The Company will disclose on website the implementation of the principles enlisted in the Code. The format of disclosure will be approved by the Board and will be 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. This Code, as amended from time to time, will be disclosed on the website of the Company 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. The Company 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 Code.

### **Review of the Code**

This Policy shall be reviewed on annual basis by the Board of Directors of the Company or whenever any changes are to be incorporated in the Code due to any amendment in the Circular on Stewardship Code for AIFs in India or as may be felt appropriate by the Board of Directors.