

STEWARDSHIP CODE

Applicable to

PPFAS Asset Management Private Limited.

Version Control

Approver	Board of AMC and Trustee
Reviewed & Recommended By	Investment Committee
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1. Introduction

PPFAS Asset Management Private Limited (PPFAS AMC), the Investment Manager of PPFAS Mutual Fund (PPFAS MF) is responsible, in its fiduciary capacity, to act in the best interests of its unit holders which, inter alia, include monitoring and engaging with the investee companies.

The purpose of this policy is to describe the approach taken by PPFAS AMC to stewardship based on the principles specified by Securities Exchange and Board of India (SEBI) vide its master circular dated 19th May 2023. The purpose of the Stewardship Code is to enhance the monitoring of and engagement with the investee companies to improve the Corporate Governance practices with a view to protect and enhance the long-term wealth of unit holders. Our Stewardship Code has to be read in conjunction with the Voting Policy of the PPFAS MF.

It is the responsibility of Mutual Funds to monitor and engage with investee Companies so that the interest of the unitholders can be protected. Such activities are called Stewardship Responsibilities which ensure enhancement of value to the unitholders. Stewardship responsibilities include monitoring and actively engaging with investee companies on various matters (including performance and corporate governance) through detailed discussions with management, voting on resolutions submitted to shareholders, etc.

This Code broadly requires PPFAS AMC to follow below principles as regards its conduct at general meetings of the Investee Listed Company and disclosures thereto:

2. Key Stewardship Responsibilities:

Principle 1: Formulation of Policy, its Disclosure and Review

Stewardship activities of PPFAS AMC shall be undertaken by the Investment and Research Team, which shall be responsible for ensuring implementation of the Stewardship Code duly approved by the Board of PPFAS AMC and PPFAS Trustee Co. Pvt. Ltd. (PPFAS TC) The Investment Committee shall be responsible for monitoring the implementation of the Stewardship Code.

PPFAS AMC may engage advisory service providers for consultation on stewardship responsibilities. The scope of such external agency shall be specified by the Investment Committee.

The policy on Stewardship Responsibilities will be uploaded on the website of PPFAS MF and will be reviewed on a periodic basis.

Principle 2: Managing conflict of Interest

Certain resolutions of the investee company may entail some instances of a conflict of interest between the interests of unitholders of PPFAS MF and shareholders of PPFAS AMC.

Potential Conflict of interest may arise in certain situation, such as:

- The Investee Company is a client of Investment Manager and/or its affiliates; In certain cases, wherein any affiliates of the PPFAS AMC are lender to the Investee Company

- The Investee Company is a seller whose products or services are important to the business of PPFAS AMC and/or its affiliates
- The Investee Company is an entity participating in the distribution of investment products advised or administered by the PPFAS AMC and/or any of its affiliates.
- PPFAS AMC and Investee Company are part of the same group or are associates.
- The investee company is partner or holds an interest, in the overall business of PPFAS AMC.
- A director or a key managerial person of PPFAS AMC has a personal interest in the investee company.

In such circumstances, PPFAS AMC will make its best efforts to avoid such conflicts and ensure that any conflicts of interest are resolved in the best interests of unit holders.

To avoid conflict of interest, following procedures have been put in place:

- The voting decision will be guided by the approved voting policy, which is published on our website.
- There is a clear segregation of voting function and sales function / client relations.
- The Investment team will be responsible for voting on resolutions and will be guided by the voting policy for all resolutions.
- The situation wherein the conflict of interest is not covered by the voting policy, decision on such instances will be taken on case to case basis by the CIO and Fund Manager.

The Investment Committee members and other personnel involved in implementing the stewardship code must disclose their personal interest in the investee company and not participate in the steward responsibilities of such investee company.

Principle 3: Monitoring Investee Companies

The Investment Team of PPFAS AMC will be responsible for monitoring the performance of all investee companies in which schemes have invested and for engaging with the managements of the investee companies. However, level and degree of monitoring / engagement may vary depending upon the materiality of investments.

The stewardship associate, in consultation with the Investment team, may identify situations where active engagement with the investee companies may not be necessitated especially investment is insignificant, etc. In case of the investee companies where larger investments are made, we may involve higher levels of monitoring.

The investment team will be responsible for laying down the process for monitoring the investee companies. Such monitoring process will lay down criteria inter-alia, various levels for monitoring of the investee companies, areas to be monitored like financial performance, management evaluation, business outlook, corporate governance issues, capital structure, industry level changes, and key risk areas. Monitoring areas like remunerations, risk related to social & environmental issues, shareholder rights & grievances will be on a best effort basis. In case, any material risk is identified during the course of monitoring, the future course of action will be governed by the principle 4 laid in this code.

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 review the sell side research and industry information, etc.

The employee dealing code is established to control dealing where a person comes into possession of unpublished price sensitive information (“UPSI”) of the investee companies. While engaging with the investee companies we may receive information i.e., material non-public information/ Unpublished Price Sensitive Information (UPSI). We do not pursue or seek UPSI, however, if we are in receipt of UPSI, we shall follow our internal process as outlined in Employee Dealing Code. The investment team has to strictly adhere to the Employee Dealing Code.

Principle 4: Intervention in Investee Companies and Collaboration with Institutional Investors

PPFAS AMC may intervene on case to case basis if it feels that its intervention is required to protect the value of its investment, the interest of the investors/unit holders and discharging its stewardship responsibility. Such intervention may be on a standalone basis or along with collaboration with other institutional investors and/or through institutional investors associations (e.g. AMFI).

PPFAS AMC shall intervene in the acts / omissions of an investee company in which it holds greater than 1% of the share capital of the investee company or more than 1% of its AUM of actively managed strategies (determined based on investment holdings on a trailing monthly basis).

Concerns which require intervention if, in its opinion any act / omission of the investee company is considered material on a case to case basis may include but not limited to matters like poor financial performance, insufficient disclosures, inequitable treatment of shareholders, non-compliance to regulations, performance parameters, governance issues, remuneration and composition of Board, material ESG issues, leadership issues, litigation, related party transactions, corporate plans/ strategy, CSR and any other related matters.

The Investment team may as and when deem it necessary escalate the engagement/intervention on any particular issue with the investee company. The tactical aspects of the intervention will be determined on a case to case basis by the Investment team. The Investment Team may determine the level of intervention to ensure that the views of the PPFAS AMC are represented.

The hierarchy of intervention is outlined as below:

First step – Interaction with the investee company, in a confidential manner, to resolve the issue constructively. If there is no response from the management or there is any lack of follow- up action as promised despite the passage of a reasonable period of time, PPFAS AMC may re-engage with the management to reiterate the conclusions or the plans of action decided at the prior meetings.

Next step: Escalation – If dissatisfied with the progress through the first step above, PPFAS AMC will proceed to escalate the matter further first by communication to the Managing Director and/or Chairman of the investee company, and thereafter to the Board of Directors of the investee company.

Final step: Reporting to regulators/authorities - Despite escalation, if there is no response or action taken by Investee Company, the Investment Committee may decide to report to the relevant

regulator, authority or any Government body as may be required.

In all cases of engagement with the management and / or the Board of Directors of the investee company, all communications and discussions should be conducted in private & confidential manner.

Principle 5 – Policy on Voting

The Voting policy approved by the Boards of PPFAS AMC and PPFAS TC, is disclosed on the website of PPFAS Mutual Fund. PPFAS AMC may also take inputs from professional voting advisory service providers. Such inputs are recommendatory in nature and not binding on PPFAS AMC, which takes the final decision in case of voting on proposals.

In terms of relevant guidelines issued by SEBI from time to time in this regard, a voting policy is framed for exercising the voting rights vested in the AMC as an Investment Manager.

- a) In terms of SEBI guidelines, among others, PPFAS AMC records and discloses specific rationale supporting its voting decision (for, against or abstain) with respect to each vote proposal in respect of investee company. The rationale for decision taken on “voting for /voting against are recorded.
- b) The vote shall be cast at Mutual Fund level. However, in case Fund Manager (s) of any specific scheme has strong view against the views of the Fund Manager (s) of other schemes, the voting at scheme level shall be cast and the detailed rationale for the same would be recorded.
- c) In case the Mutual Fund has no economic interest on the day of voting, it may be exempted from compulsory casting of votes.
- d) Further, the details of votes cast are disclosed on website (in spreadsheet format) on a quarterly basis.

Principle 6 – Reporting

This Code, as amended from time to time, will be disclosed on the website of PPFAS MF. PPFAS AMC, 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. The format and content of the status report will be decided by the Investment Team subject to regulatory updates. The Report on voting will be disclosed on a quarterly basis.

3. Record Keeping

All documents pertaining to this stewardship code shall be preserved for a period of eight years.

4. Policy Changes and update

This policy will incorporate any regulatory injunctions from time to time and may undergo minor changes from time to time and any such changes / updates to the policy will be carried out post the approval of the Investment Committee. The Policy shall be approved by the Investment committee, Boards of AMC and Trustee and shall be reviewed once in two years.

5. Policy Effective date

This policy will be effective from February 15, 2024 and would override the earlier policy.

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