



STEWARDSHIP POLICY

Index

Sr No	Particulars	Page No
1.	Background	3
2.	Objective	3
3.	Scope	3
4.	Stewardship Responsibilities	4
5.	Review of the Policy	10

Background

The importance of institutional investors in capital markets across the world is increasing and they are expected to shoulder greater responsibility towards their investors/ beneficiaries by enhancing monitoring and engagement with their investee companies thereby ensuring the protection of interest of investors in such companies. With this objective in mind, SEBI vide its Master Circular for Mutual Funds bearing No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90, dated June 27, 2024 (hereinafter referred to as "SEBI Master Circular") has notified a detailed Stewardship Code for Mutual Funds.

Objective

Stewardship Code is in the form of a set of principles that are being uniformly adopted for institutional investors like Mutual Funds, Insurance Companies, Pension Funds, Foreign Portfolio Investors (FPIs), Alternate Investment Funds (AIFs), etc. The AMC's commitment to effective corporate governance and adherence to the Stewardship Code is to ensure that its investee companies, the Unitholders and the economy as a whole benefit and minority interest also remains protected.

Stewardship includes voting as well as monitoring and engaging with investee companies on matters such as strategy, performance, risk, capital structure and corporate governance and avoidance of conflict of interest. This Code / Policy broadly requires the AMC to follow below principles as regards their conduct at general meetings of the Investee Company and disclosures thereto.

Unifi Asset Management Private Limited ("**AMC**"), has set up this policy for ensuring compliance with SEBI Master Circular and work towards greater protection of investors of the schemes which are invested in such companies.

Scope

This policy will apply to all the Schemes launched from time to time, unless and until specifically exempted from. This policy is a natural extension of the AMC's responsibility to protect and enhance the long-term economic value of the unitholders' assets.

Stewardship Responsibilities

Principle 1: Institutional investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.

Internal Policies for Stewardship Activities

The AMC believes in the principles of responsible investment and uses a robust framework by analysis of every stock covered by the Scheme. Every Investee Company which is considered for investment or contemplated to be a part of investment universe / scope is supported by a detailed investment rationale including reviewing key Investee companies for various parameters which might affect the Companies operational and financial performance.

The Fund Manager of respective schemes will make final decision for voting. Further, voting disclosures as prescribed would be made by AMC to ensure transparency.

In addition to the above, AMC would maintain oversight & control on the stewardship activities periodically as follows:

- Adequate disclosures on the website.
- Periodical trainings (at least annually) to the relevant personnel of the Fund.
- Review of the Policy periodically but not less than on annual frequency.

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.

(1) Prevention of Conflicts of Interests

With the investors' best interests as utmost priority, the AMC has a fiduciary duty to the assets it is in charge of. The AMC will also consider the possibility of conflicts of interests between interested parties in the course of carrying out its stewardship responsibilities. In order to ensure strict management of such issues, the AMC has thus enacted a separate Policy for Conflicts of Interests.

As part of its policy for the prevention of conflicts of interests, the AMC has established information exchange barriers (Chinese Wall). Such information exchange barriers serve to prevent undisclosed material information from being accessed by unauthorized employees, departments, or external parties.

(2) Identifying conflict of interest:

While dealing with investee companies, the AMC may be faced with a conflict of interest, in an instance where the investee company holds a material interest in the business of AMC or is a distributor for the AMC. There may be a conflict of interest if a nominee of the AMC has been appointed as a director or a key managerial person of the investee company, or the AMC and the investee company are part of the same group. The AMC would look out for any other situations that may potentially lead to a conflict of interest. Individual employees holding stocks of investee companies may also face conflict of interest when dealing with the same companies on behalf of the AMC.

(3) Managing Conflict of Interest:

In order to ensure the protection and primacy of investor's interests and to comply with the applicable regulations, the AMC has implemented policy and procedures aimed at preventing situations involving conflicts of interests and resolving such situations should they arise.

The AMC manages the potential conflict of interest situations as under:

- a. In the usual course of AMC's business, any services engaged with investee companies including associates, sponsor & group companies will be selected in the best interests of the AMC / AMC's clients. The services will be selected on an *arms-length basis*.
- b. The policy will allow for persons to recuse from decision making in case of the person having any actual / potential conflict of interest in the transaction.
- c. Blanket bans on investments in certain cases.
- d. Clear segregation of voting function and investor relations / sales functions.
- e. Maintenance of records of minutes of decisions taken to address such conflicts.

(4) Prevention of Conflicts of Interests in Exercising of Voting Rights

The AMC as an institutional investor, actively exercises its voting rights to fulfill

its governance responsibilities. While exercising such rights, the AMC will not compromise its duty of care to its investors and will comply with the principles in a consistent manner which prioritizes the best interests of unitholders. However, the AMC recognizes the possibility that independence in exercising voting rights may be hampered or conflicts of interests may arise between interested parties, due to our ownership structure, transaction, or contractual relations.

The primary examples of situations where conflicts of interests may arise in exercising voting right are as below.

- Exercising votes in shareholder meetings of companies (and their subsidiaries) wherein the AMC has actual or potential business relationships with.
- Exercising votes in companies in which high level executives and largest shareholders (including related parties) are acting as a director or shareholder.

The AMC will try to prevent conflicts of interests in advance. However, there is a possibility that it cannot completely bar the possibility of such conflicts from arising at all. Despite the above measures in place, if it is determined that it would be difficult to lower the possibility of such conflicts from arising, the AMC will make appropriate disclosures keeping in mind the best interests of the unitholders.

Principle 3: Institutional investors should monitor their investee companies

The analysts and fund managers of the AMC recognize the importance of monitoring investee companies on a regular basis. In addition to the basic monitoring of financial factors, they also examine the investee companies' status with more proactive measures, for example, by making communication and dialogue with such companies.

In the course of monitoring investee companies on a regular basis, the AMC considers both financial and non-financial (environmental, social, governance, etc) factors. In order to raise the investment value from a mid-to long-term perspective, it is necessary to comprehend financial and non-financial factors in a detailed manner.

If the analysts and fund managers find concerning issues during the monitoring phase, they will discuss with the Investment Team to determine the appropriate measures to be taken for protection of investors interests.

(1) Monitoring of Investee Companies

The investment team shall monitor the performance and activities of the investee company (at least) on an annual basis. If the Combined holding across schemes is above 1% of the paid up capital of the investee company, the monitoring and review shall be carried out on an half-yearly basis. The Chief Investment Officer can decide to intervene in companies where the investment is below threshold level, depending on the criticality of the issue.

The Equity Investment team will be accountable for monitoring all the Investee Companies in which the schemes invest in.

The mechanism adopted for monitoring purpose will but not limited to:

- Publicly available information
- Management interaction through meetings/ con-call
- Broker research and inputs
- Industry information

Though most of the companies interact with institutional investors, in some cases, few of our investee companies do not interact as management is not accessible or investment team believes that there is no incremental information which is being provided by the management. In such cases, it is possible that the monitoring is done through other sources and information disclosed by the companies to the exchanges.

Key areas for monitoring include the following:

- Company strategy and performance – operational, financial etc.
- Industry-level monitoring and possible impact on the investee 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
- Shareholder rights, their grievances etc.

(2) Engagement Strategy

The Equity Investment team will decide the engagement strategy based on materiality of the exposure, sector specific changes and other market factors applicable to the investee company.

(3) Receiving of Unpublished Price Sensitive Information

In some circumstances, companies may seek the involvement of fund manager/analysts in corporate transactions, which may lead them to receive sensitive information. They may also receive Unpublished Price Sensitive Information (“**UPSI**”) in the course of an engagement. If any personnel of the AMC were nevertheless to become an insider, or to receive UPSI, they would follow the relevant process as mentioned in the Employees Trading Policy of Unifi AMC including abstaining from any activity that could constitute a breach of the applicable law or regulation or the Insider Trading Policy.

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

(1) Active intervention in the Investee companies

The AMC may intervene on a case-by-case basis if it feels that its intervention is required to protect value of its investment and discharging its stewardship responsibility.

Decision for intervention will be decided by the Equity Investment Team and disclosed to the Chief Investment Officer. The circumstances for intervention may, *inter alia*, include poor financial performance of the company, corporate governance related practices, ESG risks, leadership issues, litigation, inequitable treatment of shareholders, poor business strategy, non-compliance with regulations etc.

The AMC will in its discretion consider intervention even for investments made by a passive scheme
i.e. Index Fund or Exchange Traded Fund or if the volume of investment is low, if the circumstances so demand.

(2) The meeting(s) with investee companies will be conducted in a professional manner with a view to resolve the issue constructively. If dissatisfied with the response of the investee company, the AMC will proceed to escalate the matter further.

a. **Engagement:** one-to-one meetings with the management team, engagement with specific teams etc. to resolve any concerns including

steps to be taken to mitigate such concerns.

- b. **Re-Engagement:** In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by the AMC within a reasonable timeframe, the AMC will take all reasonable steps to re-engage with the management to resolve its concerns.
- c. **Collaboration:** The AMC will also consider collaboration with other institutional investors, professional associations like AMFI, regulators, and any other entities it deems necessary for a collective engagement or joint representation with the investee company.
- d. **Escalation:** In case there is no progress despite the above three steps, the AMC may engage with the Board of the investee company (through a formal written communication) and elaborate on the concerns. Further, the AMC may take appropriate steps to resolve the concerns including exiting its investments.
- e. **Voting:** The AMC will vote against in case the governance practices of the investee company are improper.
- f. **Legal Recourse:** The AMC may take a legal recourse against a company if deemed necessary instead of exiting its investment.
- g. **Blanket Bans:** The AMC may consider extending a blanket ban on a section of companies or create a negative list of companies as required if there is no engagement or improvement from the companies' side.

Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.

(1) Policy on Voting Activities

Through the exercise of voting rights in a faithful manner, the AMC intends to enhance the mid-to long term investment value for the Unitholders and to fulfill stewardship responsibilities. Voting rights are the fundamental rights of a shareholder, and as such, the AMC recognizes that such rights are a crucial mean to improve the corporate governance structure of an investee company. The exercise of voting rights is governed by the Voting Policy.

The basic principle regarding voting rights is to exercise rights based on stewardship responsibilities and to vote in favor of an agenda that is in line with the mid to long-term interests of our Unitholders and beneficiaries. On the other hand, the AMC would vote against any agenda contrary to such interests. This means that the AMC can oppose an agenda that could impair shareholders' rights or damage the mid to long-term corporate value of an investee company.

A decision to invest in an Investee Company is based in part on a fund manager's analysis of the performance of management and the corporate governance of the issuer. Since a decision to invest is generally an endorsement of management of the Investee Company, the AMC will generally vote with management on routine matters. However, since a fund manager must be focused on shareholder value on an ongoing basis, it is the responsibility of the fund manager to be aware of the potential investment implications of any issue on which security holders are asked to vote.

(2) Use of Outside Advisory Services

The AMC may utilize outside professionals' advisory services to secure expertise and objectivity of voting rights and also to enhance the fidelity of voting rights execution. However, even if such services are used, the obligation to faithfully execute voting rights is with the AMC. Therefore, while the recommendations from the external advisory professionals are utilized for reference purposes only, the final determination and decisions are made by the AMC. Further, the AMC will disclose scope of such services, details of the service providers and extent to which the AMC relied upon / used recommendations made by such service provider.

(3) Disclosure of Voting Activities

The AMC discloses the exercise of voting rights in order to ensure transparency. The details of actual voting i.e. whether voted for/against/abstained and the rationale for such voting will be disclosed on a quarterly basis on the website.

Further, on an annual basis, the AMC obtains certification from a scrutinizer on the voting reports being disclosed by them. Such scrutinizer's certification is submitted to trustees and also disclosed in the annual report and on the website.

Principle 6: Institutional investors should report periodically on their stewardship activities.

The AMC will disclose all the activities undertaken by the Equity Investment team, as mandated by the Investment Committee, in regard to implementing this stewardship policy and discharging its responsibilities, on its website, as part of public disclosure on an annual basis.

The report will outline details with respect to implementation of every principle. The report will also form part of the annual report which is sent to the Unitholders.

However, it may be noted that the compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a company or preclude a decision of the institutional investor to sell a holding when it is in the best interest of investors or beneficiaries.

Review by Board of AMC and Unifi Mutual Fund Trustee Company Private Limited ("Trustee"):

The Stewardship policy will be reviewed periodically by the Board of AMC and Trustee. Any updation to this Stewardship policy will be disclosed on the website of the AMC.

Review of this policy

The AMC will review this policy on an annual basis or earlier, if required, in light of change in applicable law and/or for business reasons. The changes/developments will be communicated to the relevant persons as and when necessary, in accordance with the Regulations.