

## A9 FINSIGHT PRIVATE LIMITED

### STEWARDSHIP POLICY

#### DOCUMENT HISTORY

<b>Title</b>	Stewardship Policy
<b>Prepared by</b>	Compliance Department
<b>Approved by</b>	Board of Directors
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## **BACKGROUND:**

Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/CMD1/168/2019 dated December 24, 2019 has prescribed stewardship principles to be adopted and implemented by all categories of Alternative Investment Funds (AIF), in relation to their investments. These provisions were subsequently consolidated into the SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024.

**A9 Finsight Private Limited (“the Company”)** has framed **“Stewardship Code” (“Code”)** in its capacity as an Investment Manager (**“Investment Manager” or “IM”**) to **Finavenue Capital Trust (“Fund”)**, a Category – III Alternate Investment Fund under the SEBI (Alternative Investment Fund) Regulations, 2012 (**“AIF Regulations”**).

The Fund shall launch various schemes from time to time and this Policy shall be accordingly extended to all such schemes and any other categories of Alternative Investment Funds and their respective scheme(s) that it may be an Investment Manager for in the future.

The Stewardship Code (**“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.

## **GUIDING PRINCIPLE(S) OF THE CODE:**

The Code enable(s) to formulate a guiding principle to carry out stewardship activities, including the following Principles:

1. a comprehensive policy and guiding principles to fulfill the Stewardship Responsibilities;
2. managing conflict of interest to ensure investor(s) interest is placed first;
3. continuous monitoring of portfolio companies in which equity investments have been made;
4. identification of circumstances and the manner of intervention for regular assessment of portfolio companies;
5. participation in voting and disclosure of voting activities
6. periodical reporting of stewardship activities.

### **1. Policy and guiding principles to fulfill the stewardship responsibilities:**

The Investment Manager in pursuance to the Stewardship Code should create, review and update policies in relation to monitoring and corporate governance of the investee company, fulfillment of obligations under the stewardship policy and its public disclosure, in case any activities under the stewardship code are outsourced by the Fund(s) then, the Investment Manager will have to put in place mechanisms which will ensure that the entity to whom said activity is outsourced is in compliance with the stewardship code.

A training policy should also be made for individual involved in implementation of the principles of the stewardship code.

The policy should be reviewed periodically and should be disclosed on the Company's website, if any.

## **2. Managing conflict of interest to ensure investor(s) interest is placed first:**

In case a situation arises where a conflict of interest may arise in relation to the stewardship responsibilities, the interest of Investors will take precedence. Following are some potential conflicts of interest situation followed by steps taken by the Investment Manager to ensure that no such conflict prejudices the interests of the Investors.

While carrying out portfolio investments, following conflict of interest may be faced, particularly relating to:

- i. investment in associates
- ii. investment in companies where an employee has substantial interest
- iii. the investee company is a seller whose products or services are important to the business of Investment Manager and/or its affiliates
- iv. a director or a key managerial person of the Fund has a personal interest in the investee company

To ensure that there is no conflict of interest:

- i. investment decisions should be in accordance with the investment objectives of the relevant schemes.
- ii. investment of schemes assets in associates should be at arm's length, with proper rationale, within necessary regulatory limits and approvals, if any, required under the regulations.
- iii. investment team will be responsible for voting on resolutions and will be guided by the voting policy.
- iv. clear segregation of voting function and sales function.
- v. compliance department should maintain conflict of interest database and the investment team will co-ordinate with compliance department for reviewing the potential conflict while making investment decision.

## **3. Continuous monitoring of portfolio companies in which equity investments have been made:**

The Investment Manager through the Key Investment Team (KIT) of the Fund(s) will ensure that portfolio companies are regularly monitored, through regular review, interactions with investee company's management. However, level and degree of monitoring/engagement may vary upon the quantum of investment, sector to which the company belong(s) and which investees may not require such significant level of monitoring.

As part of the monitoring process the KIT may use information in the form of, quarterly results, annual reports, corporate announcements etc.

In all cases of engagement with the management and / or the Board of Directors of the investee company, all communications and discussions will be conducted in private and confidential manner. The objective of the interactions is to play a constructive role in enhancing the value of the investment in the equity of the investee companies to benefit the Investors of the Fund.

#### **4. Identification of circumstances and the manner of intervention for regular assessment of portfolio companies:**

The Investment Manager shall 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 insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, governance issues, related party transactions, corporate plans / strategy, or any other related matters.

The intervention level may be decided on the parameters as follows:

- i. **Engagement:** In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by the Investment Manager within a reasonable timeframe, the Investment Manager shall take all reasonable steps to engage with the management of the investee company to resolve its concerns.
- ii. **Collaboration:** The Investment Manager shall also consider collaboration with other institutional investors, professional associations, regulators, and any other entities where it deems necessary.
- iii. **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 Manager 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.
- iv. **Reporting to the Regulators:** If there is no response or action taken by the investee company despite the above-mentioned steps, the Investment Manager may approach the relevant authorities or can consider recourse to other legal actions.

#### **5. Participation in voting and disclosure of voting activities:**

The Investment Manager may exercise its voting rights and vote on shareholder resolutions of Portfolio Companies, as may be deemed necessary in the interest of the Investors.

**Attendance at General Meetings:** The Investment Manager 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.

**6. Periodical reporting of stewardship activities:**

The Investment Manager shall report periodically to its investors on their stewardship activities and also provide an update on its website (if any) in an easy-to-understand format. In addition, the Investment Manager shall circulate to its Investors a report as a part of annual intimation to the investors.

**REVIEW AND UPDATION OF POLICY:**

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.