

## Stewardship code

### Introduction

The Securities and Exchange Board of India (“SEBI”) introduced the Stewardship Code for all categories of Alternative Investment Funds (AIFs) in relation to their investments in listed equities. This was outlined in SEBI Circular (Ref.: CIR/CFD/CMD1/168/2019) dated 24 December 2019.

The Stewardship Code emphasizes the responsibility of institutional investors to engage constructively with the companies they invest in, with a goal to enhance medium- to long-term investment returns for their clients and beneficiaries. This is achieved by improving and fostering the investee companies’ corporate value and sustainable growth through purposeful engagement, based on a deep understanding of the companies and their business environments.

The Stewardship Code provides a framework for good practices in engaging with investee companies and defines principles that institutional investors can follow to fulfil their stewardship responsibilities, ensuring due regard for both their clients and the investee companies.

This code is formulated based on the stewardship principles laid down by SEBI.

In line with this circular, Vaikarya Change LLP (“Vaikarya”) has formulated this Stewardship Code as approved by the Board of Partners.

### Principle 1 - Stewardship Responsibilities

Vaikarya, as part of its investment activities, invests in listed equities of various investee companies. This policy aims to define the kind of engagement required to be maintained with the investee companies. Such engagement may be through detailed discussions with management, interaction with investee company representatives, voting in shareholder meetings, etc.

An illustrative list of engagements on various matters is given below:

- Strategy and performance of the investee companies (operational, financial, etc.)
- Industry-level monitoring and possible impact on the investee companies
- Corporate governance matters, mergers/acquisitions, other corporate restructuring, and anti-takeover provisions
- Changes in capital structure, including increases and decreases of capital, preferred stock issuances, buybacks, dividends, etc.
- Stock option plans and other managerial compensation issues
- Appointment and removal of directors, statutory auditors, etc.
- Risk including environmental, social, and governance (ESG) opportunities or risks
- Any other issue that may affect the interest of shareholders

Vaikarya will endeavour to engage actively with the investee companies where Vaikarya holds 5% or more of the outstanding equity shares of such investee companies.

## **Principle 2 – Managing conflict of interest**

Vaikarya may be subjected to certain conflicts of interest relating to the directors, employees, and affiliates of Vaikarya. A few examples of potential conflicts of interest are outlined below. However, the examples listed below are not intended to be exhaustive, and other types of conflicts of interest may arise during the course of business:

- the interests of Vaikarya in conflict with those of a client;
- the interests of one client of Vaikarya in conflict with those of another client of Vaikarya.

In accordance with the general principles of dealing with conflict of interest, Vaikarya shall:

- at all times maintain high standards of integrity in the conduct of its business;
- ensure fair treatment of its clients and not discriminate amongst them;
- ensure that personal interest does not, at any time, conflict with duty to clients and clients' interest always takes primacy in advice, investment decisions and transactions;
- make appropriate disclosures to clients of possible sources or potential areas of conflict of interest which would impair its ability to render fair, objective and unbiased services;
- endeavour to reduce opportunities for conflict through prescriptive measures such as information barriers to block or hinder the flow of information from one department/unit to another, etc.;
- place appropriate restrictions on transactions in securities while handling a mandate of a client in respect of such security so as to avoid any conflict;
- not deal in securities while in possession of material unpublished price sensitive information;
- not communicate material unpublished price sensitive information while dealing in securities on behalf of others;
- not in any way contribute to manipulation of demand for or supply of securities in the market or influence prices of securities;
- not share information received from clients or pertaining to them, obtained as a result of dealings, for personal interest.

Vaikarya, its partners, and employees shall abide by these requirements, including compliance with the controls, policies, and procedures laid down to effectively manage such conflicts of interest in line with applicable SEBI regulations.

## **Principle 3 – Monitoring investee companies**

Vaikarya shall be responsible for monitoring the investee companies' performance.

Vaikarya may consider the investee companies' leadership effectiveness, succession planning, corporate governance, reporting and other parameters it considers important while making investment decisions.

Vaikarya may 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, Vaikarya may continue to monitor each investee company. As a part of this process, the fund manager/analysts may, where feasible, attend meetings/conference calls conducted by the management of the investee company.

#### **Principle 4 - Intervention in the investee companies**

Vaikarya may intervene on a case-by-case basis if it feels that its intervention is required to protect the value of its investment and discharge its stewardship responsibility. 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 procedure which may be undertaken for intervention is as follows:

- Engagement: Sending letters to individual investee companies, one-to-one meetings with the management team, engagement with specific teams and so on to resolve any concerns, including steps to be taken to mitigate such concerns.
- Re-engagement: In the event the management of the investee company fails to undertake constructive steps to resolve the concerns within a reasonable timeframe, Vaikarya may take reasonable steps to re-engage with the management to resolve its concerns.
- Collaboration: Vaikarya may consider collaboration with other institutional investors, professional associations, regulators, and any other entities it deems necessary for collective engagement or joint representation with the investee company.
- Escalation: In case there is no progress despite the above steps, Vaikarya may engage with the board of the investee company (through formal written communication) and elaborate on the concerns. Vaikarya may take appropriate steps to resolve the concerns including exiting its investments.
- Voting: Vaikarya may vote against or abstain from voting in case the governance practices of the investee company are improper.
- Legal recourse: Vaikarya may take legal recourse against a company if deemed necessary instead of exiting its investment.

While dealing with the investee company, Vaikarya shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015.

#### **Principle 5 - Voting and disclosure of voting activity**

For ensuring better corporate governance of listed companies, Vaikarya shall endeavour to vote on shareholder resolutions which may affect its investors' interests, either by postal ballot or through attendance or e-voting, as applicable.

The decision of Vaikarya on voting for shareholder resolution(s) shall be executed by casting votes through the e-voting facility or by physically attending the meeting or voting through proxy. However, in case the e-voting facility is not offered by any investee company, or Vaikarya is not in a position to cast its vote through e-voting, any of the representatives of Vaikarya or an externally authorised agency such as a custodian may be delegated the responsibility for exercising the physical votes.

Voting decisions may include voting for, against or abstaining, based on Vaikarya's assessment of the proposal and the best interests of investors. Where Vaikarya is unable to vote or chooses to abstain, Vaikarya will maintain an internal record of the reasons.

Vaikarya will monitor the potential conflicts of interest with respect to voting as a result of personal relationships, significant investor relationships or special circumstances that may arise during the conduct of Vaikarya's business. If a conflict of interest is identified, Vaikarya will act according to the conflict of interest principles stated above.

Vaikarya will maintain records of votes cast (for/against/abstain) along with a brief rationale. Voting activity may be disclosed periodically to investors and/or on Vaikarya's website, in a manner and frequency determined by Vaikarya, and as may be required under applicable regulations. Vaikarya may use proxy advisory services where considered appropriate; if engaged, Vaikarya may disclose the scope of such services and the extent of reliance placed on such recommendations.

## **Principle 6 – Policy management, disclosure and reporting**

The Chief Investment Officer (CIO) and the Compliance Officer (CO) are jointly responsible for monitoring the effectiveness of this Stewardship Code.

Vaikarya will disclose the activities undertaken in regard to this stewardship policy and discharging its responsibilities, on its website and/or through other suitable means (including communications to investors), on an annual basis or such other periodicity as Vaikarya may determine or as required under applicable regulations.

## **Policy review and amendments**

This Code will be reviewed periodically by the Compliance Officer (CO) to ensure alignment with SEBI norms and evolving regulatory requirements. Any amendments to the Code will be approved by the Board of Partners and communicated to all Personnel.

document version control

Date	Details	Version	Approved by
30 August 2024	Policy introduction	1.0	Board of Partners
16 February 2026	Review	2.0	Board of Partners