

## **STEWARDSHIP POLICY**

### **1. BACKGROUND AND PURPOSE:**

Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/CMD1/168/2019 has prescribed stewardship principles to be adopted and implemented by all Mutual Funds (MF) and all categories of Alternative Investment Funds (AIF), in relation to their investment in listed equity.

Invicta Capserv Private Limited (hereinafter referred to as “**Investment Manager/ICPL**”) is the Investment Manager of Invicta Continuum Trust (“AIF”), a Category II Alternative Investment Fund (“AIF”) registered with the Securities and Exchange Board of India (“**SEBI**”) under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“**AIF Regulations**”) (SEBI Registration No. IN/AIF2/24-25/1542). Invicta Continuum Fund I (“**Scheme**”) is the first scheme of the Fund.

**ICPL** shall invest in accordance with the investment objectives of the respective scheme and Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“the Regulations”).

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.

The Code is approved by the Board of Directors of **ICPL**. The Policy shall ideally be reviewed once a year. In case of any regulatory change(s) between two review cycles, the Policy shall be deemed as amended in accordance with the changed regulations/circulars. In other words, in case of conflict between applicable regulations and Policy, the applicable regulations shall prevail at all times.

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

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

- a. a comprehensive policy and guiding principles to fulfil the stewardship responsibilities;
- b. managing conflict of interest to ensure investor(s) interest is placed first;
- c. continuous monitoring of the companies in which equity investments have been made;
- d. identification of circumstances and the manner of intervention for regular assessment of portfolio companies;
- e. participation in voting and disclosure of voting activities;
- f. periodical reporting of stewardship activities.

### **3. IMPLEMENTATION OF STEWARDSHIP CODE:**

Investment Committee of concerning Scheme(s) will be jointly engaged in implementation of the Stewardship Code.

Ideally on half yearly basis the review of the companies where the investments exceed 2% (or more) of the overall AUM of AIF. For other portfolio Companies the review shall be carried out in case of any in case of any adverse impact on the performance of the scheme(s).

Towards fulfilment of stewardship activities, Investment Manager shall abide by this Code and shall be guided by the following principles

#### **I. Policy and guiding principles to fulfil the stewardship responsibilities:**

- i. take into consideration, the corporate governance practices of investee companies;
- ii. enhance investor value through productive engagement with investee companies;
- iii. vote and engage with investee companies on matters including environmental, social and governance principles

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

While carrying out investments, **ICPL** may be faced with a conflict of interest, particularly relating to:

- i. investment in associates
- ii. investment in companies where an employee has substantial interest
- iii. proprietary investments carried out by **ICPL** in the same investment company

To ensure that there is no conflict of interest:

- i. investment decisions pertaining to the schemes of AIF 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 subject to approvals as may be required under the Regulations.
- iii. 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.

**III. Continuous monitoring of listed portfolio companies in which equity investments have been made:**

The Investment Team shall actively engage with investee companies for significant investments. The Investment Team shall be responsible for monitoring and responding to reported developments of the investee company's performance, quality of company management, board, corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.), related party transactions, risks, including Environmental, Social and Governance (ESG) risks, Shareholder rights, their grievances etc., which shall be on a best effort basis.

The investment team will endeavour to assess if there are enough system checks and balances in the governance structure of the issuer to prevent wrong doing and also assess the track record or history of the issuer to monitor the trend of their past behaviour. The Investment Team may use publicly available information, management meetings, sell side research and industry information and may engage with the investee companies through investor analyst calls/meetings, if held, to monitor the investee companies, in addition to maintaining records of meetings held with companies.

The Investment Team may to the extent feasible attend general meetings and other meetings conducted by the management of the investee company to which it is invited. The monitoring could also be through other external sources, where required.

While dealing with the investee companies, the Investment Manager shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015, the related SEBI circulars and the Prohibition of Insider Trading Policy of the Investment Manager, as amended from time to time.

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

**ICPL** 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. Investment Manager may consider intervening in matters below the thresholds, if in the reasonable opinion of the Investment Committee, the issue involved may adversely impact the overall corporate governance or the investment.

The escalation matrix followed by **ICPL** for intervention shall be as follows:

- i. **Communication:** The Investment Manager shall communicate to the investee company's management about any concerns of **ICPL** including steps to be taken to mitigate such concerns. If the matter comes to voting, **ICPL** shall exercise its voting rights.
- ii. **Engagement:** In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by **ICPL** within a reasonable timeframe, it shall take all reasonable steps to engage with the management of the investee company to resolve the concerns.
- iii. **Collaboration:** **ICPL** shall also consider collaboration with other institutional investors, professional associations, regulators, and any other entities where it deems necessary.
- iv. **Escalation:** In case there is no progress despite the first three steps, Investment Manager shall escalate the matter to the Investment Committee. If the Investment Committee decides to escalate, the Investment Manager shall engage with the board of the investee company (through a formal written communication) and elaborate on the concerns. The Investment Manager may also consider discussing the issues at the general meeting of the investee company.
- v. **Reporting to the Regulators:** If there is no response or action taken by the investee company despite the above-mentioned steps, **ICPL** may approach the relevant authorities or can consider recourse to other legal actions.

**V. Participation in voting and disclosure of voting activities:**

The key areas that Investment Manager should consider for the purpose of voting will be related to corporate governance and matters related to future prospects of the investee companies including Director appointments and compensation, corporate restructuring and related party transactions. Investment Manager may also consider additional factors, including recommendations made by any proxy advisory firms while voting **ICPL** shall maintain a record of its voting on investee company resolutions along with rationale. The voting policy shall be disclosed on the website.

The detailed decision making and voting process is laid out in the "Voting Policy for Alternative Investment Funds".

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

**ICPL** shall report periodically to its investors on their stewardship activities and also provide an update on its website at <https://invictafund.in/>.