



ADITYA BIRLA SUN LIFE AMC LTD. (IFSC Branch)

STEWARDSHIP POLICY

Functional Applicability	Fund Management- ABSLAMC IFSC Branch
Approver	MD & CEO of ABSLAMC
Owner	Fund Management Team of ABSLAMC IFSC Branch
Copy	ABSLAMC IFSC Branch Committee
Effective date	
Next Review date	As and when basis
Version	1.1

Contents

Introduction.....	3
Scope.....	3
Stewardship Responsibility	3
Stewardship Principles.....	3
Ownership.....	6
Responsibility	6
Policy Review.....	6

I. Introduction:

Institutional investors in capital markets are expected to shoulder greater responsibility towards their clients / beneficiaries by enhancing monitoring and engagement with their investee companies. Such activities are commonly referred to as 'Stewardship Responsibilities' of the institutional investors and are intended to protect their clients' wealth. It is seen as a step towards improved corporate governance in the investee companies and gives a greater fillip to the protection of the interest of investors in such companies.

II. Scope:

This note covers the policy framework and the various processes that need to be followed for discharging Stewardship responsibilities and its disclosure by ABSLAMC (IFSC Branch).

III. Stewardship Responsibility:

Investor stewardship in the context of business conducted by the ABSLAMC (IFSC Branch) where the ABSLAMC (IFSC Branch), as investment manager, acts in fiduciary capacity, may be explained as responsibility of the ABSLAMC (IFSC Branch) and its employees to protect and safeguard the contributions made by the investors in the Funds managed by the ABSLAMC (IFSC Branch) and to act in a responsible manner towards its business of investment management.

IV. Stewardship Principles:

Stewardship aims to promote long term success and value creation of investee companies in a way that the ultimate providers of capital (the shareholders) also prosper, keeping in view the Governance Standards. The detailed policy will be applicable to Equity securities.

ABSLAMC (IFSC Branch) shall take into consideration the below Principles that will provide useful guidance to the Branch towards fostering good stewardship in discharging our responsibilities and creating sustainable long-term value for all stakeholders.

Principle 1: Formulate a stewardship comprehensive policy

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. Such engagement may be through detailed discussions with management, interaction with investee company boards, voting in board or shareholders meetings, etc.

ABSLAMC (IFSC Branch) will ensure that the stewardship policy is comprehensive and will be followed in true spirit.

Principle 2: Managing Conflicts of Interest

ABSLAMC is part of a large and diversified Aditya Birla group with companies across spectrum of industries. The actions for company resolutions may entail some instances of a conflict of interest between the interests of shareholders of Aditya Birla group and the investors' interests.

Some of the key instances are as under –

- Any company of Aditya Birla group is the shareholder of the investee company
- The investee company is a customer of ABSLAMC or its group companies or affiliates
- Investment of Investee Company in Aditya Birla Group Companies
- Any of ABSLAMC's group companies or affiliates is a supplier or partner in some aspect of the investee company's business.
- Key managerial personnel of ABSLAMC may have personal interest that conflict with their responsibility to act in the best interests of the Company. Personal interests include direct interests as well as those of family, friends, or other organizations a person may be involved with. Conflict of interest may be actual or potential and may be financial or nonfinancial in nature.
- Investee company's key personnel/promoters could potentially engage into activities that are not in minority shareholder interest. Corporate actions, merger and acquisition are some instances.

ABSLAMC will take necessary steps to resolve such conflict of interests & all the decision will be taken in the best interest of the investors.

To manage the above conflicts of interest, the Company ensures that:

- The employees in the investment teams shall comply with the policy for Prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code of Conduct policy which includes provisions for identifying and managing Conflict of interest.
- Rationale for voting on each shareholder resolution shall be recorded by the Company.
- Rationale behind a new investment decision shall be recorded.

Principle 3: Knowing and Monitoring of the investee companies

ABSLAMC (IFSC Branch) along with its appointed advisors (if any), is committed to have regular and effective communication with investee companies.

ABSLAMC (IFSC Branch) being an asset manager believes that the objective of such communications is primarily to ensure mutual understanding and achievement of objectives between the ABSLAMC (IFSC Branch) and investee companies in order to meet the aims of long-term value creation, capital efficiency, and sustainable growth. ABSLAMC (IFSC Branch) shall have regular meetings and calls with investee companies to know more about these companies in order to make informed investment decisions.

The frequency and process to monitor the activities of Investee Company shall be annual. 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

Principle 4: Engagement Strategy with the investee companies

Strategy

Investment Team shall decide the engagement strategy based on internal research and institutional advisory services.

Active intervention in the Investee companies

ABSLAMC (IFSC Branch) may intervene on 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 Investment Team based on the disclosures, noncompliance to regulations, performance parameters, governance issues, corporate plans/strategy, CSR, ESG risks, leadership issues, litigation etc.

First step: Interaction:

The meeting(s) with investee companies are to be conducted in a confidential manner with a view to resolve the issue constructively. If dissatisfied with the response of the investee company, ABSLAMC (IFSC Branch) will proceed to escalate the matter further.

Next step: Escalation

As a next step of action, escalation will be made internally to the Investment, Valuation and Operational Risk Committee of ABSLAMC, where further course of action will be decided which may include decision to divest or to have further interaction with the investee company senior management or collaboration with other investors, etc.

In case there is no progress despite re-iteration through multiple interactions, the matter will be discussed again at the Investment, Valuation and Operational Risk Committee for further escalation to the Board of Directors of the investee company or to divest investment or any other appropriate course of action. In all cases of engagement with the management and / or the Board of Directors of the investee company, all communications and discussions are to be conducted in private and confidential manner.

Collaboration with other Institutional Investors

In certain cases, engagement with the investee company management or the issues involved in resolutions needs to be voted upon by shareholders may impact all of investors. Collaboration with other investors could be the most effective manner to engage with the investee companies.

Collective engagement may be most appropriate at times of significant corporate or wider economic stress, or when the risks posed threaten to destroy significant value.

It is only when we believe collaborative action would be an effective means by which investors can exercise appropriate influence; we will willingly initiate action or support other investors' actions.

Principle 5: Voting responsibility

ABSLAMC (IFSC Branch) shall put in place the necessary proxy voting policy and procedures for voting in Investee Companies.

These Policies and Procedures shall be designed to ensure that proxies are voted in an appropriate manner and would complement ABSLAMC (IFSC Branch) investment policies and procedures

regarding its general responsibility to monitor the performance and/or corporate events of companies that are issuers of securities held in the funds managed by the ABSLAMC (IFSC Branch).

Principle 6: Reporting of stewardship activities

ABSLAMC (IFSC Branch) will disclose all the activities undertaken by the Investment Team, with respect to implementing this stewardship policy and discharging its responsibilities, on annual basis with its Regulator and its clients.

ABSLAMC (IFSC Branch) shall be providing its 'Stewardship Policy' to clients upon request.

V. Ownership

This policy is owned by the Investment Team at ABSLAMC IFSC Branch.

VI. Responsibilities

The Investment Team at ABSLAMC IFSC Branch will monitor that the Policy is followed in true spirit and maintain all the documents for Internal and Audit purpose.

VII. Policy Review

The Stewardship Policy will be reviewed once every year.