TAURUS ASSET MANAGEMENT COMPANY LTD.
(INVESTMENT MANAGER TO TAURUS MUTUAL FUND)

STEWARDSHIP POLICY
Version 1 – Effective Date: July 1, 2020

Change Matrix

Title	Stewardship Policy
Policy Owner	Investment Department
Policy Administrator	Respective Departments as mentioned in the Policy
Policy Adherence by	Respective Departments as mentioned in the Policy.
Last updated / reviewed by the Board of Directors (AMC & Trustee Company)	October 29, 2022
Next Date of Review	October, 2023
Version Number	1

Introduction

Stewardship is the responsibility attributed to an institutional investor to monitor, oversee and manage the capital invested in companies in order to create long-term value for its clients /beneficiary. Stewardship code is a set of principles or guidelines aimed primarily at institutional investors, who hold shares, and thus, voting rights in investee companies to fulfill its fiduciary obligations towards clients /beneficiaries. At the investee company level the stewardship codes promote high standards of corporate governance by requiring investors to monitor and, where necessary, engage with companies on material matters, including environmental, social, governance, strategy, performance and risk issues and to vote their shares at company AGMs and EGMs.

Companies and investors have a symbiotic existence: companies need investors, just as much as investors need companies. Consequently, effective stewardship and effective governance go together. For a company to be able to act in the investors' best interest, it also needs to understand the investors' perspective. The stewardship code sets out a framework that encourages the investors to engage with companies they have invested in and their boards. This benefits both, the companies and the investors.

India, to a large degree, has relied on regulations to evolve its corporate governance agenda. The more recent regulations have balanced this agenda by empowering the shareholders to assert their rights – in the form of more convenient voting processes, and requisite specific approvals in the case of related party transactions. However, these measures are effective only on specific issues. To build a wholistic environment that rewards good governance practices, the institutional investors must undertake focused stewardship activities.

While the Securities and Exchange Board of India ("SEBI") has long since mandated mutual funds to vote on shareholder resolutions, the Insurance Regulatory Authority of India ("IRDA") on March 22, 2017 prescribed stewardship principles to be adopted and implemented by the insurers. Insurers were required to adopt a policy based on the Stewardship Principles on or prior to September 21, 2017. The Kotak Committee on Corporate Governance recommended that as the capital market regulator, SEBI must outline stewardship principles for institutional investors. As a result, on December 24, 2019, SEBI published the circular on Stewardship Code for all Mutual Funds and all categories of Alternate Investment Funds ("SEBI Circular").

The SEBI Circular list out the stewardship principles to be adopted by mutual fund and all categories of alternate investment funds ("Stewardship Principles") and requires them to adopt a stewardship code based on such principles, to be applicable with effect from the financial year April 1, 2020.

The policy lists down the Principles and Taurus Mutual Fund (herein after Mutual Fund) processes and procedures towards adhering to the objectives of those principles.

For each of the principle, the AMC sets out a basic policy in compliance with the SEBI requirements. The policy also suggests additional actions providing for higher stewardship standards in the spirit of promoting corporate governance.

Principle 1:

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

Stewardship Policy

1.0 Key Stewardship Responsibilities

1.1 Primary Stewardship Responsibilities: The Mutual Fund shall:

I. In the investment process, in addition to financial and operational performance metrics, take into consideration the investee companies' policies and practices on environmental, social and corporate governance matters;
II. enhance shareholder/investor value through productive engagement with investee companies, their board of directors and their management, on various matters including performance (operational, financial, etc.,), corporate governance (board structure, executive remuneration), material environmental, social and governance ("ESG") risk or opportunities, capital requirements and deployment, strategy, entering a new sector or jurisdiction, etc.;
III. vote and engage with investee companies in a manner consistent with the best interests of its shareholders/investors;
IV. try to influence the development of corporate governance standards and corporate responsibility;
V. communicate ESG principles and policy guidelines to investee companies. Mutual Fund will consider ways to analyze, monitor, assess and integrate ESG related risks and opportunities as part of their approach to stewardship and in particular in their monitoring, voting and engagement practices;
VI. be accountable to shareholders/investors within the parameters of professional confidentiality and regulatory regime;
VII. maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.
VIII. disclose its stewardship policy and activities to its shareholders/investors on a periodic basis

1.2 The Mutual Fund shall discharge its stewardship responsibilities through:

I. using resources, rights and influence available at their disposal;
II. detailed discussions with the management and interactions with the investee company boards, where required;
III. voting on board or shareholders' resolutions, with a view to enhance value creation for the shareholders/investors and the investee companies;
IV. advocating for responsible corporate governance practices, as a driver of value creation; and
V. look at intervening on material ESG opportunities or risks in the Mutual Fund's investee companies.

1.3 Responsibility for oversight of the stewardship activities: The investment team shall ensure that there is an effective oversight of the Mutual Fund's stewardship activities. The Mutual Fund will conduct training/knowledge sharing session once a year, for the personnel involved in implementing the Stewardship Principles, by holding internal / external sessions/workshops on Stewardship Principles or reviewing the global / national best practices.

1.4 Disclosure of Stewardship Code: This Stewardship Code and amendment thereto, shall be disclosed on the website of the Mutual Fund. Any amendment or modification to this Stewardship Code shall be disclosed on the website.

1.5 Disclosure of Stewardship Activities: The Mutual Fund shall disclose its voting on shareholder resolutions of investee companies on a quarterly basis, and annually disclose its engagement activities.

1.6 Periodic review of Stewardship Code: The Stewardship Code shall be reviewed annually (or earlier if there are any material developments) and updated, which should be signed by the Head of Equity and Chief Executive Officer.

Use of proxy advisors in discharge of stewardship activities: The Mutual Fund may use the service proxy advisors (like IiAS, SES, InGovern etc.) to support its stewardship activities.

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.

CONFLICT OF INTEREST POLICY

2.0 Managing Conflict of Interest

2.1 The term "conflict of interest" refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment of professional activities. A conflict of interest exists where the interests or benefits of the Mutual Fund (including its employee, officer or director) conflict with the interests or benefits of its shareholder/investor or the investee company.

2.2 Avoid conflict of interest: The employees, officers and directors of the Mutual Fund shall undertake reasonable steps to avoid actual or potential conflict of interest situations.

2.3 Identifying conflict of interest: While dealing with investee companies, the Mutual Fund may be faced with a conflict of interest, inter alia, in the following instances, where:

I. the Mutual Fund and the investee company are associates or are part of same group; or
II. the investee company is also a client of the Mutual Fund or its group companies or affiliates;
III. the Mutual Fund is a lender to the investee company;
IV. the investee company is partner or holds an interest, in the overall business or is a distributor for the Mutual Fund's group;
V. any of the group companies or affiliates of the Mutual Fund is a vendor or partner of the investee company;
VI. a nominee of the Mutual Fund has been appointed as a director or a key managerial person of the investee company or cross-directorships;
VII. a director or a key managerial person of the Mutual Fund has a personal interest in the investee company;
VIII. the Mutual Fund (including its employee, officer or director) is likely to make a financial gain, or avoid a loss, at the expense of a shareholder/investor or the investee company.

2.4 Manner of managing conflict of interest:

I. The investment personnel involved in implementing the stewardship code should identify and disclose any conflict of interest and avoid conflict of interest where possible.

II. All conflict of interest or suspected conflict of interest matters shall be referred to Conflict of Interest Committee to resolve all conflict of interest or suspected conflict of interest matters. The Committee shall maintain records of the minutes on such decisions.

III. On a yearly basis, every employee, officer and director of the Mutual Fund must submit to the Compliance Officer a securities statement setting out the details of the securities of listed companies and unlisted companies held by him/her (including the securities held by his/her immediate dependant relative.

IV. Rationale for voting on each shareholder resolution shall be recorded in the internal records of the Mutual Fund. Advice of Proxy advisory companies may be used for same.

V. A potential conflict of interest in relation to an investee company shall be reasonably highlighted to the Conflict of Interest Committee.

VI. Save as in the ordinary course of business, the members of the Committee shall not engage with the investee companies outside the scope of their duties under the Stewardship Code.

VII. The Mutual Fund shall abstain from voting if the Mutual Fund and the investee company are part of the same group.

VIII. The interests of the clients / beneficiaries shall take precedence over the interests of the Mutual Fund (and its employees, directors and officers). Therefore, the Mutual Fund shall vote in the interests of its clients / beneficiaries.

IX. A clear segregation between the voting functions and the Client relation / Sales team shall be maintained.

X. Business level conflicts shall be resolved on a case to case basis, after factoring the relevant considerations.

XI. Conflicted employees, directors and officers will not be allowed to participate in the discussions and voting decisions / transactions in which they are interested.

XII. In a situation where there may be a potential conflict of interest when it votes on an entity with which Taurus AMC may have some relationship, the Committee will specifically review all such proposals and will take voting decisions in the best interest of unit holders. The Committee shall at all times have the discretion to decide to exercise a voting right or abstain from it. The Committee may also take an external opinion or refer the matter to the Board of AMC and Trustees.

2.5 Periodic review and updates to the conflict of interest policy: The Conflict of Interest Committee shall review the manner in which conflict of interest are arising and how they are being resolved annually (or earlier if there are any material developments) and adopt necessary actions, and disclose publicly any material developments.

Principle 3:
Institutional Investors should monitor their investee companies.

3.0 Monitoring of Investee Companies

3.1 The Investment team is responsible for the monitoring of the investee companies' performance. The investment team considers the investee companies' business strategy, financial performance, capital structure, leadership effectiveness, succession planning, corporate governance, ESG initiatives, disclosures and other parameters they consider important while making investment decisions. Corporate Governance parameters especially include board composition (with respect to independence and diversity), size and quality (with respect to leadership and credentials of the board members), director remuneration and related party transactions. Any instances of violation of shareholder rights and their grievances are also actively monitored.

3.2 The investment team carries out financial analysis of the investee companies, attends earnings conference calls, engages with the senior management/investor relations officials or the Chief Financial Officers (CFOs) or any other management personnel/promoters of the investee companies as part of the research process that could lead to an investment in an investee company.

3.3 Once an investment is made, the investment team continues to monitor each investee company. As a part of this process, the fund manager/analysts, where feasible, attend meetings/Conference calls conducted by the management of the investee company. Fund Managers and analysts also use publicly available information, sell side research and industry information and endeavour to engage with the investee companies through any means detailed above.

3.4 The Investment team also participates in collaborative engagements, whenever needed, with other domestic as well as foreign institutional investors and engages with associations like Association of Mutual Funds in India (AMFI), with regulators and other stakeholders on policy advocacy matters.

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.

Policy on Intervention in Investee companies

4.0 Active Intervention in the Investee Company and collaboration with other institutional investors

The Investment team will intervene if, in its opinion any act/omission of the investee company is considered material on a case by case basis, including but not limited to poor financial performance of the company, corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation or any other related matters However, Mutual fund would also intervene in the cases where situation so demand. The intervention will be in four stages as follows:

Initial engagement: with the company's management to convey the concerned issues and actions needed to mitigate the same.

Re-engagement: In the event of lack of any response to initial engagement or the preventive action taken by the investee company are not satisfactory.

Escalation: to the investment committee in case of no progress following the first two stages. The Mutual Fund may decide to either engage with the board od investee company or discuss the issues at shareholders meeting of the investee company.

Reporting to Regulators: If there is no action or response taken by the investee company despite of the previous three steps, Mutual Fund may escalate the matter to the relevant authorities or may choose to initiate legal actions.

Collaboration with other institutional investors

There could be situations where the issues involved in resolutions to be voted upon by the shareholders may have impact on all institutional shareholders of the investee company. In such situations, collaborating with other investors may be the most effective approach to engage with the investor companies. Consolidated efforts with other investor companies may be the most suitable option. Mutual Fund may engage with the investee company through consultations with other institutional investors where there is common alignment of interest. This would help in coordination of investor's engagement with Investee Company. Initiation of joint actions by investor companies will be subject to compliance of all the applicable regulatory requirements.

In case of voting on an M&A decision, though the decision will be that of the Mutual Fund, the Mutual Fund shall apart from co-ordinating with other institutional investors, will ***mandatorily*** seek the services/opinion of proxy advisory companies (like IIAS etc.)

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

5.0 Voting and disclosure of voting activity

Taurus AMC exercises its voting responsibilities for its investments through the corporate proxy voting process available to its members. When voting proxies, Investment team shall take utmost care to ensure that all decisions are made solely in the interests of the funds/unitholders and with the goal of maximizing the value of their investments. However, at no point in time does it intend to participate directly or indirectly in the management of the companies. The details of the voting process is available in the Proxy Voting Policy.

a. Voting decisions are made in accordance with the AMC's **Proxy Voting Policy** available on its website.

b. The Committee votes against resolutions that are not consistent with the company's voting policy including sustainability, growth prospects and profitability, impact on shareholder's value, governance issues, impact on minority shareholder's interest, impact on environment, impact on stakeholders like employees, customers, suppliers and surrounding community etc.

c. Taurus AMC has subscribed to services offered by **domestic proxy advisory research firm** to receive analyses and recommendations on the shareholder meetings of companies. These analyses are reviewed and studied before taking a final voting decision. However, the Investment team may not agree with the recommendation. In any situation, the decision of the Investment team is regarded as final.

d. The Proxy Voting Policy also provides the mechanism to deal with situations of conflict of interest, if any.

e. The exercises of voting decisions are recorded appropriately. The AMC periodically reviews the internal mechanism for the control process for implementation of its decisions. The AMC has an option to cast its votes by electronic means.

f. Voting exercised and abstained along with the rationale supporting their voting decisions is **disclosed on a quarterly basis** within ten working days from the end of the quarter in the format prescribed by SEBI as amended from time to time.

g. A **summary of the voting exercised** across all the investee companies and its break-up in terms of total number of votes cast in favour, against or abstained from is also uploaded.

h. The AMC discloses the proxy voting exercised on an annual basis in the Annual Report of the Schemes of Taurus Mutual fund along with due certification from the 'scrutinizer' in terms of Rule 20 (3) (ix) of Companies (Management and Administration) Rules, 2014 and any future amendment/s to the said Rules thereof.

Principle 6: Institutional Investors should report periodically on their stewardship activities

6.0 Reporting of Stewardship Activities

In terms of SEBI Circular SEBI/IMD/Cir No. 18/198647/2010 dated March 15, 2010 and SEBI Circular no. SEBI/IMD/DF/05/2014 dated March 24, 2014, Taurus AMC shall disclose the voting data (annually / quarterly) in such format as may be prescribed by SEBI from time to time with respect to the actual exercise of the votes in the general meetings of the investee company in the following manner:

I. The specific rationale supporting the voting decision (for, against or abstain) with respect to each vote shall be recorded and disclosed.
II. A summary of votes cast across all investee companies and its break – up in terms of total number of votes cast in favour, against or abstained from.
III. The disclosures shall be made (in spreadsheet format) on a quarterly basis, within 10 working days from the end of the quarter. The annual voting details shall be disclosed in the full annual report of the schemes.
IV. Mutual Fund shall also obtain certification on the voting reports disclosed by them on an annual basis from a "scrutinizer" in terms of Rule 20 (3) (ix) of Companies (Management and Administration) Rules, 2014. Such certification shall be submitted to Trustees and also disclosed in the relevant portion of the Mutual Fund's annual report and website.
V. The Fund Manager/ Investment team shall provide a compliance certificate of adherence to the Stewardship Policy in the Board Meeting every six months.
VI. Board of AMC and Trustees are required to review and ensure that AMC have voted on important decisions that may affect the interest of investors and the rationale recorded for vote decision is prudent and adequate. The confirmation to the same, along with any adverse comments made by the scrutinizer in annual certification, shall have to be reported to SEBI in the half yearly trustee reports.
VII. Mutual fund shall further provide report on fulfillment of Stewardship responsibilities as per the policy in an easy to understand format annually in its annual report. The policy shall be reviewed on annual basis and any updation of the policy shall be disclosed on the mutual fund website within reasonable time frame.