

Taurus Asset Management Company Limited

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STEWARDSHIP CODE

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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 fulfil 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.

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 1st April 2020.

The purpose of this code is to describe the approach taken by TAURUS Asset Management Company Limited to stewardship and how its policies and procedures meet the requirements of stewardship principles laid down vide SEBI circular CIR/CFD/CMD1/168/2019 dated 24th December 2019.

The purpose of the Stewardship Code is intended to protect investors’ wealth and to protect the interest of the investors who have invested in the scheme of Taurus Mutual fund. Stewardship includes voting as well as monitoring and engaging with investee companies on matters such as strategy, performance, risk, capital structure, material environmental, social & Governance (ESG) opportunities and corporate governance related matters.

Principle 1 - Stewardship Policy

1.1 Key Stewardship Responsibilities

The Code is approved by the Board of Directors of Taurus AMC and Taurus Trustee Company Limited, Trustee to Taurus MF to ensure that there is an effective oversight of stewardship activities and/or carry out any changes in Code followed by ratification of such changes by Board of Taurus AMC and Taurus Trustee.

Taurus Asset Management Company Limited shall be responsible to enhance shareholder/investor value through productive engagement with investee companies, their

board of directors and their management, on various matters including performance corporate governance material environmental, social and governance (“ESG”) risk or opportunities, capital requirements and deployment, and also responsible to vote and engage with investee companies in a manner consistent with the best interests of its shareholders/investors; and maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.

The Investment Committee of TAMCO will be accountable to shareholders/investors within the parameters of professional confidentiality and regulatory regime and disclose its stewardship policy and activities to its shareholders/investors on a periodic basis.

1.2 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.

1.3 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.

1.4 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.

1.5 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.

Principle 2 - Conflict of Interest

2.1 Managing Conflict of Interest

TAMCO ensures that 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 TAURUS 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 TAURUS Mutual Fund or its group companies or affiliates.
- III. the investee company is partner or holds an interest, in the overall business or is a distributor for the TAURUS Mutual Fund's group.
- IV. any of the group companies or affiliates of the Mutual Fund is a vendor or partner of the investee company.
- V. a nominee of the TAURUS Mutual Fund has been appointed as a director or a key managerial person of the investee company or cross-directorships.
- VI. a director or a key managerial person of the TARUS Mutual Fund has a personal interest in the investee company.
- VII. the TAURUS Mutual Fund (including its employee, officer or director) is likely to make a financial gain, or avoid a loss, the investee company.
- VIII. the TAURUS Mutual Fund also has debt investments in the investee company.

2.2 Manner of managing conflict of interest:

The investment team should identify and disclose any conflict of interest as defined above and act as per following procedure:

- The voting decision will be guided by the approved voting policy, as described In Principle 5 below
- There is a clear segregation of voting function and sales function / client relations.
- The situation wherein the conflict of interest is not covered by the voting policy, decision on such instances will be taken on case-to-case basis.

Principle 3 - Monitoring of Investee Companies

3.1 The Investment team of Taurus Mutual Fund is responsible for the monitoring of the investee companies' performance.

3.2 The investment team will be responsible for monitoring the financial analysis of the investee companies, attends earnings conference calls

How to monitor

Taurus Mutual Fund may use all or any of the below to monitor the investee companies: -

- a) Publicly available information.
- b) Management meetings.
- c) Research reports and industry information.
- d) Periodic engagement with Management through email/ calls/ meetings.

3.3 In case of significant adverse situation, Fund Manager will have to take a call whether to stay with the investment or exit fully or partially.

“Significant Adverse Situation shall mean 20% fall in price of scrips or adverse brokerage calls on stocks where the stock has been downgraded to sell from buy.”

Principle 4 - Policy on Intervention in Investee companies

Active Intervention in the Investee Company

The Investment team of taurus mutual fund will ensure to protect value of its investment and discharging its responsibility to Unit holders.

There is regular engagement and monitoring of the investee companies. If as per the assessment of analysts, it may lead to significant loss to the investor’s decision will take to fully/partially exit the stock.

Principle 5 - Policy on Voting

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 in accordance with voting policy.

5.1 The Investment Team votes against resolutions that are not consistent with the Investee Company’s objectives 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.

5.2. 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.

5.3. The Proxy Voting Policy also provides the mechanism to deal with situations of conflict of interest, arises if any. In situations described under 2.1 I to VII above policy would be to abstain from voting. In case of 2.1 VIII where the actions being proposed could be against the interest of the bond holders, decision has to be taken to exit one of the investments and then vote to protect the interest of whichever investment is retained (equity or bond).

a. The exercise of voting decisions is 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.

b. 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.

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

This Voting policy approved by the Boards of TAMCO AMC and TAMCO TRUSTEE, is disclosed on the website of TAURUS Mutual Fund

Principle 6 - Reporting of Stewardship Activities

This Code, as amended from time to time, will be disclosed on the website of TAURUS MF. TAMCO AMC, in addition to the disclosure on its website as specified above shall also circulate to unitholders a status report for every financial year, as part of annual intimation to the investors

I. 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.

II. The Fund Manager/ Investment team shall provide a compliance certificate of adherence to the Stewardship Policy in the Board Meeting every six months.

Policy Changes and update

The Stewardship Code will be reviewed once in two years or earlier, if required. Any change in the guideline by the Regulators will be incorporated appropriately and duly complied with.