

## STEWARDSHIP CODE

### Version Control

Version Control	Date	Details	Maker/owner	Checker	Approver
01/2021	July 2021	Drafting of the Stewardship Code	Compliance	Risk team	Board of Directors of AMC and Trustee
02/2022	July 2022	Review of the Stewardship Code	Compliance	Risk team	Board of Directors of AMC and Trustee
03/2023	July 2023	Review of the Stewardship Code	Compliance	Risk team	Board of Directors of AMC and Trustee

### **Background & 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.

360 ONE Asset Management Ltd (formerly known as IIFL Asset Management Ltd) ("360 ONE AMC") as an Investment Manager to 360 ONE Venture Fund (formerly known as IIFL Venture Fund (A Category I- Alternative Investment Fund), 360 ONE Private Equity Fund (formerly known as IIFL Private Equity Fund) (A Category II – Alternative Investment Fund), 360 ONE Venture Capital Trust (Formerly known as Scale Venture Capital Trust) (A Category II – Alternative Investment Fund) and 360 ONE Opportunities Fund (formerly known as IIFL Opportunities Fund) (A Category III – Alternative Investment Fund) (collectively known as "360 ONE AIFs")

360 ONE AMC invests in listed equities in accordance with the investment objective 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 360 ONE AMC and 360 ONE Asset Trustee Limited (formerly known as IIFL Trustees Limited) (Trustee to 360 ONE AIFs).

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. This version of the Policy supersedes all previously issued versions and any inconsistent policy statements, oral or written.

**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 fulfill the stewardship responsibilities
- b. managing conflict of interest to ensure investor(s) interest is placed first
- c. continuous monitoring of listed portfolio 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.

**Implementation of Stewardship Code**

Chief Investment Officer and Fund Manager(s) of concerning Scheme(s) will be jointly engaged in implementation of the Stewardship Code.

Ideally on half yearly basis the review of the universe of the portfolio companies comprising 2% (or more) of the overall net equity AUM of AIFs managed by 360 ONE AMC shall be carried out.

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) of 360 ONE AMC.

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

**1. 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;

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

While carrying out portfolio investments 360 ONE AMC 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 360 ONE AMC in the same investment company.

To ensure that there is no conflict of interest:

- i. investment decisions pertaining to the schemes of 360 ONE AIFs 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. 360 ONE AIFs shall not buy or sell investments, from or to (a) associates; or (b) schemes of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor; or (c) an investor who has committed to invest at least 50% of the corpus of the

schemes of 360 ONE AIFs, unless an approval of 75% of the investors by value of their investment in the schemes of 360 ONE AIF is taken for such transaction(s).

v. 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.

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

Investment Manager shall ensure that portfolio companies are regularly monitored, through regular review, interactions with investee company’s management, be part of industry calls of the management investee company, research material and other means of control measures.

Investment Manager may determine the level of monitoring depending upon the quantum of investment, sector to which the company belong(s) and certain special situations which require greater monitoring;

In all cases of engagement with the management and / or the Board of Directors of the investee company, all communications and discussions will be conducted in private and confidential manner. The objective of the interactions is to play a constructive role in enhancing the value of the investment in the equity of the investee companies to benefit the investors of 360 ONE AMC

While dealing with the investee company, 360 ONE AMC shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015.

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

360 ONE AMC 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 360 ONE AMC’s investment.

The escalation matrix followed by 360 ONE AMC for intervention shall be as follows:

**i. Communication:** The Investment Manager shall communicate to the investee company’s management about any concerns of 360 ONE AMC including steps to be taken to mitigate such concerns. If the matter comes to voting, 360 ONE AMC 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 360 ONE AMC within a reasonable timeframe, 360 ONE AMC shall take all reasonable steps to engage with the management of the investee company to resolve 360 ONE AMC s concerns.

**iii. Collaboration:** AMC 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, 360 ONE AMC may approach the relevant authorities or can consider recourse to other legal actions.

**5. 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. 360 ONE AMC 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”.

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

360 ONE AMC shall report periodically to its investors on their stewardship activities and also provide an update on its website at <https://aif.iiflamc.com/disclosures->