

CANARA ROBECO

CANARA ROBECO ASSET MANAGEMENT COMPANY LIMITED

"CANARA ROBECO STEWARDSHIP CODE"

History log

<i>Version</i>	<i>Date</i>	<i>Changed By</i>	<i>Short description modification</i>	<i>Next Review</i>
1.01	June 2020	Compliance	Stewardship Code is drafted pursuant to SEBI Circular No. CIR/CFD/CMD1/168/2019 dated 24 th December 2019	July 2021 or change in regulations whichever is earlier.

CANARA ROBECO STEWARDSHIP CODE

(Effective from 1 July 2020)

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.

The Canara Robeco Stewardship Code is formulated in line with the circular (Ref.: CIR/CFD/CMD1/168/2019) issued by SEBI dated 24th December 2019. The code is applicable to all mutual fund schemes and all categories of Alternate Investment Funds.

Roles and Responsibilities:

Investment Committee (IC): IC shall be responsible for the overall implementation and execution of this Policy. The threshold of investment in the investee company beyond which the Company shall perform its stewardship activities shall be prescribed by the IC.

The Stewardship Committee (“Committee”) shall comprise of Head – Investments (Equity), Head – Equity and Fund Managers – Equity. This Committee will review the stewardship responsibilities discharged by the research analysts and recommend actions / interventions, if any, to the IC. The committee shall also be responsible for identifying situations which may give rise to a conflict of interest. The Committee shall review the Code on annual basis (or earlier if there are any material developments) Equity Research Analysts (ERA) shall be responsible for ongoing monitoring of the investee companies, for engaging with the management of the investee companies.

The term ‘investee companies’ used in this code herein shall mean investee companies in which equity investments are above the threshold limit (across all schemes and mandates) as prescribed by IC.

PRINCIPLE 1 - STEWARDSHIP RESPONSIBILITIES

Stewardship responsibilities include monitoring and actively engaging with investee companies on various matters including performance (operational, financial, etc.), strategy, corporate governance (including board structure, remuneration, etc.), material environmental, social, and governance (ESG) opportunities or risks, capital structure, etc. Such engagement may be through detailed discussions with management, interaction with investee company boards, voting in board or shareholders meetings, etc.

The Committee and ERA shall ensure that there is an effective oversight of Canara Robeco’s stewardship activities. Canara Robeco will facilitate suitable training in implementing the Stewardship Principles.

Primary Stewardship Responsibilities: Canara Robeco shall:

- a) 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;
- b) enhance investor value through productive engagement with investee companies, their board of directors and their management, on various matters including performance, 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.;
- c) vote and engage with investee companies in a manner consistent with the best interests of its shareholders/investors;
- d) influence the development of corporate governance standards and corporate responsibility;
- e) maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.
- f) disclose its stewardship policy and activities to its shareholders/investors on a periodic basis.

Discharge of Stewardship Responsibilities

Canara Robeco shall discharge its stewardship responsibilities through:

- a) using resources, rights and influence available at their disposal;
- b) detailed discussions with the management and interactions with the investee company boards;
- c) voting on shareholders' resolutions, with a view to enhance value creation for the shareholders/investors and the investee companies;
- d) advocating for responsible corporate governance practices, as a driver of value creation; and
- e) intervening on material ESG opportunities or risks in the Mutual Fund's investee companies.

Disclosure of Stewardship Code

This Stewardship Code, as amended from time to time, shall be disclosed on the website of the Canara Robeco i.e. <https://www.canararobeco.com/>.

Periodic review of Stewardship Code

The Stewardship Code shall be reviewed and approved annually (or earlier if there are any material developments) by the Investment Committee and the Board of Directors.

PRINCIPLE 2 – MANAGING CONFLICT OF INTEREST

Canara Robeco has formulated a Conflict of Interest Policy.

All Investment Committee members and Equity Investment Team members will strive to:

- Avoid actual or potential conflict of interest.
- Disclose any conflict of interest and adequately manage the conflict by ensuring that the disclosing member is not involved in the decision-making process.
- Voting decisions will be taken to protect the interests of the Organisation and investors.

In the event of any doubt as to whether a particular transaction would create (or have the potential to create) a conflict of interest the employees shall consult with the Investment Committee.

Conflict of Interest may arise in the following situations:

1. Canara Robeco and the investee company are associates or are part of same group; or
2. the investee company is also a client of Canara Robeco or its group companies or affiliates;
3. the investee company is partner or holds an interest, in the overall business or is a distributor for Canara Robeco;
4. any of the group companies or affiliates of Canara Robeco is a vendor or partner of the investee company;
5. a director or a key managerial person of Canara Robeco has a personal interest in the investee company;
6. Canara Robeco (including its employee, officer) is likely to make a financial gain, or avoid a loss, at the expense of a shareholder/investor or the investee company.

Procedure to address any conflict

- a) Any potential conflict of interest in relation to an investee company shall be reasonably highlighted to the Investment Committee.
- b) Employees and officers of Canara Robeco will record their outside appointments/professional engagement with the Investment Committee. Save as in the ordinary course of business, the members of the Investment Committee shall not engage with the investee companies outside the scope of their duties under the Stewardship Code.
- c) There is a clear segregation of voting function and sales function / client relations.
- d) Blanket bans on investments in certain cases may be implemented in consultation with IC.

e) Investment team will be guided by the Voting Policy for all resolutions.

PRINCIPLE 3 – MONITORING OF INVESTEE COMPANIES

The Committee may adopt with the approval of the IC, different levels of monitoring in different investee companies based on the size of investments made in them.

Areas of monitoring which shall, *inter-alia*, include:

- a. Company strategy and performance - operational, financial etc.
- b. Industry-level monitoring and possible impact on the investee companies.
- c. Quality of company management, board, leadership etc.
- d. Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.
- e. Risks, including Environmental, Social and Governance (ESG) risks
- f. Shareholder rights, their grievances etc.

The ERAs shall actively monitor the investee companies, through internal and external research, in respect of all important aspects including performance of the companies, corporate governance, strategy, risks etc. As far as feasible the Equity investment team will avoid private meetings / calls with investee companies where there exists inherent conflict of interest. The Committee shall be responsible for the supervision of monitoring of the investee companies and shall lay down guidelines for the purpose.

At the time of review of each of the investee companies the compliance to the stewardship code by monitoring the above areas has to be separately documented and the action, if any, to be initiated has to be decided by the committee. The committee shall with its recommendation place such reports at least monthly before IC and seek IC approval / concurrence.

The Committee and ERAs shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015 while seeking information from the investee companies for the purpose of monitoring.

PRINCIPLE 4 – ACTIVE INTERVENTION IN THE INVESTEE COMPANY AND COLLABORATION WITH OTHER INSTITUTIONAL INVESTORS

Canara Robeco may 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 poor financial performance, insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, ESG issues, leadership concerns, related party transactions, corporate plans/ strategy, CSR, litigation or any other related matters.

The Committee shall, with the approval of the Investment Committee, engage with the investee company's management to resolve any concerns of Canara Robeco. In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by Canara Robeco within a reasonable timeframe, the Investment Team shall escalate the matter to the Investment Committee. If the Investment Committee decides to escalate, Canara Robeco shall engage with the board of the investee company (through a formal written communication) and elaborate on the concerns. Canara Robeco may also consider discussing the issues at the general meeting of the investee company (either called by the investee company or requisitioned by Canara Robeco) and voting against the relevant matters.

The Investment Committee shall consider other intervention mechanisms such as (i) expressing their concern collectively with other investors or through mutual funds associations; (ii) making a public statement; (iii) submitting shareholders resolution or voting against decisions etc.; (iv) submitting one or more nominations for election to the board as appropriate and convening a shareholders meeting; (v) seeking governance

improvements and/or damages through legal remedies or arbitration; and (vi) exit or threat to exit from the investment as a last resort.

The committee shall review the effect of intervention and place at least once in a month before IC such reviews as well as future course of actions and seek the guidance from IC.

Collaboration with other institutional investors

Canara Robeco shall, with the approval of the Investment Committee, agree to collaborate with other Institutional investors to ensure that its interests in the investee company stand protected on a case to case basis.

Canara Robeco shall determine individually its position on any issue requiring collaborative engagement and shall not act or be construed as acting as a 'person acting in concert' with other shareholders and market manipulation.

PRINCIPLE 5 – VOTING AND DISCLOSURE OF VOTING ACTIVITY

CRAMC has formulated a separate Voting Policy. The Investment team shall follow the guidelines for voting on the resolutions of the investee company as specified in the Voting Policy.

PRINCIPLE 6: REPORTING OF STEWARDSHIP ACTIVITIES

Canara Robeco shall, annually, disclose on its website the implementation of the principles enlisted in the Code in the format as approved by the Investment Committee. The report shall also form part of Annual intimation to the investors.

Voting rights exercised and the rationale supporting the voting decisions along with a summary of the voting exercised across all the investee companies shall be disclosed on a quarterly basis within ten working days from the end of the quarter in the format prescribed by SEBI.

Canara Robeco understands that the compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a company or preclude a decision to sell a holding when it is in the best interest of the investors.