

**RENAISSANCE INVESTMENT MANAGERS PRIVATE LIMITED**

**STEWARDSHIP CODE**

<b>Version</b>	<b>Owner of this Manual</b>	<b>Approved by</b>	<b>Approval date</b>
1.0	Renaissance Investment Managers Private Limited	Board of Directors	05/06/2018
1.1	Renaissance Investment Managers Private Limited	Board of Directors	04/03/2021
1.2	Renaissance Investment Managers Private Limited	Board of Directors	25/06/2024

**Introduction**

This document on Stewardship Code (“Code”) sets out the framework and guidelines on discharge of the stewardship responsibilities of Renaissance Investment Managers Private Limited (“the Company”) acts as an Investment Manager and Co - Sponsor to Renaissance Alternate Investment Fund (“Fund”) a SEBI registered Category III Alternative Investment Fund bearing registration number IN/AIF3/18-19/0549. The Code has been framed in accordance with SEBI AIF Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024.

The aforesaid Code was adopted pursuant to the approval of the Board of Directors (“Board”) of Renaissance Investment Managers Private Limited and is effective from the date of approval of the Board.

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## **Purpose**

The Code enumerates the processes that the Investment Manager may intend to follow in order to safeguard the interests of the investors of the Fund while managing the investments in listed equities under various schemes of the Fund. The purpose of the Code is to enhance the quality of engagement between institutional investors and the investee companies as a step towards improved Corporate Governance practices with a view to enhance long term returns to investors and the governance responsibilities

*Principle 1 Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.*

The Investment Manager may manage various asset classes and has various investment capabilities. As sustainability is an important part of the investment philosophy of the Investment Manager, the following primary stewardship responsibilities are taken into account throughout these capabilities and asset classes:

- take into account the corporate governance practices of investee companies, when undertaking buy and sell decisions;
- take into consideration, the investment process, investee company's policies and practices on environmental, social and governance matters;
- enhance investor value through productive engagement with investee companies;
- vote and engage with investee companies in a manner consistent with the best interests of its investors;
- be accountable to investors within the parameters of professional confidentiality and regulatory regime; and
- maintain transparency in reporting its voting decisions and other forms of engagement with investee companies

## **Discharging Stewardship Responsibilities:**

The Investment Manager on behalf of the Fund shall discharge its stewardship responsibilities through:

- voting on shareholders resolutions, with a view to enhance value creation for the investors and the investee companies;
- advocating for responsible corporate governance practices, as a driver of value creation; and
- Intervening in environmental, social and governance opportunities or risks in the investee companies.

## **Responsibility for oversight of the stewardship activities:**

- The investment team of the Investment Manager shall ensure that there is an effective oversight of stewardship activities.
  - The Investment Manager may avail services of external agencies (institutional advisors) in discharging its Stewardship responsibilities.
  - Notwithstanding the above, the ultimate stewardship responsibilities shall be discharged by the
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## Investment Manager

### Training

The Investment Manager may provide training at regular intervals to the employees involved in the implementation of the principles laid in the Code.

***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.***

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.

The Company shall abide by high level principles on avoidance of conflicts of interest while entering into managing investments of the Fund. Additionally, the Company has adopted a conflict of interest policy which clearly provides disclosures, procedures and reporting requirements to effectively address and manage conflicts of interest.

The detailed process of identifying and managing conflict of interest is as follows:

**Identifying conflict of interest:** While dealing with investee companies, the Investment Manager may be faced with a conflict of interest, inter alia, in the following non-exhaustive instances, where:

- The investee company is a client of the Investment Manager for its other business activity;
- Investee company is directly or indirectly linked to another investee company of Fund;
- The investee company holds an interest, in the overall business or is a distributor for Fund/Investment Manager;
- The Investment Manager is a supplier of the investee company;
- A nominee of the Investment Manager has been appointed as a director or a key managerial person of the investee company;
- A director or a key managerial person of the Investment Manager has a personal interest in the investee company;
- The Investment Manager (including its employee, officer or director) is likely to make a financial gain, or avoid a loss, at the expense of an investor or the investee company.
- The Investment Manager or its employees have an interest in the securities of the investee company and nature of such interest

**Manner of managing conflict of interest:**

- Implementation of a fair investment policy and appropriate disclosures made to the investors of the AIF fund, if any
- The transaction is in compliance with the applicable regulations and is at arm’s-length.
- The conflict is disclosed to the management before entering into transaction
- The voting decision is in the best interest of the stakeholders keeping the interest of fund holders.

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- Documentation of the process of resolving any identified material conflict of interest.

***Principle 3: Institutional investors should monitor their investee companies***

- The investment team shall be primarily responsible for diligently monitoring performance of the investee company. The investment team may consider various aspects including but not limited to the following areas:
  - a) Company strategy and performance encompassing operational and financial aspects
  - b) Industry-level monitoring and evaluating potential impacts on the investee companies
  - c) Evaluating the quality of the investee company's management, board's effectiveness, leadership qualities & succession planning.
  - d) Identifying and analyzing risks, with a specific focus on environmental, social & corporate governance (ESG) risks.
  - e) Ensuring and upholding shareholder rights, addressing any grievances and fostering transparent communication with stakeholders and other parameters they consider important while making investment decisions.
- The Investment team shall engage with investee companies as part of the research process that leads to an investment in an investee company, which might include meetings with management.
- Once an investment is made, the Investment team shall continue to monitor each investee company. As a part of this process, the fund manager/ analysts shall, where feasible, attend meetings/Conference calls conducted by the management of the investee company. The fund Manager/ analysts may also use publicly available information, sell side research and industry information and shall engage with the investee companies at least once a year, through any means detailed above.
- Further, the levels of monitoring required for each investee company may vary based on the size of the investment relative to overall Assets Under Management (AUM). As part of the investment policy, it is clarified that larger investments may necessitate a higher level of monitoring as compared to investments that are deemed insignificant in relation to the AUM. The Company shall ensure conducting appropriate levels of monitoring for each investee company based on the investment size and its significance to the overall portfolio.
- While dealing with the investee company, the Company shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015.
- The Head of Investments may review the monitoring and engagement activities being carried out by the investment team on an annual basis.

***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.***

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The Investment Manager's engagement is integral to its investment processes as it firmly believes that this is an important way to preserve value for Fund investors.

➤ **Applicability**

- Concerns may arise with respect to the investee companies from time to time mainly on account of insufficient disclosures, non-compliance to regulations, performance parameters, governance issues, corporate plans/ strategy, corporate social responsibility (CSR), initiation/pendency of litigation, leadership issues and environment or other related matters. The Company shall intervene if, in its opinion, any act/omission of the investee company is considered material on a case to case basis.
- In cases where the investment is beyond the threshold determined by the Company (on the basis of extent/size of investment made in the investee companies), the Investment Team may deem it necessary to escalate the engagement/intervention on a particular issue. The tactical aspects of the intervention will be determined on a case-to-case basis by the Investment Team.

➤ **Intervention by the Company:** The decision for intervention shall be decided based on the following broad parameters:

- The Company shall not generally intervene if the threshold is below the prescribed level or the investment is already earmarked for divestment.
- The Company may consider intervening in matters below the thresholds, if in the reasonable opinion of the Company, the issue involved may adversely impact the overall corporate governance atmosphere or the Fund's investment.

The mechanisms for intervention are:

The Company engages with investee companies through both formal and informal channels including private meetings and attendance at company meetings as well as telephone and electronic methods.

- **Communication:** If concerns regarding an investee company's approach or decisions arise, initial discussions would, if appropriate, take place on a confidential basis and where possible as part of the fund manager's ongoing discussion.
  - **Engagement:** In the event the above fails to undertake constructive steps to resolve the concerns raised by fund manager within a reasonable timeframe, the Company shall take all reasonable steps to engage with the management of the investee company to resolve such concerns by the Company.
  - **Re-engagement:** In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by the Company within a reasonable timeframe,
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shall take all reasonable steps to re-engage with the management to resolve the Company's concerns.

- **Escalation** Where the Company's concerns have not been managed through the usual channels of communication, then the Fund Manager may seek to escalate the concerns. The Company shall engage with the board of the investee company (through a formal written communication) and elaborate on the concerns. The Company may also consider discussing the issues at the general meeting of the investee company.
- **Reporting to the Regulators:** If there is no response or action taken by the investee company despite the first four steps. The Company may approach the relevant authorities.

In case the Company's intervention is not successful (either fully or partially), it will not automatically result in the requirement to exit the Fund's investment in the investee company. The decision to purchase more equity or sell all or part of the Fund's investment in the investee company shall be made by the investment team/ fund manager, which may consider the outcome of the intervention as an input in its decision-making process.

**Collaboration:** The Company shall consider collective engagement with other institutional investors, professional associations, regulators, advisors and any other entities where it deems necessary on a general basis and in particular, when it believes that a collective engagement will lead to a higher quality and/or a better response from the investee company. The Company may approach, or may be approached by, other companies/asset managers/insurers/mutual funds etc. to provide a joint representation to the investee companies to address specific concerns. The Company 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 investors.

***Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.***

- The Company shall exercise their voting rights and vote on shareholder resolutions of investee companies in accordance with the voting policy.
  - The Company shall disclose all voting activity of the Fund on a periodic basis to the investors of the Fund. The Company shall also disclose in the event it has relied (either partly or fully) on the voting recommendations provided by any proxy advisory firm.
  - **Attendance at General Meetings:** The Company shall strive to attend general meetings of the investee companies (annual as well as any extra ordinary shareholders meetings) where appropriate, and to the extent possible, actively speak and respond to the matters being discussed at such meetings, if required.
  - **Mechanism:** The Company may vote on behalf of the Fund whether by means of e-voting, physically attending meeting, voting through proxy or otherwise.
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*Principle 6: Institutional investors should report periodically on their stewardship activities*

The Company on behalf of the Fund shall provide a report of the discharge of its Stewardship Responsibilities annually as a disclosure on its website or as a part of annual intimation to its clients.

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