

# **3P INVESTMENT MANAGERS PRIVATE LIMITED**

## **VOTING POLICY**

**Version- Second**

**Policy Owner- Sharad Mohnot**

**Approved By- Board of Directors**

**Approved Date- November 15, 2023**

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Prudence of creating a portfolio of sustainable and reasonably valued businesses.

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## 1. Background

Securities and Exchange Board of India (“SEBI”) vide its Circular No. CIR/CFD/CMD1/168/2019 dated December 24, 2019 (“SEBI Circular”) has prescribed stewardship principles to be adopted and implemented by all categories of Alternative Investment Funds (“AIFs”).

3P Investment Managers Private Limited (“Company” or “Investment Manager”) is the investment manager of 3P India Equity Fund (“Fund”) – Category III AIF registered with SEBI bearing registration number IN/AIF3/22-23/1221 and such other AIFs as may be launched from time to time in accordance with the provisions of SEBI (Alternative Investment Funds) Regulations, 2012 (“Regulations”).

The Company has adopted the Stewardship Code (“Code”), in compliance with the SEBI Circular, which lays 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, managing conflicts and exercising voting rights on shareholder resolutions of investee companies. The fifth principle under the SEBI Circular requires the Company to adopt a policy which would govern the exercise of voting rights in respect of shares held in the investee companies and disclosure of such voting decisions.

This Voting Policy sets out the principles for exercising voting rights in respect of shares held by the schemes in investee companies (“Policy”) and the processes that would be followed by the Company towards exercising said voting rights. The Company shall endeavor to vote in good faith on all resolutions which may affect its unitholders interests, either by electronic means, postal ballot or through attendance.

This Policy is approved by board of directors the Company (“Board”) and shall be effective from March 03, 2023. The Board has authorized the Stewardship Committee formed under its Stewardship Policy (“Stewardship Committee”) to carry out any changes to this Policy, followed by ratification by the Board of such changes.

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## 2. *Philosophy of Proxy Voting Policy*

The Policy covers the framework and principles that need to be followed for exercising voting rights. Proxy voting guidelines set out in this Policy are designed with an intent to promote accountability of the investee company's management and board of directors towards its shareholders; to align the interests of management of the investee company with those of its shareholders; and, to encourage the investee company to adopt best practices relating to corporate governance.

The Company recognizes the paramount, fiduciary duty that requires it to vote on behalf of unitholders considering the interests of unitholders and protecting their rights as beneficial owner of the investee companies, in whose securities the Company has invested through the scheme it manages.

The Company may also at its discretion choose to abstain from participating in any resolution and hold a neutral stance for the following reasons:

- i. The notices for the resolutions were received late;
- ii. The information available in the notices is not enough to take any decision to vote for or against a resolution; and
- iii. The issues/items presented in the resolutions which the manager of the Fund ("**Fund Manager**")/ Stewardship Committee determines are unlikely to have a material impact on shareholder value and its unitholders.

## 3. *Managing Conflict of Interest*

The Company recognizes that there may be a potential conflict of interest when it votes on an entity with which the Company/ Fund may have some relationship. However, the Company will endeavor to vote in the interest of its unitholders and take all actions to resolve/ disclose the conflicts.

## 4. *Mechanism of Voting*

the Investment Manager will primarily cast its votes on the voting platforms offered by NSDL/CDSL and other service providers unless the Company believes that attendance at shareholder meetings of the investee company is necessary depending on the resolution to

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be placed for voting and in such case, it shall appoint proxy and/or attend through its representatives as it provides an opportunity to pose questions to the directors of the investee companies. In cases where e-voting is not possible or not mandated, the Company will exercise its voting right at such meetings through a proxy appointed in accordance with Companies Act, 2013.

## 5. Voting Guidelines

5.1. The voting will be exercised in respect of investments held by the schemes of the Fund in investee companies.

5.2. Corporate governance matters are diverse and continually evolving and the Company considers it paramount to adopt high standards of corporate governance. The following guidelines reflect what Investment Manager believes to be good corporate governance measures and the stance it may generally take with respect to the below matters:

- i. Corporate Governance Proposals (including changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions): Investment Manager will carefully review the proposals and based on such review may support resolutions like change in State of incorporation, expansion of business activities, merger and other corporate restructuring, which are in the interest of the unitholders of the Fund. Investment Manager will analyze various economic and strategic factors in making the final decision on a merger, acquisition, or any other corporate restructuring proposals.
- ii. Changes to Capital Structure (including increase and reduction of capital): Changes in capitalization will be supported where a reasonable need for the change is demonstrated by the investee company. Investment Manager will review on a case-to-case basis, proposals by companies to increase authorized shares and the purpose for such increase. Investment Manager believes that a company's decisions pertaining to financing has a material impact on its shareholders, in particular when they involve the option of issuance of additional shares. However, changes resulting in excessive dilution of existing shareholder value will not be generally supported.

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- iii. Stock option plans and other management compensation proposals: The Investment Manager will support such remuneration proposals, which are tied to achieving long-term performance and enhancing shareholder value. Stock option plans that unduly dilute other shareholders' value and are not in the overall interest of the investee company will not be generally supported.
- iv. Social and corporate responsibility proposals: In light of the increasing need for fair disclosures, and a growing need for social and corporate responsibility, the Investment Manager's responsibility increases. The Investment Manager shall determine issues of social and environmental responsibility on a case-to-case basis and vote in favor of such matters which are believed to have significant socio-economic benefits.
- v. Appointment and Removal of Directors: The Investment Manager believes in philosophy of having an independent board of directors as the it ensures compliance with good corporate governance norms. Each such proposal shall be evaluated on a case-by-case basis by the Investment Manager.
- vi. Related Party Transactions: Investment Manager would evaluate proposal of related party transactions of investee companies after considering *inter alia* compliance with the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, disclosures made in this regard by the investee companies, etc. However, Investment Manager would not support Related Party Transactions which are not in best interest of unitholders. (For the purpose of this clause, "**Related Party Transactions**" shall have same meaning as assigned to them in clause (zc) of Sub- Regulation (1) of Regulation (2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015).
- vii. Any other proposals that may affect the interest of the shareholders in general and interest of the unitholders of the schemes of the Fund in particular.

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## 6. *Stewardship Committee*

- 6.1. Decisions regarding voting where the Fund management is of the opinion that there is a need for further deliberation would have to be approved by the Stewardship Committee. The Stewardship Committee comprises of the Fund Manager, Chief Compliance Officer, respective analyst, or any other person who the Fund Manager considers fit.
- 6.2. The Stewardship Committee shall have the authority to exercise oversight on the voting exercise carried out by the Company/Fund and address the matters which may be escalated to its attention for review and guidance in respect of voting.
- 6.3. The quorum for the Stewardship Committee meeting will be a minimum 2 (two) members.
- 6.4. The Stewardship Committee will meet as and when required.
- 6.5. The composition, quorum, and chairpersons of the Stewardship Committee, as per Clauses 6.1, 6.2 and 6.3, would be subject to approval and revision by the Board from time to time.

## 7. *Use of Services of Voting Advisor/ Proxy*

- 7.1. The Investment Manager may use its discretion to avail the services of the proxy/ advisor(s) to aid in arriving at decision for voting. The Stewardship Committee is authorized to approve engagement of an external agency for proxy voting or other voting advisory services, including the scope of services, whenever the Investment Manager proposes to avail such services based on terms and conditions pre-agreed with such third party.
- 7.2. The Fund Managers shall not be bound by the proxy advisors' recommendations, and they are permitted to use their discretion on whether to rely and/or act on the suggestions/ recommendations or consider the recommendations of the proxy advisor as a supplementary source based on which decision to vote is to be exercised by the Investment Manager.

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## 8. *Disclosure of Voting*

The Company will disclose in such format as may be prescribed by SEBI from time to time, the actual exercise of the votes by it in the meetings of the investee company in the following manner:

- i. The disclosures shall be made (in spreadsheet format) on a quarterly basis on website.
- 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 specific rationale for the voting decision (for, against or abstain) with respect to each vote shall be recorded and disclosed.
- iv. Mechanism of voting adopted by the Company in respect of each investee company shall be disclosed.
- v. In case of use of proxy voting or other voting advisory services, the Company shall disclose, in respect of the relevant investee company, the following:
  - (a) Scope of such services;
  - (b) Details of the service providers; and
  - (c) Extent to which recommendations made by such services have been used/relied upon.

The Board shall review and ensure that the Company on behalf of the Fund has voted on important decisions that may affect the interest of investors/ unitholders and the rationale recorded for vote decision is prudent and adequate.

## 9. *Conflict of Interest*

The Investment Manager will, on a best-efforts basis, ensure that there are no conflicts of interest in the exercise of voting in the investee company. However, conflict of interest can arise in certain situations. Situations where an investee company is a client of the Company or its affiliates, or where investee company has subscribed to the units of any of the schemes of Fund, are some of the examples. The Investment Manager shall endeavour to resolve conflicts of interest in the interest of the unitholders and shall make appropriate disclosures and will abstain from voting where such conflicts cannot be resolved.

## 10. Review and Control

The voting guidelines and the actual exercise of proxy voting will be reviewed periodically by the management of the Investment Manager.

The Fund Managers may refer and/or escalate to the Stewardship Committee those resolutions which are non-routine in nature and/ or there is lack of consensus and/ or any other matter/ fact as deemed fit. The Stewardship Committee shall look into various matters escalated for its review and provide guidance with respect to voting.

## 11. Amendment

In this Policy, reference to any provision of law, regulations or circulars would be deemed to include a reference to every modification(s), amendment(s) and replacement(s) as may be effected from time to time.

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