

True Beacon Investment Advisors LLP

STEWARDSHIP CODE

True Beacon

INTRODUCTION

True Beacon Investment Advisors LLP ("**True Beacon**") is the investment manager to True Beacon Alternative Investment Fund ("**Fund**") which is a Securities and Exchange Board of India ("**SEBI**") registered Category III Open-ended Alternative Investment Fund ("**AIF**"), set-up under the SEBI (Alternative Investment Funds) Regulations, 2012 ("**SEBI Regulations**"). True Beacon offers an array of investment products across various classes to suit the needs of different classes of investors/clients, and manages their investments under various Scheme(s) of the Fund. The investment objective of the Fund will be to carry on the activity of an AIF as permissible under the SEBI Regulations in order to provide investors/clients with superior risk adjusted returns by way of investments in such securities as the Fund is permitted to invest in, in accordance with the SEBI Regulations including equity or debt or equity linked securities listed on recognized stock exchanges in India.

SEBI has mandated all categories of AIFs to follow the Stewardship Code ("**Code**") vide its Circular No. CIR/CFD/CMD1/168/2019 dated December 24, 2019 in relation to the Scheme(s)' investments in listed equities of Companies ("**Investee Companies**").

This Code will contain the key principles that govern True Beacon's involvement in relation to operating the Scheme(s) of the Fund, which include, monitoring the activities of the Investee Companies, engagement with Investee Companies, among others, in order to realize True Beacon's duty of acting in a fiduciary capacity towards its investors/clients, and thereby fulfilling its role of being a model steward.

This Stewardship Code has to be read in conjunction with the Voting Policy of True Beacon.

KEY PRINCIPLES

Principle 1: Primary Stewardship Responsibilities

Chief Stewardship Responsibilities

True Beacon shall:

- i. Engage with the Investee Companies productively on matters, which include among others, its operational and financial performance, capital structure and strategy employed by the Investee Companies;

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- ii. Interact with the Investee Companies about environmental, social and governance (“ESG”) opportunities, risks or strategies and thereby enhance investor/client value through such engagement;
- iii. Analyze, evaluate and assess the policies, outlook and practices of companies in ESG matters, in addition to the financial, performance and other relevant parameters, prior to taking investment decisions;
- iv. Take a keen interest in corporate governance practices of the Investee Company, including on matters relating to the board structure, remuneration, among others;
- v. Participate in voting in the shareholder or board meetings to determine approaches taken towards fulfilling ESG goals, and monitor the outcome of such endeavors, and ensure that it is consistent with the best interest of the investors/clients.

Discharge of Stewardship Responsibilities

In order to discharge the responsibilities outlined above, True Beacon shall:

- i. Conduct discussions with the management, and interface with Investee Companies in all such matters as may be required;
- ii. Use all available financial and human resources in a manner required to consistently achieve investor protection;
- iii. Actively vote on shareholders’ and board resolutions with a view to amplify the value creation for investors/clients as well as for the Investee Companies;
- iv. The Investment Team at True Beacon will undertake Stewardship activities and shall be responsible for ensuring due implementation and compliance with the Code;
- v. In the event any of the Stewardship activities are outsourced to external entities such as custodians, banks, proxy advisory services vendors, among others, True Beacon shall disclose the extent and nature of its relationships with such external entities to its investors/clients and ensure that the outsourced duties are carried out diligently.

Periodic Review of the Code

The Code will be published on the website (www.truebeacon.com) of True Beacon. It shall be reviewed and updated at regular intervals under the oversight of the Investment Team.

Principle 2: Managing Conflicts of Interest

At True Beacon, we fully recognize the fiduciary duty we owe our investors/clients and ensure that investors'/clients' interests are put ahead of True Beacon's interests. Our objective is to identify conflict and devise appropriate mechanisms to avoid, minimize and manage those conflicts, by aligning our interest with the interests of clients/investors.

Identifying Conflicts of Interest

Types of circumstances which could potentially give rise to conflicts of interest, among others, are as follows:

- i. True Beacon is likely to make a financial gain, or avoid a financial loss, at the expense of a client/investor;
- ii. True Beacon is interested in the outcome of a service provided to the client/investor or of a transaction carried out on behalf of the client/investor, which is distinct from the client's/investors' interests;
- iii. True Beacon benefits or will benefit from the services in the form of monetary or non-monetary benefits other than the usual management fees or performance fees or other income in connection with providing services to its clients/investors;
- iv. If there is incentive (financial or otherwise) to prioritize the interests of any client/investor over the interests of another client/investor;
- v. True Beacon uses inside information or non-public proprietary information for own purpose or to recommend or solicit the purchase or sale of a security;
- vi. True Beacon and Investee Company are associates or part of the same group.

Manner of Managing Conflicts of Interest

- i. True Beacon maintains and operates policies and procedures which are designed to prevent conflicts of interest materializing and damaging the interests of their clients/investors. This includes an internal conflict of interest policy of True Beacon which applies to its partners, officers, employees (including temporary employees) and also its affiliates, and sets out internal guidelines which aim at inter alia avoiding potential conflicts of interest which could arise;

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- ii. As a measure to prevent or manage conflicts of interest, Chinese walls are in place and accordingly, critical functions are segregated at True Beacon;
- iii. If True Beacon cannot ensure, with reasonable confidence, that the organizational and administrative arrangements in place are (or have been) sufficient to prevent or manage certain conflicts of interest, which could potentially harm the client's interest, a disclosure to the client/investor is made in this regard;
- iv. There will be in place a clear segregation of voting function and client relations/ sales functions
- v. In keeping with sound investment management principles and to avoid conflicts of interest, True Beacon will ensure that, to the extent it holds funds on behalf of a client/investor, such funds will be segregated from True Beacon's own proprietary funds;
- vi. The person(s) having any actual/potential conflict of interest in the transaction will have to recuse from decision making and will not be allowed to participate;
- vii. Record of minutes of decisions taken to address the actual or potential conflict of interest will be maintained and submitted to Investment Team;
- viii. There is a designated Compliance Officer who is responsible for identifying, preventing, managing and monitoring potential conflicts of interest and will determine the best course of action, keeping in line with the best interests of the client/investor;

The above-given policy of conflicts of interest will be routinely updated and reviewed, and published on the website of True Beacon.

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Principle 3: Monitoring of Investee Companies

Levels and Mechanism of Monitoring

True Beacon will determine the level of monitoring of different Investee Companies based on several factors including, among others, the size of investment made into the Investee Company, the sector the Investee Company belongs to, the assets under management, performance and the specific challenges unique to each Investee Company. However, in case of small investments, True Beacon may choose not to be actively involved in monitoring such Investee Companies.

True Beacon will ensure that the Investee Companies are periodically monitored through regular interactions with the Investee Companies' management, financial review, publicly available information, industry information, sell side research and by employing other similar control measures.

Areas of Monitoring

The Investment Team at True Beacon will be responsible for monitoring the Investee Company's performance and business strategy (operational and financial), industry level impact on the Investee Company, industry risk and opportunities, succession planning, shareholder rights and grievances, risk (including ESG risk), leadership effectiveness, quality of company management and board, capital structure, corporate governance performance including remuneration and structure of the board (including board diversity, independent directors etc.), related party transactions, among others.

Insider Trading Policy

True Beacon will be mindful of the SEBI (Prohibition of Insider Trading) Regulations, 2015 in relation to seeking information from the Investee Companies for the purpose of monitoring. Further, in relation to situations where communication of insider information may be triggered, the procedures adopted to ensure that insider trading regulations are complied with are detailed within the Insider Trading Policy that applies to True Beacon and the Fund.

Principle 4: Intervention in the Investee Company and Collaboration with Other Institutional Investors

Circumstances for Active Intervention

True Beacon shall actively intervene, on a case-to-case basis, if in its considered opinion, its intervention is required to protect value of its investment and discharging its stewardship responsibility or any act/omission of the Investee Company is considered significant including insufficient disclosures, performance parameters, non-compliance with regulations, remuneration, related party transactions,

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litigation, leadership issues, suspected insider trading transactions, inequitable treatment of shareholders, corporate strategy, ESG risks, corporate governance related practices, poor financial performance of the company, among others. True Beacon shall also intervene in the acts/omissions of the Investee Company where it holds more than 1% of the share capital of the Investee Company or greater than 5% of its AUM of actively managed strategies, which will be determined based on investment holdings on a trailing quarterly basis. True Beacon may also intervene in such matters of lesser import than the above, if the Investment Team is of the opinion, that the said issue may negatively impact True Beacon's investment or the overall corporate governance.

Manner of Intervention

The manner in which True Beacon shall actively intervene will be as follows:

- i. True Beacon will, in the first instance, communicate any concerns it has regarding certain acts/omissions to the Investee Company's management or other relevant personnel. True Beacon will also communicate steps that can be taken to alleviate the issue, and if required, True Beacon shall also exercise its voting rights towards the resolution of the issues;
- ii. After a reasonable period of time, True Beacon will inquire into the mitigation of the issues, and if such mitigation has failed to take place, then True Beacon shall actively correspond with the management of the Investee Company or escalate to the board of the Investee Company, by holding meetings and discussions to resolve its concerns;
- iii. Despite these preceding steps, if there is still no progress towards the resolution of the issues, True Beacon, represented by the Investment Team, shall immediately escalate the matter to the Board of True Beacon. If the Board determines it necessary, True Beacon will correspond with the Investee Company through formal communication and firmly elaborate its concerns. True Beacon may also choose to bring up the matter at the general meeting of the Investee Company. True Beacon may also choose to submit one or more nominations for election for shareholder director to the board as appropriate and convening a shareholders meeting.
- iv. In the event it becomes necessary, True Beacon shall also consider liaising with other regulators, investors, professional associations, institutional investors, other shareholders and other relevant external entities or committees for the resolution of the issues;
- v. As a last resort, after exhausting all the options present before it to no avail or response from the Investee Company, True Beacon may approach legal counsel or seek governance improvements and/or damages through legal remedies or arbitration, exit or threaten to exit from the investment, or approach other relevant authorities for further action.

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In case True Beacon's intervention is not successful (either fully or partially), it will not automatically result in the Fund being required to exit its investment in the Investee Company. These decisions shall be made by the Investment Team, which may consider the outcome of the intervention as an input in its decision-making process. True Beacon shall maintain record of our intervention and collaboration activities which may be periodically reviewed by the Investment Team, to assess the outcome of such intervention.

Principle 5: Voting policy and Disclosure of Voting Activity

True Beacon will exercise its voting rights in all circumstances it deems fit including, matters in relation to future prospects of Investee Companies related party transactions, corporate restructuring, ESG risks, corporate governance and other like matters. All voting decisions taken by True Beacon shall be published on its website along with the rationale for coming to such decisions. The voting policy, in its entirety, shall be displayed on True Beacon's website.