

# **Wealth Company Asset Management Holdings Private Limited**

## **Stewardship Code**

**Version No. 1**

**Adopted by the Board on:  
March 1, 2025**

## STEWARDSHIP CODE

### Introduction

Wealth Company Asset Management Holdings Private Limited (WCAMHPL) has developed policies and procedures to ensure compliance with the stewardship principles outlined in SEBI circular CIR/CFD/CMD1/168/2019, dated December 24, 2019. This code outlines WCAMHPL's approach to stewardship.

WCAMHPL, the investment manager for the schemes of The Wealth Company Mutual Fund (WCMF), is responsible for implementing the Stewardship Code. The primary objective of this code is to safeguard the wealth of investors and protect the interests of those who have invested in the funds managed by WCAMHPL. This involves actively engaging with the companies in which they have invested, including voting, monitoring their strategies, performance, risks, capital structure, material environmental, social, and governance (ESG) opportunities, and corporate governance-related matters.

### Compliance with the Stewardship Code

WCAMHPL, as a responsible investment manager, is committed to sound corporate governance principles and efficient exercise of its governance responsibilities in the context of its investment activities.

As an institutional investor, WCAMHPL actively participates in voting on various management proposals of its investee companies, aligning its voting decisions with the available voting policy on its website, [www.wealthcompanyamc.com](http://www.wealthcompanyamc.com). This commitment ensures the protection of investors' interests and aligns WCAMHPL's actions with its responsibilities as a responsible investment manager.

The principles outlined in the above circular state that institutional investors should adhere to include:

1. Publicly disclosing their policy on how they will fulfil their stewardship responsibilities.
2. Having a transparent policy on managing conflicts of interest related to stewardship, which should also be publicly disclosed.
3. Regularly monitoring the investee companies.
4. Developing a clear policy on intervention in investee companies and collaborating with other institutional investors.
5. Implementing a clear policy on voting and disclosing voting activities.
6. Reporting periodically on their stewardship activities.

The following policies outline the compliance with the principles mentioned above:

### **Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.**

#### Policy Overview

At WCAMHPL, our primary objective is to advocate for all investors, treat them equitably, and provide them with a chance to accumulate wealth. To support this mission, we adhere to our core values of integrity, focus, and stewardship in every decision we make. Our long-term perspective and disciplined investment approach ensure that our focus remains firmly on the interests of our

investors and the sustainable value of their investments. We firmly believe that responsible investment is an integral part of WCAMHPL's investment process and aligns seamlessly with our fiduciary duty to manage investments in the best interests of our investors.

WCAMHPL supports responsible investing and complies with its stewardship responsibilities by:

- Voting in favour of proxy proposals that, in our opinion, will enhance our investors' long-term wealth.
- Advocating for responsible corporate governance, particularly for the companies we invest in, as a catalyst for long-term value creation.
- Engaging on significant environmental, social, and governance (ESG) opportunities or risks in our investments.

#### Proxy voting

Proxy voting is a key aspect of WCAMHPL's corporate governance strategy, reflecting its engaged ownership. Our experienced analyst team thoroughly evaluates proposals and recommends votes aligned with our voting guidelines, which are meticulously crafted to promote long-term shareholder value by upholding good corporate governance practices. These guidelines provide a comprehensive framework for analyzing each proxy proposal, serving as a solid foundation for informed decision-making. The analyst team draws upon a diverse range of sources, including company management, shareholder groups, proxy voting advisors, and various research and data resources, to gain a well-rounded understanding of the proposals. Regularly, we review our voting guidelines to stay updated on evolving governance standards and potential risks to long-term shareholder value.

#### Advocating through engagement

Advocating through engagement, we firmly believe that good corporate governance of the investee companies is crucial for maximizing returns over time. We recognize that effective management of ESG risks is an integral part of good corporate governance practices. Therefore, we invest significant time and effort in engaging with the management of the investee companies. The frequency and level of these discussions are influenced by the materiality of the impact on our funds and the contentiousness of the issue.

We firmly believe that these engagements, rather than voting alone, provide us with a unique opportunity to fully comprehend the issues and tailor our feedback and messaging to the companies. Our goal is to provide constructive input that, in our view, may enable the companies to deliver sustainable value for all investors in the long run.

We communicate directly with the management of the investee companies through various means, including letters, conference calls, and in-person meetings.

Our key areas of focus for engagement include:

- A well-composed, independent, capable, and experienced board.
- Governance structures that empower shareholders.
- Independence of auditors.
- Matters related to ESG.

- Remuneration of KMPs that incentivizes long-term performance of the investee companies.

Additionally, WCAMHPL promotes good corporate governance and responsible investment through thoughtful participation in industry events and discussions. This allows us to expand our advocacy and enhance our understanding of investment issues. Furthermore, we actively contribute to the development of regulatory policies to raise standards and promote best practices.

#### Ongoing review of policies and practices

We will continuously review our policies and practices to adapt and evolve our approach to responsible investing. As we identify and evaluate new risks and issues impacting our investments, we will review our policy, guidelines, and practices annually.

#### Training:

The Investment team may receive training on the various aspects of implementing the stewardship policy as needed. The training can be provided by an external agency or through periodic internal discussions, as determined by the Management.

#### **Principle 2: Institutional investors should have a clear policy on managing conflicts of interest in relation to stewardship responsibilities and should be publicly disclosed.**

WCAMHPL, a subsidiary of Pantomath Capital Advisors Private Limited and a part of a larger financial services group with numerous affiliates and related companies, occasionally encounters conflicts of interest in its stewardship responsibilities. However, WCAMHPL's approach will always prioritize the interests of its investors above all else. These conflicts can arise from actual, potential, or perceived financial or non-financial sources.

In all cases of conflicts of interest, WCAMHPL's decisions will be based on the best interests of its investors. To address conflicts of interest in the proxy voting and corporate governance programs, WCAMHPL has implemented a policy. This policy involves separating proxy voting from sales functions and providing documented guidelines to eliminate potential conflicts during the proxy voting process. While most votes will be determined based on the current voting and disclosure policy, there may be instances when analysts refer proxy issues to the Conflict Management Committee ("the Committee") for consideration.

Analysts are expected to identify and address any potential or actual conflicts of interest presented by a particular proxy and escalate such conflicts to the Committee. WCAMHPL will allow employees to recuse themselves from decision-making processes if they have any actual or potential conflicts of interest in the transaction or proxy voting decisions.

The Constitution of the Committee shall establish the following roles:

- CEO
- CIO/Head of Equity/Fund Manager
- Compliance Officer or the next senior officer from compliance

All matters referred to the Committee and its decisions shall be meticulously recorded and preserved.

Possible conflicts or potential conflicts include:

- The group company investing in the schemes of WCMF.
- The investee company having a significant investment (2% of AUM) in any equity scheme(s) of WCMF.
- The investee company being a critical vendor or service provider for WCAMHPL.
- Personal interests of employees or their families in the business of the investee companies.
- Any other potential areas of conflict.

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

WCAMHPL collaborates with the boards and management of investee companies to enhance the long-term value of investors. However, due to the dynamic nature of investee company practices and other factors, it's crucial to acknowledge that it may not be feasible to identify or address all material or potential risks proactively. Nevertheless, WCAMHPL will make every effort to do so.

Key areas of monitoring include remuneration, the effectiveness of independent and effective boards, environmental and operational risks, and shareholder rights.

While not a common occurrence, during our engagement with investee companies, WCAMHPL officers may come across sensitive financial information about an investee company that is not publicly available. WCAMHPL employees are strictly bound by SEBI Insider Trading Regulations and the Employee Dealing Policy of WCAMHPL. Any violation of these regulations will be promptly reported to the Board of WCAMHPL, the Board of PTPL, and SEBI. In cases of employee dealing policy violations, appropriate consequences, such as termination or penalties, will be imposed.

**Areas of Monitoring**

WCAMHPL will diligently monitor the following key aspects of the investee companies:

- **Company Strategy and Performance:** Evaluate the operational and financial performance of the investee companies.
- **Industry-Level Monitoring:** Assess the impact of industry trends and developments on the investee companies.
- **Quality of Management and Governance:** Assess the effectiveness of the company's management, board, and leadership.
- **Corporate Governance:** Evaluate the remuneration policies, board structure (including board diversity, independent directors, and related party transactions), and other governance practices.
- **Risks:** Identify and assess potential risks, including environmental, social, and governance (ESG) risks.
- **Restructuring, Merger, and Amalgamation:** Monitor any significant restructuring, merger, or amalgamation activities.
- **Shareholders' Rights and Grievances:** Investigate and address any shareholder concerns or grievances.

### How to monitor

WCAMHPL monitors investee companies using various methods, including publicly available information, management meetings, research reports and industry insights, and periodic engagement with management through email, calls, or meetings.

### Threshold for monitoring and level of monitoring:

As a professional Investment Manager, WCAMHPL will always strive to deliver top-quartile performance for its schemes. To achieve this, regular monitoring of investee companies is essential. However, WCAMHPL will conduct in-depth monitoring of specific aspects of investee companies when exposure exceeds 3% of the scheme's AUM. WCAMHPL will only invest time and resources in monitoring companies with the potential to generate long-term returns. In cases where the potential for long-term returns is lacking, WCAMHPL will actively seek opportunities to exit the investment.

### **Principle 4: Institutional investors should have a clear policy on intervention in Investee Companies**

#### Circumstances and areas where intervention is crucial:

WCAMHPL's primary responsibility is to safeguard the interests of its investors. While regular engagement and monitoring of investee companies are conducted as per principles 1 and 3, there may be compelling scenarios where active intervention is necessary to protect investors' interests. In such cases, as a responsible institutional investor, WCAMHPL will make every effort to intervene in the investee companies. If required, it will escalate the matter through trade bodies.

WCAMHPL may intervene with investee companies in the following areas, as assessed by analysts, if it is likely to result in substantial potential losses for investors:

- Poor financial performance of the company
- Corporate governance-related practices
- Significant audit observations
- Remuneration
- Strategy
- Failure to manage ESG risks
- Leadership issues
- Material litigation that may negatively impact the valuation
- Any other matter that could affect the investee companies' going concern status.

#### Threshold for intervention and level of intervention:

The above measure of intervention can only be used when the exposure to a particular investee company exceeds 3% of the scheme's AUM.

In accordance with this principle, WCAMHPL will never intend to manage the affairs of a company or prevent a decision by WCAMHPL to sell a holding when it is in the best interest of the unitholders.

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

WCAMHPL's current voting and disclosure policy aligns with SEBI guidelines and circulars. WCAMHPL's fundamental principle is to support investee company proposals that don't harm investors' interests. The Investment Management team thoroughly analyses and evaluates each proposal before making a voting decision based on its merits. This policy is accessible on our website, [www.wealthcompanyamc.com](http://www.wealthcompanyamc.com).

**Principle 6: Institutional investors should report periodically on their stewardship and voting activities.**

WCAMHPL shall diligently maintain records of its stewardship activities. It shall ensure the following reporting on its website and to investors:

- Disclosure of its voting policy on its website.
- Quarterly voting details on its website and annually in the scheme's annual report.
- Publication of this code on its website and in the scheme's annual report.
- Any changes in the code or any policy resulting from it on its website and in the scheme's annual report.