

Monarch Network Asset Management Private Limited (“MNAMPL”)

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Stewardship Code Policy

Version 1.0

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1. Introduction & Overview

Monarch Network Asset Management Private Limited is dedicated to offering cost-effective and transparent passive investment solutions, including ETFs, Index Funds, and hybrid/debt passive schemes. These products provide rule-based exposure to various asset classes, aligning with evolving investor needs.

In line with SEBI's regulatory framework, including the MF Lite model, this policy outlines the governance, operational, compliance, and disclosure standards for all passive schemes managed by the AMC. It covers passive products across equity, debt, and hybrid indices, under both standard and MF Lite frameworks.

2. Objective & Scope of Policy

The objective of this policy is to lay down a comprehensive framework for managing Passive & Index Funds in alignment with SEBI regulations. This includes operational, governance, investment, compliance, and disclosure-related matters for passive schemes (ETFs and Index Funds), including hybrid and debt passive products.

This policy applies to:

- All passive schemes launched by the AMC.
- All ETFs and Index Funds based on equity, debt, hybrid indices.
- Passive schemes under both the standard regulatory framework and the MF Lite framework.

3. Validity of Policy

This policy is effective from the date of issuance and will remain in force unless amended by the Board of Directors or due to changes in regulations or guidelines issued by SEBI or other governing bodies. The policy shall be reviewed periodically to ensure compliance with applicable laws and regulations.

4. Process for Changing the Policy

Any amendments or changes to this policy must be approved by the Board of Directors of Monarch Network Asset Management Private Limited. A review of the policy will be conducted annually, or as required by changes in regulations or business practices. In the event of regulatory changes, the policy will be updated accordingly, and stakeholders will be informed in a timely manner.

5. Details of Policy

5.1 Stewardship Principles

Principle 1: Formulating a Stewardship Responsibilities Policy

Objective:

To establish a comprehensive and publicly disclosed policy outlining how the AMC discharges its

stewardship responsibilities.

Key Actions:

- The AMC has developed this Stewardship Code Policy to formalize its commitment to monitoring and engaging with investee companies across parameters like financial and operational performance, corporate governance, ESG practices, strategy, and capital structure.
- The policy includes specific guidelines on engagement methods, such as:
 - Regular meetings with management.
 - Attending shareholder meetings.
 - Communicating through letters or investor forums.
- In cases where stewardship responsibilities are outsourced (e.g., proxy advisors), the AMC ensures the third-party's approach is consistent with the AMC's policy through periodic audits and reviews.
- The policy is:
 - Reviewed and approved annually by the Board of Directors.
 - Made publicly available on the AMC's website.
 - Subject to update as per regulatory developments or internal assessments.

Training:

- Regular training is provided to all personnel involved in stewardship activities, including fund managers, research analysts, and compliance officers to ensure effective implementation.

Principle 2: Managing Conflicts of Interest

Objective:

To identify, mitigate, and manage conflicts of interest in fulfilling stewardship responsibilities and ensure transparency in decision-making.

Key Elements of Conflict Management Policy:

- **Identification:** Recognizing potential conflict scenarios such as:
 - Investments in group/associate companies.
 - Investments in companies with existing business relationships with the AMC.
 - Voting on resolutions involving directors affiliated with the AMC.
- **Management Measures:**
 - Establishment of a Conflicts Committee to handle complex cases.
 - Chinese walls and information barriers to separate conflicting functions (e.g., investment vs. sales).
 - Mandatory recusal of employees from decisions where they have a conflict.
 - Documentation of decisions and rationale through meeting minutes.
- **Disclosure:** The Conflict of Interest Policy is publicly disclosed and reviewed annually.

Principle 3: Monitoring of Investee Companies

Objective:

To actively and continuously monitor investee companies to safeguard investor interests.

Monitoring Framework:

- Risk-Based Segmentation:
 - Tier I: Companies with significant AUM exposure or strategic relevance — monitored intensively.
 - Tier II: Moderate holdings — monitored regularly.
 - Tier III: Small holdings — periodic review based on developments.
- Monitoring Areas:
 1. Financial and Operational Performance – Revenue, profitability, margins, efficiency metrics.
 2. Corporate Strategy – Long-term growth strategy, capital allocation, innovation.
 3. Corporate Governance – Board effectiveness, independence, diversity, audit practices, RPTs.
 4. ESG Risks & Opportunities – Environmental policies, social responsibility, governance practices.
 5. Regulatory and Legal Compliance – Any actions or penalties by regulatory bodies.
 6. Shareholder Rights – Dividend policy, investor grievances, transparency.

- Insider Trading Compliance:

The AMC does not seek or act upon unpublished price-sensitive information. All engagements are conducted in accordance with SEBI (Prohibition of Insider Trading) Regulations.

Principle 4: Intervention and Collaborative Engagement

Objective:

To intervene effectively in investee companies when necessary and collaborate with other investors to protect investor interests.

Triggers for Intervention:

- Sustained underperformance.
- Repeated governance lapses.
- Misalignment of executive compensation.
- High ESG-related risks.
- Significant shareholder grievances.

Intervention Mechanism:

- Level 1: Engagement through dialogue with senior management.
- Level 2: Written communication to Board/Management.
- Level 3: Voting against resolutions.
- Level 4: Collaboration with other institutional investors (e.g., through AMFI or industry associations).
- Level 5: Escalation to regulators or exit from investment, if necessary.

Oversight Committee: An internal Stewardship Committee evaluates intervention strategies and decides on the appropriate escalation path.

Principle 5: Voting and Voting Disclosure

Objective:

To ensure voting decisions are made independently, transparently, and in the best interest of investors.

Voting Policy Includes:

- Voting Mechanisms:
 - E-voting.
 - Participation in shareholder meetings.
 - Use of proxy advisory services.
- Internal Voting Framework:
 - Analyst/fund manager reviews resolutions and recommends voting stance.
 - Stewardship Committee reviews sensitive/resolution-based matters.
 - Votes cast For, Against, or Abstain based on internal guidelines and conflict checks.
- Use of Proxy Advisors:
 - Recommendations are considered, but AMC makes its own independent decisions.
 - Regular review of proxy advisors' policies and performance.
- Disclosure Framework:
 - Quarterly disclosure of all votes cast (company-wise, resolution-wise) including rationale.
 - Disclosures made on the AMC's website and included in the Annual Stewardship Report.

Principle 6: Reporting of Stewardship Activities

Objective:

To maintain transparency by disclosing stewardship activities and outcomes to investors.

Reporting Mechanism:

- **Public Disclosure:**
 - An Annual Stewardship Report outlining the AMC's activities under each principle.
 - Quarterly voting disclosures with rationale.
 - Timely updates in case of any material change to the stewardship or conflict of interest policy.
- **Client Reporting:**
 - Annual stewardship activity summary shared with clients, where applicable.

- Disclosures include actions taken, outcomes, and engagements conducted.
- **Format & Accessibility:**
 - All disclosures are made in an easy-to-read, structured format.
 - Reports available in the “Stewardship Code” section of the AMC’s website.

5.2 Definition Governance and Oversight

- The **Board of Directors**, in conjunction with the **Compliance Officer**, oversees policy implementation.
- The **Stewardship Committee**, comprising senior members from the investment, legal, and compliance teams, is responsible for:
 - Monitoring adherence to the policy.
 - Reviewing significant voting decisions and interventions.
 - Recommending changes to the policy.