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TRUE NORTH  
**STEWARDSHIP CODE**

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## GLOSSARY

<b>Acronym</b>	<b>Full Form</b>
AIF	Alternative Investment Fund
Affiliate	“Affiliate” means any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For the purposes of this definition, the term “control” means the power, either directly or indirectly, either (i) to vote for more than 50 percent of the securities having voting power for the election of directors of such Person; or (ii) to direct or cause the direction of the management and policies of such Person. In addition, the Key Persons and employees of the Fund and the Manager, as well as the spouses and direct lineal descendants by birth or adoption of such Key Persons and employees, shall also constitute “Affiliates” of the Fund and/or the Manager, as the case may be.
Board of Advisors	“Board of Advisors” means the board of advisors of the Fund consisting of at least five and up to seven representatives shall be authorized to appoint one or more members of the Board of Advisors, which members shall consist of representatives of third party investors and not representatives of or True North Fund.
Concerned Persons	The members of the Investment Committee/Investment Partner or any of its Affiliate
Investment Partner	Investment Partner means the designated Partner responsible for managing a particular investment in a listed company.
LLP	Limited Liability Partnership
Officer	Stewardship Officer
Person	Person means a corporation, an unincorporated organization or association, a partnership (general or limited), a limited liability company, a limited liability partnership, a trust (including the trustees thereof in their capacity as such), a business trust, a joint venture, a company, or any other legal entity, an individual, a government or political subdivision thereof, or a governmental agency
Policy	Stewardship Policy
SEBI	Securities Exchange Board of India
True North	True North Managers LLP (formerly known as ‘India Value Fund’)
VCF	Venture Capital Fund



# 1 INTRODUCTION

## 1.1 BACKGROUND

True North (formerly known as 'India Value Fund') was established in 1999 with a focus on investing in and helping transform mid-sized profitable businesses into industry leaders. True North has successfully launched six independent investment funds (each, a 'Fund'). True North Enterprise Private Limited, together with its affiliates (True North Corporate Private Limited, True North Managers LLP and True North Enterprise Private Limited True North Ventures Private Limited), are collectively referred to as 'True North'. Each current Fund is registered with Securities Exchange and Board of India (SEBI) as an Alternative Investment Fund (AIF) or a Venture Capital Fund (VCF).

The Policy on discharge of Stewardship responsibilities ('Policy' or 'Stewardship Policy') sets out the framework and guidelines on discharge of the Stewardship responsibilities of True North.

## 1.2 OBJECTIVE

The purpose of the Stewardship Policy is to enhance the monitoring of, and engagement with, the listed partner companies to improve the corporate governance practices with a view to protect and enhance the long-term wealth of the investors.

## 1.3 SCOPE

This Policy outlines the framework devised by True North to discharge its Stewardship responsibilities based on the principles specified by SEBI vide its circular no. CIR/CFD/CMD1/168/2019, dated 24 December 2019 and supplements thereof. The Stewardship responsibilities would be applicable only to investments of True North in listed partner companies.

## 1.4 RESPONSIBILITY MATRIX

Stewardship responsibilities are activities that ensure enhancement of value to the investors. It is the responsibility of True North to monitor and engage with listed partner companies so that the interest of the investors can be protected. The following would be responsible for the discharge of Stewardship responsibilities:

**Investment Committee** – The Investment Committee of True North consisting of Investment and Business management Partners would be responsible for an effective oversight of the firm's Stewardship responsibilities and recommend changes to the Policy, if any.

**Stewardship Officer** – True North will appoint a designated employee from the Compliance team as a 'Stewardship Officer' to oversee the discharge of Stewardship responsibilities and issue compliance report on an annual basis.

**Investment Partner** – Investment Partner, for their respective investments in listed partner companies, shall be responsible for continuous monitoring, actively engaging (as required) and avoiding conflict of interest. The Investment Partner will work in consultation with and seek necessary approvals from the Investment Committee.

## 1.5 ROLE OF STEWARDSHIP OFFICER

The Stewardship Officer ('Officer') shall obtain and maintain appropriate regulatory filings for discharge of Stewardship responsibilities at True North. The Officer will work closely with the Investment Partner to obtain and maintain appropriate documents required for these filings. On an annual basis, the Officer will prepare and submit a report (as mentioned in Section 2.6) on compliance with the Stewardship responsibilities within the prescribed period. The Officer, in consultation with the Investment Committee, will also be responsible for any updates or amendments to the Stewardship Policy on a periodic basis.



## 2. COMPLIANCE WITH STEWARDSHIP PRINCIPLES

In an endeavor to safeguard the interests of the investors, True North shall work towards fulfilling the objectives of the below listed principles.

### 2.1 FORMULATING POLICY, DISCLOSURE AND REVIEW

The Policy on Stewardship responsibilities is disclosed on the website of True North and available for the reference of investors. Stewardship Officer to review the Policy on a periodic basis and recommend changes to the Policy, if required. Any material changes in the Policy will need to be approved by Investment Committee.

Following are the key responsibilities under the Stewardship Code:

1. Managing instances of conflicts of interest
2. Monitoring the corporate governance structure and related policies
3. Actively engaging with the listed Partner company on a periodic basis
4. Exercising voting rights in the best interest of the listed Partner company
5. Disclosing requisite compliance and non-compliance with the Stewardship Code and Stewardship principles on an annual basis.

Please refer to section 1.4 for responsibilities towards Stewardship Policy.

### 2.2 MANAGING CONFLICT OF INTEREST

The term “conflict of interest” refers to instances where personal or financial considerations may have been compromised or have the potential to compromise the judgment of professional activities. A conflict of interest exists where the interests or benefits of True North conflicts with the interests or benefits of its investor or the listed partner companies.

Conflict of interest could arise in relation to True North’s investment decisions and engagement activities. In cases where investment is

made or an engagement activity is performed in a company with conflict of interest, True North will –

- execute its voting rights and engagement activities after consultation and necessary approval (as required) from the Board of Advisors and
- record the rationale behind such decisions and activities.

Several aspects of such conduct are relevant in relation to discharging the Stewardship activities for the listed partner companies. True North takes into account Stewardship responsibilities to act in the best interest of its investors. The identification and management of conflict of interest will be the collective responsibility of the Investment Committee, along with the designated Investment Partner.

### 2.3 MONITORING OF THE LISTED PARTNER COMPANIES

Investment Partner shall be responsible for the monitoring of the listed partner companies in consultation with the Investment Committee.

Key considerations for monitoring of listed partner companies are given below:

1. Monitoring of the listed partner companies’ performance shall be on a periodic basis. The periodicity of the monitoring may change from time to time in consultation with Investment Committee.
2. The level of monitoring will vary depending upon the type of investment. Listed partner companies where True North holds significant shareholding and has a designated seat on the Board of Directors (Board Seat), will be subjected to higher level of monitoring, as against other listed partner companies (with minority shareholding- holding less than 5% or investment value less than US\$ 10 million dollars and without a Board Seat).
3. Parameters, such as leadership effectiveness, succession planning,

corporate governance, reporting and other factors, considered important while making strategic decisions, to be considered for monitoring listed equity investments.

4. Compliance with SEBI (Prohibition on Insider Trading) Regulation, 2015 while seeking information from the listed partner companies for the purpose of monitoring to be ensured.

The investment partner shall periodically submit to the investment committee, activities undertaken for monitoring of Listed Partner companies

## 2.4 INTERVENING IN LISTED PARTNER COMPANIES

Investment Partner in consultation with the Investment Committee shall intervene, if in its opinion, any act/omission of the listed partner company is considered material on a case to case basis, including but not limited to insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, governance issues, related party transactions, corporate plans/ strategy, or any other related matters.

Investment Partner in consultation with Investment Committee will perform the following intervention activities:

1. Engagement: Take all reasonable steps to engage with the listed partner company's management to resolve any concerns noted, including steps to be taken to mitigate such concerns. If in case a need arises, decision to collaborate with other institutional investors (if applicable) to resolve the concerns shall be taken with appropriate approvals from the Investment Committee.
2. Reporting to the Regulators: If there is no response or action taken by the management of the listed partner company, the Investment Partner in consultation with Investment Committee may approach the relevant authorities or can consider recourse to other legal actions.

## 2.5 EXERCISING VOTING RIGHTS AND DISCLOSURE OF VOTING ACTIVITY

Investment Partner with necessary approval and consultation from the Investment Committee shall be responsible for the following:

1. Exercise the voting rights and vote on all shareholder resolutions of listed partner companies. The Investment Partner will conduct a detailed analysis of the proposal put for voting and decide on the voting.
2. Use any of the available voting channels (e.g. e-voting, proxy voting or physically attending the meetings). Investment Partner may appoint proxy advisors, if deemed necessary.
3. Ensure voting is guided by the following principals:
  - a. Corporate Governance matters – Review all proposals to verify if they are value accretive to the shareholders of the listed partner company and in the best interests of the investors.
  - b. Memorandum and Articles of Association – Changes must be reviewed and its likely impact on the listed partner company's business shall be taken into consideration while determining the voting decision.
  - c. Capital structure – Changes to alter the capital structure shall be evaluated on a case to case basis, to determine whether the proposed changes are in the best interest of the shareholders of the listed partner company.
  - d. Compensation and benefits – Evaluate compensation and benefits based on the merits of each case that incentivize the listed partner company management towards long-term shareholder value creation.
  - e. Social and corporate social responsibility – Support measures that have a positive impact on the economy, society and the environment.

- f. Others – Analyse any relevant cases, such as appointment of the statutory auditors or any issues that may affect the interest of the shareholders of the listed partner company.
4. Record and disclose specific rationale supporting its voting decision (for, against or abstain) with respect to each vote it has exercised.
5. Disclose all voting activity on an annual basis on its website for the benefit of its investors on a periodic basis.

## **2.6 REPORTING OF STEWARDSHIP ACTIVITIES**

Stewardship Officer shall ensure compliance or justification of any non-compliance with the Stewardship Principles and the requirements set out in this Stewardship Code (intervention undertaken, collaboration undertaken and cumulative voting activity for the last financial year) are included in the annual intimation to the investors.