

Stewardship Code

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Brief

Whitespace Fund LLP (WFLLP) acts as an Investment Manager to schemes of Whitespace Alpha (Category III AIF)

Securities and Exchange Board of India vide its circular CIR/CFD/CMD1/168/2019 dated December 24, 2019, has set out code in the form of principles, which AIFs need to adopt in relation to the schemes' investments in listed equities of companies (Investee Companies).

Principle 1

Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.

WFLLP as provided under the guidance of SEBI, shall monitor and actively engage with every investee company on various matters such as its performance with regards to operational, financial, among others, its strategy, corporate governance, business strategy, board composition, financial performance etc. WFLLP actively participates in interacting with the management through detailed discussions. WFLLP would also participate in voting in board or shareholders meetings as and when it is necessary.

WFLLP ensures that stewardship responsibilities are exercised properly and diligently. This code will be made available online and will be reviewed on a periodic basis.

Principle 2

Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

WFLLP will make its best efforts to avoid such conflicts in the first place and in case they arise, will ensure that any conflicts of interest are resolved in the best interests of investors over the interests of the entity.

Potential conflicts of interest may arise in situations where both the Investee company and Investment Manager are in relation with each other, examples of such scenarios are as follows: When the Investee Company provides any service or is a seller of products or distributes products for the Investment Manager or any of its affiliates. When the Investee Company and the Investment Manager are part of a similar group. When lenders to an Investee Company are affiliates of the Investment Manager.

In a case where a conflict of interest arises, as mentioned above the decisions of WFLLP will be based on the best interest of the investors. This will be done by not taking into consideration the interest of any business group/promoter etc of such an entity.

Principle 3

Institutional investors should monitor their investee companies.

As part of the comprehensive policy, the Investment team of WFLLP will continuously monitor the investee companies' performance from a financial perspective, its corporate governance and the effectiveness of its management. It also monitors all the disclosures specifically in instances of violation of shareholder rights or any other measure that is considered important while making investment decisions. In matters of Corporate Governance special importance is given to the structure of the board, related party transactions and remuneration to different parties.

Before an investment is made, the investment team of WFLLP always carries out a financial analysis of the investee companies.

Continuous monitoring of each investee company continues even after an investment is made. WFLLP, always tries to attend calls and meetings conducted by the management of the investee company to make sure it is in the loop for all major decisions.

Principle 4

Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.

If deemed necessary by the Investment Team, WFLLP would intervene in its investee companies depending on the subject matter applicability.

1. Examples of such subject matter applicable circumstances includes but are not limited to:

- Legal issues such as lawsuits/litigations
- Poor governance practices/management issues
- Shareholders being treated in an unfair manner
- Non-compliance with regulations/ disclosures not done in the right manner

2. If an intervention is necessary, the following is the procedure for such an intervention:

First step would be to set up a meeting with the management team which will then put across to the any specific teams if need be. Different steps will be taken in association with the management team to mitigate such a situation to go any deeper. If the management team fails to resolve the concerns raised within a reasonable timeframe, different steps will be initiated to reengage with the management team. WFLLP simultaneously will also consider association with regulators or other professional associations for joint representation with the investee company.

3. Despite these measures if concerns still persist, the investment team through formal communication will directly engage with the Board of the investee company and highlight the concerns. The last step in case issues still persist even after this, the investment team may decide to exit its investments in case of the Board or the management's failure to take appropriate steps to resolve the issues.

Principle 5

Institutional investors should have a clear policy on voting and disclosure of voting activity.

WFLLP in its fiduciary capacity will manage voting rights so that it always maintains the best interest of its investors. The Investment team will make a final recommendation to vote for or vote against a specific proposal after taking into account various sources of information. Once the final decision is arrived at, the vote may be cast either through its official representative, professional proxy voting service provider or its custodian. WFLLP always reserves the right to vote against any resolution that does not keep in mind the interest of shareholders.

All disclosures on the votes cast by WFLLP will be published on quarterly basis, as required by the SEBI guidelines.

Principle 6

Institutional investors should report periodically on their stewardship activities.

WFLLP shall annually intimate its investors on its stewardship activities. The report shall include details indicating any variances with the principles laid down in this Code or if there any new additions. WFLLP shall also disclose such implementations of the principles on its website. Any change or modification to the principles will also be disclosed on the website.