



**WHITE OAK**  
C A P I T A L M A N A G E M E N T

**WHITE OAK CAPITAL  
MANAGEMENT CONSULTANTS LLP**

Stewardship Policy - March, 2021

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## **INTRODUCTION**

White Oak Capital (“White Oak”, “White Oak Group” or “The Group”) is an India-focused investment management and investment advisory firm, currently managing capital in long-only strategies. At White Oak, we strive to help our clients achieve their long-term financial goals through a thoughtful and disciplined approach to managing investments. At the core of our investment philosophy, we focus on driving returns by investing in high-quality businesses. To assess the quality of a business, we seek to determine the long-term sustainability of return on capital, potential scalability of the business, execution capability of the management, and the organization’s corporate governance culture.

Further, so that the interest of the clients are protected, the investment team monitors and engages with the investee companies on issues like business strategy and performance, corporate governance, material environmental, social, and governance areas (ESG) and other related issues. The investment team on occasions exercises the voting rights attached with these investments that are held by White Oak as custodians of client’s funds.

This document formally sets out the principles and the policies to be followed by White Oak regarding the engagement with the management of the investee companies, voting on resolutions pertaining to the investee companies, addressing any conflict of interest and disclosures related to adherence with the Stewardship Code prescribed by The Securities and Exchange Board of India (SEBI).

This policy will be referred to as the 'Stewardship Policy' for White Oak.

## **EFFECTIVE DATE**

This Policy will be effective from 31<sup>st</sup> March 2021.

## **DISCLOSURE**

This policy, as amended from time to time will be disclosed on the website of the company along with other public disclosures under the conflict of interest policy and voting policy.

## **MANAGING CONFLICTS OF INTEREST**

White Oak has a separate ‘Conflict of Interest Policy’ to guide it on managing conflict of interests in its operations. The Investment Team/Trading team and all other employees are required to strictly adhere with the provisions prescribed in the Conflict of Interest Policy. The Conflict of Interest Policy address conflict of interest as that between clients, between the White Oak and its clients and conflict between White Oak and it’s vendors/suppliers. The voting for company resolutions may entail some instances of a conflict of interest which is to be addressed by keeping the interest of the clients as paramount and by addressing such conflicts in terms of the ‘Voting Policy’ of White Oak.

## MONITORING OF INVESTEE COMPANIES

While the Investment team monitors investment made by the Funds/Segregated Mandates in all the Investee Companies, this policy in keeping with the 'materiality concept' will require the investment team to undertake enhanced monitoring measures as described in this policy in cases of Investee Companies in which the Funds/Segregated Mandates that White Oak act as Investment Manager/Adviser holds 2% of the equity share capital.

The Investment Team will through publicly available information, management meetings, sell side research and industry information monitor companies. The Investment Team should look at having at least one meeting with the investee company management/board in a year. In case of investee companies where the management/board is not accessible or not accessible at appropriate levels or cases where the investment team believes that there is no incremental information which is being provided by the management, in such cases, monitoring should be carried out through other all other sources that are available. It is strictly required that the Investment Team in meetings with the management are not seeking any unpublished price sensitive information and if some information is received that is perceived to be unpublished price sensitive information, the same needs to be shared with the Compliance Team at White Oak.

Monitoring needs to be on a continuous and will include but not be restricted to strategy and business outlook and strategy, financial performance, management evaluation, capital structure and key risk areas.

Other Monitoring areas will include the following:

- Industry-level monitoring and possible impact on the investee companies
- Quality of company management, board, leadership etc.
- Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.
- Risks, including Environmental, Social and Governance (ESG) risks
- Litigations
- Shareholder rights, their grievances etc.
- Monitoring on areas like succession planning, remuneration
- Investment Team would have conversations on Environmental, Social and Governance risk in its engagements with investee companies.
- Investment Team would use engagement and voting to communicate its sustainability approach towards climate changes risks and opportunities

The Investment Committee is expected to meet on a half yearly and review amongst itself the outcome of its monitoring of the Investee Companies and decide on the course of action basis any significant events that have/could have bearing on the performance of the Investee Company and look at reviewing any measures to enhance monitoring of the Investee Companies.

The Investment Committee should note at its meetings, various monitoring measures taken by the Investment Team for review of the Investee Companies and adherence with best practices in monitoring of the Investee Companies. Basis the review at the Investment Committee meeting, the Board should also be apprised of any significant events at the meeting of the Board.

## ACTIVE INTERVENTION IN THE INVESTEE COMPANIES

Interventions may be required from the Investment Team from time to time where concerns with respect to the investee companies on account of insufficient disclosures being made by the Investee Companies, non-compliance to regulations, performance parameters, governance issues, remuneration, litigations, corporate plans/ strategy, CSR and environment and society related matters etc.

White Oak may intervene on case-by-case basis if it feels that its intervention is required to protect value of its investment and discharging its stewardship responsibility.

Decision for intervention will be decided by Investment Team based on the following broad parameters.

- The investment in the company should be above the threshold level defined under the Policy. However, the Investment team in consultation with the Investment Committee can decide to intervene in companies where the investment is below threshold level, depending on the seriousness of the issue.
- In case the investment is already earmarked for divestment or post planned divestment holding will be below threshold level, intervention may not be considered, unless there are other factors which warrants intervention.
- Seriousness of the issue at hand and if the matter has potential to vitiate overall corporate governance atmosphere. Such intervention will be in cases where one potentially harmful practice is being adopted by other corporates.

### Intervention Levels

#### Direct Interaction

In such instances, White Oak should reach out directly to the Investee Company's management to discuss the concerns and apprehensions and actions and take note of actions by the management to mitigate the concerns. Endeavour should be made to have interactions with the company personnel authorised and empowered to act on the areas of concerns.

#### Follow-up

If there is no response from the management or there is any lack of action as promised despite the passage of a reasonable period of time, White Oak may re-engage with the management to reiterate the course of action or the plans of action discussed at the prior meetings. The Investment Team should try to look from the management for a time bound plan to rectify the areas of concern.

#### Escalation

In case there is no progress despite the first two steps, the matter should be discussed with the Board of White Oak for further escalation with the Board of Directors of the investee company.

Reporting to regulators/authorities

In cases of where the concerns relate to matters of public interest and security or public laws and where there is no response or no action taken by the investee company despite the interactions, the Investment Committee may decide to report to the relevant regulator, authority or any Government body as may be required.

In all cases of engagement with the management and / or the Board of Directors of the investee company, the objective of the interactions should be to play a constructive role in enhancing the value of the investment in the equity of the investee companies and that would ultimately benefit the clients of White Oak.

It is to be strictly ensured that no unpublished price sensitive information is obtained while seeking information from the management/board of the investee companies.

## **INTERVENTION BY COLLABORATION WITH OTHER INSTITUTIONAL INVESTORS**

- Issues where the other institutional shareholders interests in the investee company are also aligned with White Oak's, then collaboration with such institutional investors should be contemplated for a joint intervention in such companies for a more effective resolution of issues.
- Collaboration other than above with other investors at times of significant corporate or wider economic stress, or when the risks posed threaten to destroy significant value, may be the most effective and potent manner to engage with the investee companies to deliver the desired results.
- Use and involvement of industry associations or forums to engage with the investee company, where appropriate may also be explored.
- In taking collaborative action White Oak/Investment Team should be cognizant of legal and regulatory requirements, including on market abuse, insider dealing and concerted party regulations.

## **DISCLOSURE OF VOTING ACTIVITY**

White Oak has a 'Voting Policy' in place. The Voting Policy lays down the rules related to voting on the issues related to the investee companies. The Voting Policy provides for mechanisms to be used for voting, guidelines on how to vote on certain specific matters/ circumstances including list of such possible matters/circumstances and factors to be considered for a decision to vote for/ against/ abstain, conflict of interest issues, mechanism to be used for voting, use of proxy advisors and disclosure of voting, rationale for voting etc.

## **OTHER DISCLOSURES**

On an annual basis, White Oak will disclose a report on the stewardship policy implementation, as mandated under this Policy, on its website as part of public disclosures. The disclosures will also include the Disclosure under the Voting Policy on the resolutions put forth by the investee companies.

## **OPERATING FRAMEWORK/MANUAL**

The Investment Team in line with the requirement of the Stewardship Policy, shall in consultation with the Compliance Team, will formulate an operating framework/manual for detailing on how actions/decisions will be taken in respect of various activities required to be adhered as per this Policy.