

liAS Policy and Process

Conflicts of Interest - Disclosure and Management Policy

12/31/20

IiAS POLICY AND PROCESS:

POLICY ON DISCLOSURE AND MANAGEMENT OF CONFLICT OF INTEREST IN IiAS' VOTING ADVISORY SERVICES

PURPOSE

Institutional Investors Advisory Services India Limited (IiAS) is a SEBI-registered proxy advisory firm (under SEBI (Research Analyst) Regulations, 2014) dedicated to providing market participants with data, research and opinions on corporate governance issues. IiAS has a responsibility to ensure that it preserves the integrity of its research, its objective and the public's trust. IiAS and its employees are expected to conduct their relationships with outside organizations with objectivity and honesty. The purpose of this policy is to prevent and mitigate conflicts of interest, or even the appearance of a conflict of interest or impropriety resulting from other business activities undertaken by IiAS – specifically for its voting advisory services. This policy further seeks to address any actual or potential conflicts of interest that may arise for its research analysts and effective mitigation of such conflicts.

POTENTIAL AREAS OF EXTERNAL CONFLICT OF INTEREST

A potential conflict of interest may arise under the following circumstances:

1. IiAS provides voting advisory services to investors on shareholder resolutions presented by listed Indian companies, where the listed company is an IiAS customer.
2. IiAS writes voting recommendations on shareholder resolutions presented by listed companies that are IiAS' shareholders. A list of IiAS' shareholders can be accessed here: <https://www.iiasadvisory.com/about>.
3. IiAS' directors or leadership team are board members of listed companies on which IiAS provides voting recommendations.

There is no conflict of interest under the following circumstances:

1. In addition to voting advisory services, IiAS provides other services to the same customer.
2. IiAS' unlisted shareholders become customers of IiAS services, since IiAS provides voting recommendations only on listed companies.
3. IiAS' directors or leadership team hold board positions in unlisted companies, which may or may not be customers of IiAS' services, since IiAS provides voting recommendations only on listed companies.
4. As a general practice, IiAS holds one share in listed companies (subject to corporate actions such as share splits, bonus, etc.) with the objective of receiving timely shareholder communication from companies. A list of IiAS' shareholding in companies can be accessed here: [IiAS' holding disclosure](#). Since IiAS does not hold a material interest in any listed company, such holding does not constitute a conflict of interest.

POTENTIAL AREAS OF INTERNAL CONFLICT OF INTEREST

- A research analyst or his/her immediate dependent relative¹ owns any financial interest in the listed entity.
- A personal, family or financial interest of the research analyst could unduly influence the objectivity of the analysis being undertaken.

STRUCTURAL MECHANISMS TO MITIGATE CONFLICT OF INTEREST RISKS

- At the operating level, IiAS has separate teams focussed on business development and research. Information that is commercial in nature rests only with the business development teams, and analytical teams do not participate in commercial negotiations. Because IiAS' products and services and knowledge-based, analytical teams may support the business development activity with respect to two areas:
 1. Explaining and establishing the quality of IiAS' research and analytical capabilities to the potential customer, especially in instances where customers demand to meet the analytical team before buying IiAS' services; and
 2. For customized assignments or bespoke research, the analytical team may need to engage with the potential customer to understand the scope of work and devise a project plan, based on which the business development team will undertake commercial negotiations
- IiAS' voting recommendations are based on IiAS' Voting Guidelines (<https://www.iiasadvisory.com/voting-guidelines>), which are reviewed at least once annually. These guidelines provide the contours within which IiAS will recommend FOR or AGAINST a specific resolution, and the requirements of disclosure for resolutions. Because IiAS' voting recommendations are principle based, IiAS may decide to deviate from its Voting Guidelines in specific instances – under such circumstances, the deviation and the reason for such deviation is explained in the voting advisory report.
- To ensure that its voting recommendations are objective and unbiased, IiAS uses data, wherever possible, to establish its point of view. A historical construct is built, wherever possible, to establish a trend of events that have taken place, which forms the basis of its voting recommendations.
- No single individual can decide a voting recommendation at IiAS because voting recommendations are driven by a committee process. IiAS has a Review and Oversight Committee (ROC) which debates every resolution and decides on the voting recommendation. Business development teams cannot vote on these decisions. For more details, please see the IiAS ROC Policy.
- Only non-executive directors of IiAS hold directorships in other listed companies on which IiAS writes voting recommendations. IiAS' non-executive directors do not participate in operational matters and do not influence, in any manner, how IiAS decides on its voting recommendations.
- Some of IiAS' shareholders are listed and IiAS provides voting recommendations on these. IiAS shareholders are some of the most well-established institutions in the country that see the need for a strong, independent, proxy advisor. In keeping with that philosophy, the shareholders do not have any board representation and do not attempt to influence IiAS' voting recommendations.

¹“Immediate dependent relative” means: (a) Father (including stepfather); (b) Mother (including stepmother); (c) Spouse; (d) Brother; (e) Sister; (f) Son; (g) Daughter; (h) Son's wife; (i) Daughter's husband; who is financially dependent on any person employed as research analyst | “Financially dependent” means a relative to whom one contributes all or a major amount of necessary financial support.

OTHER RESTRICTIONS THAT ARE OR MAY BE IMPOSED

- Research analysts must abstain from participating in the voting advisory process and the ROC process in case of any actual or potential conflict of interest.
- Other measures, as deemed necessary in case-specific instances, will be undertaken to mitigate the risk of conflict of interest.

DISCLOSURES OF CONFLICTS OF INTEREST

Adequate disclosures, wherever deemed necessary, form a part of IiAS' voting advisory reports.

ABOUT THE POLICY

- This policy is effective from 1 January 2021 and it is valid till it is changed.
- There are no previous versions / revisions of this policy.