AXIS ASSET MANAGEMENT COMPANY LIMITED (Axis AMC)

Stewardship Code - Axis Mutual Fund

Document Title	Stewardship Code – Axis Mutual fund
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Reviewer	Head of Equity
Approver	CIO

Change Management

Sr. No.	Version No.	Date	Key Changes
1.	Version 1	September 30, 2022	1. Inclusion of Principle 5 (already included in erstwhile policy, now it has been highlighted as a separate principle)
2	Version 2	October 17, 2023	No change
3.	Version 3	October 11, 2024	1. Added review frequency 2. Updated the methodology of imparting training on stewardship roles.
4.	Version 4	September 30, 2025	No major change

Version control has been operationalized from September 2022 onwards

Introduction

SEBI vide Master circular dated June 27, 2024 ("SEBI circular") has mandated all Mutual Funds and Alternative Investment Funds to frame Stewardship Code in relations to their investments in listed equities.

Axis Asset Management Company Ltd. ("Axis AMC" / "Axis") is Investment Manager for schemes of Axis Mutual Fund registered under SEBI (Mutual Funds) Regulations, 1996. Stewardship code is applicable to the Mutual Fund activities undertaken by Axis AMC.

Stewardship Code is a comprehensive policy providing guiding principles to be adopted by Axis AMC for discharge of its stewardship responsibilities as envisaged in SEBI circular.

Stewardship Code is approved by Board of Axis AMC & Axis Mutual Fund Trustee Company Ltd. (Trustee Company) and shall be effective from date prescribed in SEBI circular as amended from time to time. The Board has authorised Investment Committee(s) to carry out any changes in the Stewardship Code followed by ratification by Board of Axis AMC and Trustee Company.

Stewardship code should be read in conjunction with Voting Policy of Axis Mutual Fund.

Principle 1

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

At Axis we see ourselves as long-term stewards of our investors' capital and this philosophy naturally leads us to focus on the long-term prospects for the companies in which we invest. Axis manages each of its funds' with the objective of generating returns consistent with funds' objectives. It is therefore central to our investment process to consider each company's ability to create, sustain and protect value. We believe that analysing a company's exposure to, and management of, Environmental, Social and Governance (ESG) factors, in addition to traditional financial analysis, will enhance our understanding of a company's fair value and its ability to deliver long-term sustainable returns.

Engagement and monitoring

We believe that by engaging with companies we can improve our understanding of the issues they face and their approaches to managing them, helping us to protect and enhance the value of our investments on behalf of our clients.

It is essential to question and challenge companies about issues that we perceive may affect their value. Engagement and actively voting the shares we manage on behalf of clients is integral to our investment process.

Axis will engage on any issue affecting the long-term sustainable value of a company in which it is invested. Issues may include, but are not limited to, business strategy, performance, financing and capital allocation, management, acquisitions and disposals, operations, internal controls, risk management, industry level issues, related party transactions, shareholder rights/ grievances, the membership and composition of governing bodies/boards and committees, sustainability, governance, remuneration, climate change, environmental and social responsibility.

Our mechanism for engagement varies but can typically involve one of the following:

- One-to-one meetings with company management/representatives;
- Written correspondence;
- Phone calls;

- Discussions with company appointed consultants and stakeholders;
- Voting;
- Collective engagement with other investors.

Resources

At Axis ESG integration and engagement is constant activity, undertaken by the investment team. We bring our experience as active fund managers to ensure that we focus on relevant and material issues in our engagement. The engagement and proxy voting activities can involve both our analysts and fund managers in some capacity, so that we can use their knowledge and understanding of companies to affect better outcomes. Axis AMC shall arrange for training of all key personnel involved in activities pertaining to the stewardship code explaining the responsibility under the code along with amendments, if any via external agency or internal team training sessions, sharing of presentations, reading materials etc.

The manner of disclosure(s) of policy and amendment thereto, on the website of Axis AMC are provided under the "Principle 6".

Periodic review of Stewardship Code

The Stewardship Code shall be reviewed at annual intervals or earlier, if required, to ensure that it is updated with best practices and is accurate in describing our activities with regard to our investee companies.

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.

Axis AMC acts as an independent and uninfluenced provider of services and gives highest priority to protect and safeguard interests of its investors. Conflicts of interest are an inherent risk in our business and Axis AMC, therefore, has procedures and policies in place so that clients are treated fairly and material conflicts of interest are either avoided or are managed to avoid damage to a client's interests.

A conflict arises where the interests of Axis AMC, or a director, or any Staff, or any vendor / service provider or another client are not or might not be aligned with the interests of a client.

While dealing with investee companies, Axis AMC may be faced with a conflict of interest, which may include instances like, where the investee company is a group entity of Axis AMC or has substantial investments in the schemes of the fund. There may be a potential conflict in instances where the AMC deals with its group entities, or when the concerned investment team member hold stocks of investee companies while dealing with such companies on behalf of AMC. The voting for investee companies by Axis AMC may, in some cases, have a potential conflict with the interest of clients.

The above highlighted instances are indicative in nature and Axis AMC would continue to monitor such potential circumstances which may lead to a conflict of interest. Potential new conflicts of interest, wherever observed are raised and discussed promptly with senior management and in case of significant issues gets escalated to Investment Committee. The decisions of the Investment Committee are documented and maintained by Axis AMC.

The dealings with the investee companies which is a group entity of Axis AMC shall be carried out at arms-length basis and shall be subject to applicable laws and regulations. Further, as a principle, Axis AMC shall exercise its voting power in the best interest of clients. (for further controls built in by Axis AMC to mitigate conflicts, please refer below)

The AMC shall however always endeavour to ensure that the interest of the client is placed before the interest of the entity and conflict of interest, wherever observed, are mitigated / resolved in the best interest of the clients and in accordance with the policy.

Control Measures

(These are indicative list of some of the control measures established by Axis AMC and are not an exhaustive list)

i. Our policies require that all personal interests, relationships or arrangements, including those of our group companies must be disregarded to ensure that the best interests of all clients are served. Appropriate disclosure is also made in the SIDs of various schemes of the Mutual Fund.

ii. All Axis AMC directors and employees and Axis Mutual Fund Trustee Company directors are subject to the Personal Account Dealing Policies applicable to them.

iii. Employees who are either involved in the investment decision making for clients or have information on client's transactions or who have access to research etc. cannot use such information (for themselves or other persons connected with them or over whom they have influence) to acquire financial benefits.

iv. During the course of business activities in connection with the making, monitoring and realisation of investments held in various MF schemes / Portfolios, there may be occasions when employees become aware of unpublished price sensitive information concerning listed securities. The Stop List Policy of the AMC requires them to disclose such aspects and the employee personal dealing policy requires them to not deal in such securities.

v. The giving or receiving by employees of gifts, hospitality or other benefits may constitute a material inducement to act to the advantage of one or more clients / cause conflict of interest. The Gifts and inducements policy address these issues. vi. Axis AMC has established a Proxy Voting Policy for Mutual Fund investments. The proxy voting process is managed and co-ordinated by the Investment team of Axis AMC and there is clear segregation with the sales function / client relations.

vii. The policy shall allow persons to rescue from decision making in case of the person having any actual / potential conflict of interest in the transaction.

viii. Disclosures are made to the boards of the AMC and the Trustee Company on transactions done with / through group companies etc., in the periodic reports. Disclosures are also made to the unitholders in the half yearly and annual financials, monthly factsheets etc.

ix. Segregation of dealers for Mutual Fund and Alternative Investments.

x. Segregation of Software and systems (to the extent possible) for different businesses.

Principle 3

Institutional investors should monitor their investee companies.

As active investors, Axis continually monitors a company's management and performance, including developments which may have a significant impact on valuation or risk profile, as part of our investment process and ownership responsibilities.

The extent and frequency of monitoring will be partly dependent on the type of investment: a large percentage holding selected by detailed analysis will be monitored more frequently and in greater depth, for example, than a small percentage holding or invested amount. The level of contact will increase where we have specific long term concerns about a company's performance. Monitoring activities for passive positions will be more limited in nature. The specific thresholds defining large, passive holding etc will be determined by the Investment Committee and may get updated from time to time. The thresholds can be different for holdings in global stocks.

Typically, monitoring will occur around financial reporting, general meetings, in connection with news and company announcements. The analysis of publicly reported information makes up the bulk of our monitoring activity. However we will proactively contact management where we think that this information requires more explanation. We meet with hundreds of companies every year and it is an important part of investment process. In one on one meetings with company management/ stakeholders we will focus on relevant long and short term performance factors and expect to have a clear articulation of strategy and the creation of ongoing shareholder value.

While dealing with the investee company, we make companies aware of our position to ensure that we do not inadvertently receive non-public price sensitive information. However, in case of receipt of non-public sensitive information or unpublished price sensitive information, we shall follow process specified in Prohibition of Insider Trading Policy (hereinafter referred to as 'the POLICY') governing the personal securities transaction of Employees and Stop List Policy to ensure compliance with the applicable provisions of SEBI (Prohibition on Insider Trading) Regulations, 2015. All employees involved in engagement activities shall be given proper understanding on Insider Trading to fulfil requirement of Policies laid down.

If an investee companies' ESG disclosures are insufficient to allow Axis to gain an appropriate understanding of the company's sustainability-related risks, Axis will encourage the company to make more robust public ESG reporting.

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.

Axis will engage on any issue affecting the long-term sustainable value of a company in which it is invested. Issues may include, but are not limited to, business strategy, performance, financing and capital allocation, management, acquisitions and disposals, operations, internal controls, risk management, industry level issues, related party transactions, shareholder rights/ grievances, the membership and composition of governing bodies/boards and committees, sustainability, governance, remuneration, climate change, leadership issues, litigations, environmental and social responsibility, etc.

We ordinarily hope to address any concerns we may have through the regular meetings we hold with company management. However, there may be instances where a company does not respond constructively, our concerns have not been sufficiently addressed or we do not feel confident that the company intends to address these concerns. Under these circumstances, we may decide to extend our engagement activity and/or escalate specific areas of concern in order to effect the change we are seeking.

Intervention will generally begin with a process of holding additional meetings with company management to enhance our understanding of their stance and help the company to understand our position. Should this initial step fail, we may consider further escalation by:

- meeting or otherwise communicating with senior management
- expressing our concerns via company appointed consultants or brokers
- withholding support or voting against management
- collaborative intervention with other institutional investors
- submitting resolutions at general meetings
- requisitioning extraordinary general meetings
- divestment of shares
- legal recourse against a company if deemed necessary

In case the Mutual Fund's intervention is not successful (either fully or partially), it will not automatically result in the Mutual Fund being required to exit its investment in the investee company. The decision to purchase more equity or sell all or part of the Mutual Fund's investment in the investee company shall be made by the responsible Fund Manager, which may consider the outcome of the intervention as an input in his decision-making process.

We prefer to engage confidentially with company management to discuss issues and concerns, as we believe this is the most constructive and effective approach. However, if we feel that we are not being heard, we may express these concerns publicly.

There may be occasions when it is more effective to work with other institutional shareholders to influence company management and effect positive change. For example, where our discussions with management have failed to achieve the desired outcome or where we own a very small percentage of the company. We review collaborative engagements on a case-by-case basis to ensure that the objectives of such engagements are aligned with our policies and investment objectives. Axis can work with other institutional investors, either bilaterally or through industry forums such as AMFI.

Principle 5

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

Investment Team shall follow the guidelines for voting on the resolutions of the investee company as specified in the Voting Policy.

Principle 6

Institutional investors should report periodically on their stewardship activities.

Disclosure of Stewardship Code

This Stewardship Code and amendment thereto, shall be disclosed on the website (www.axismf.com). Any amendment or modification to this Stewardship Code shall be disclosed on the website.

Disclosure of Stewardship Activities

Axis AMC shall periodically report how it fulfilled its stewardship responsibilities in an easy-to understand format. Axis AMC shall disclose its voting on shareholder resolutions of investee companies on a quarterly basis or as per prevailing guidelines. Further, Axis AMC shall periodically place report on its website on implementation of principles of Stewardship Code. The report may also be sent as a part of annual intimation to unitholders.

Axis AMC also notes that the compliance with the Stewardship Code does not constitute an invitation to manage the affairs of a company or preclude a decision to sell a holding when it is in the best interest of unitholders.