

TATA PENSION FUND

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TATA PENSION FUND MANAGEMENT PRIVATE LIMITED

STEWARDSHIP POLICY

Version 4 – Approved on 22nd January, 2025

Version No.	Date of approval by Audit Committee	Date of approval by Board	Revised policy effective date	Brief description/ Nature of changes
V1	-	28 th June, 2022	28 th June, 2022	New Policy adoption
V2	19 th July, 2023	19 th July, 2023	19 th July, 2023	Change in the name of the Company and incorporate the comments of the PFRDA's letter dated 12 th July, 2022 on Stewardship Code
V3	25 th October, 2024	25 th October, 2024	25 th October, 2024	No changes
V4	22 nd January, 2025	22 nd January, 2025	22 nd January, 2025	Change in the name of the Company

1. Introduction:

Tata Pension Fund Management Private Limited (“the Company”) or (“TPFMPL”) has been granted Certificate of Registration by the Pension Fund Regulatory and Development Authority (PFRDA) to act as the Pension Fund Manager.

TPFMPL manages the pension contributions made by the subscribers under the National Pension System (‘NPS’) through an Investment Management Agreement executed with the NPS Trust. TPFMPL invest monies of the subscribers in various securities as per the Investment guidelines approved by the PFRDA.

PFRDA had vide Circular no. PFRDA/2018/01/PF/01 dated 04th May, 2018 had issued Common Stewardship Code. As part of the said Code, TPFMPLs is expected to shoulder greater responsibility towards the subscribers by enhance monitoring and engagement with the investee companies. Such activities are intended to protect the subscriber’s pension wealth. The Investment Team is expected to monitor and actively engage with the investee company on various matters including performance (Operational, financial) etc., strategy, corporate governance including (Board structure, remuneration etc.) material environmental, social and governance (ESG) opportunities or risks, capital structure, etc. and any other issues such that the interest of the subscribers are protected. Such engagement may be through detailed discussions with management, interaction with investee company Boards, voting in Board or shareholders meetings. etc.

The said Code mandates the Company to formulate a comprehensive policy on how it intends to fulfill the Stewardship responsibilities.

The Stewardship Policy is framed by the Company to comply with the above-mentioned PFRDA guidelines.

The broad areas covered in the policy are as under:

- 1) Managing the conflict of interest.
- 2) Monitoring the investee companies.
- 3) Active intervention/ engage with the investee companies.
- 4) Clear policy on voting and disclosure of voting activity.
- 5) Report periodically on the stewardship activities.

This policy intends to lay down the process and procedures to be followed by the Company as per above principles.

Stewardship Principles

In order to safeguard the interest of the investors, TPFMPL shall work towards fulfilling the objectives of the following principles.

Principle 1

TPFMPL has designed a comprehensive policy on the discharge of their stewardship responsibilities. TPFMPL will publicly disclose it, review and update it periodically.

A. POLICY ON ACTIVE ENGAGEMENT INCLUDES:

1. TPFMPL shall continuously monitor and actively engage with investee companies, where investment is 'Large' (i.e. where any Equity or Debt investment by TPFMPL is more than 1% of the share capital of the investee company or 10% of overall AUM of TPFMPL – referred herein after as “Large Investment”) on various matters including performance (Operational, financial etc.), strategy, corporate governance (Including Board structure, remuneration, etc.), corporate governance opportunities or risks, capital structure, etc.
2. The Investment Committee can amend the threshold level for 'Large Investment' based on experience.
3. Voting and engaging with investee companies in a manner consistent with the best interests of its shareholders/investors.
4. Maintaining transparency in reporting its voting decisions and other forms of engagement with investee companies

B. POLICY ON DISCHARGE OF STEWARDSHIP RESPONSIBILITY

1. TPFMPL to follow the voting policy formulated pursuant to the various circulars on proxy voting issued by PFRDA from time to time to deal with the exercise of the Company's voting rights in Investee companies and shall disclose the voting report periodically.
2. TPFMPL shall appropriately monitor and engage on an issue which may potentially, affect an investee company's ability to deliver long term sustainable performance and value for threshold of Large Investment.
3. The engagement with Investee Company may be through written communication, detailed discussions with management, interaction with investee company boards, voting in board or shareholders meetings, etc.

4. TPFMPL shall endeavor to work collectively with other institutional investors and support collaborative engagements organized by representative bodies and others for threshold of Large Investments.
5. TPFMPL shall disclose compliance to the Policy and the principles therein on its website periodically and review the same periodically.
6. TPFMPL's most visible sign of the engaged ownership is participation in proxy voting at shareholder meetings. TPFMPL shall evaluate proposals and cast votes in accordance with our voting guidelines. TPFMPL guidelines are designed to promote long-term shareholder value by supporting good corporate governance practices as well as support instances of corporate social responsibilities and environmental protection (ESG) In evaluating votes, the analyst team may consider information from many sources, including a company's management and board, shareholder groups, and various research and data resources. TPFMPL may also refer to voting recommendation from Proxy Advisory Firm(s). Voting guidelines are reviewed periodically to consider further developments in governance standards based on global best practices and any related training thereof.
7. In case of outsourced activities, Investment Committee shall evaluate the action proposed by the outsourced agency to ensure that proposed action is in the interest of the investors.

C. OVERSIGHT OF STEWARDSHIP ACTIVITIES:

Investment Committee of TPFMPL shall ensure that there is an effective oversight of Company's stewardship activities. The Investment Committee shall be responsible for the overall implementation and execution of this Policy. The threshold of investment in the investee company beyond which the Company shall perform its stewardship activities shall be prescribed by the Investment Committee. The investee company used in this policy shall mean Investee companies in which TPFMPL has made equity or debt investments. The Investment Committee shall recommend the changes in the policy to the Board.

D. TRAINING POLICY

Current investment team and any new joiners in the future may be trained on the various aspects of implementing the stewardship policy.

Principle 2

TPFMPL has designed a clear policy on how they Managing conflicts of interest

TPFMPL is part of a large and diversified group with many affiliates and related companies. The voting for company resolutions may entail some instances of a conflict of interest between the interests of shareholders of the Company and the subscriber' interests. Few instances where conflict of interest may arise

1. TPFMPL or its Sponsor Company and the investee company are part of same group
2. The Investee Company is an associate of TPFMPL or its Sponsor Company
3. The Investee company is an investor of Sponsor Company or TPFMPL
4. The members of Investment department/ Investment Committee have a personal interest in the investee company
5. A nominee of the Company has been appointed as a director or a key managerial person of the investee company
6. Board of Directors and Key Managerial personnel have personal interests that conflict with their responsibility to act in the best interests of the subscribers
7. Anything other than the above, which may give rise to conflict of interest.

TPFMPL have the following procedures to manage conflict of interest situation:

A. AVOIDING CONFLICT OF INTEREST:

TPFMPL shall undertake reasonable steps to avoid actual or potential conflict of interest situations. In unavoidable situation, conflicts of interest shall be resolved in the best interests of the subscribers of National Pension System.

In the event of any doubt as to whether a particular transaction would create (or have the potential to create a conflict of interest), the Board of Directors may be consulted.

B. MANAGING CONFLICT OF INTEREST:

1. A conflict of interest in relation to an investee company shall be highlighted to Investment Committee and get recorded. All decisions pertaining to votes will be taken in the best interest of the subscribers of NPS. In instances where the investments are in the group companies of TPFMPL or the investee company has substantial investments in the Sponsor Company of TPFMPL, the Proxy Voting decisions shall be done in the best interest of subscribers of NPS.
2. Apart from strict adherence to Code of Conduct of TPFMPL, the Investment Committee shall ensure strict compliance with the Code of Conduct for Prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations.

3. Member of the investment team who is interested or have any association with the Investee Company will not be allowed to participate in Proxy Voting related decision.
4. Rationale for voting on each shareholder resolution shall be recorded as per the voting policy.
5. Detailed rationale behind every new investment decision shall be recorded.
6. For all other possible instances of conflict, the Board of Directors may be referred for guidance / decision.

The Directors, Members of the Investment Committee and Key Managerial Personnel shall intimate their change in interest or concern in the company/ companies, body corporate, firms or other association of individuals to the Pension Funds as and when there are changes as per the provisions of Section 184(1) and Rule 9(1) in Form MBP-1 of the Companies act, 2013.

TPFMPL shall report in their compliance certificates how they have managed any instances of actual/ potential conflict of interests that have arisen during the period.

Principle 3

TPFMPL Monitoring of the investee companies.

1. Monitoring shall include strategy and business outlook, financial performance, management evaluation and corporate governance issues, capital structure etc.
2. The company shall actively monitor all investee companies except for those held as underlying in investment instruments like ETFs and Mutual Funds.
3. Investment Committee shall review the monitoring and engagement activities being carried out by the Investment team keeping in mind regulations on insider trading and would ensure the compliance of the regulations.
4. TPFMPL may rely on several sources for monitoring activities of investee companies
 - a. Bloomberg
 - b. Sell side broker Reports
 - c. Quarterly Results (On calls)
 - d. Annual Reports
 - e. Publicly available information includes exchange filings
 - f. Management Interaction includes conference calls
 - g. IIAS and SES Recommendations and alerts if any

5. TPFMPL will endeavor to have at least one interaction/ engagement with the investee company in a year for Large Investment. However, there can be investee companies where the Management 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, it is possible that the monitoring is through other sources including participation in Proxy Voting on Share Holder's resolution or engagement through external agencies.
6. During engagement with the Investee Company, employee may come to know about unpublished price sensitive information (UPSI). Employee shall maintain strict confidentiality of such UPSI and shall not share such UPSI with anyone inside or outside the organization. No investment/disinvestment decision shall be taken based on such UPSI.
7. **TPFMPL shall comply with policy with the Policy of Self Dealing, Front Running and Insider trading.**
TPFMPL shall report the following as a part of stewardship policy
 - a) Procedures adopted to ensure Insider trading regulations are complied with
 - b) Instances of breach of Insider Trading Regulations during the period, if any.

Principle 4

TPFML has designed a clear policy on Active 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.

INTERVENTION POLICY

TPFMPL may intervene or collaborate with other institutional investors in case of Large Investments.

The Company may intervene in case of large investments if, in its opinion, any act/omission of the investee 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.

A. MECHANISM OF INTERVENTION:

- 1) **Engagement**: TPFMPL shall endeavor to send letters to individual investee companies, have one-to-one meetings with the management team or Investor Relationship department, engagement with specific teams etc. to resolve any concerns including steps to be taken to mitigate such concerns.

- 2) **Collaboration**: TPFMPL shall endeavor to work collectively with other institutional investors and support collaborative engagements by professional associations like AMFI, regulators and other entities it deems necessary for a collective engagement or joint representation with the investee company.

- 3) **Escalation through voting**: There can be investee companies where the management 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, it is possible that the monitoring is through other sources including participation in AGM/Voting on Share Holder’s resolution or engagement through external agencies. TPFMPL will maintain internal notes/minutes/other records for each intervention.

Collaboration with Other Institutional Investor

TPFMPL shall report the issues wherein they have intervened and/ or collaborated with other investors as a part of compliance certificate in the following format

Issuer/ Company Name	Issues/ Subject Matter	Engagement Lead/ Co-Ordinator	Held at	Engagement and Outcome

The instances should be balanced and include instances where the desired outcome has not been achieved or is yet to be achieved.

Voting and disclosure of voting activity.

TPFMPL has formulated a policy and process for exercising voting rights and the same shall be followed / adhered so the voting in Investee Company is taken care. Voting Policy shall be disclosed on the website and reviewed periodically.

Periodically reporting on their stewardship activities.

This policy, as amended from time to time, will be disclosed on the website of the Company.

The Company will make the following disclosures, on the Website of the Company, to subscribers on how they have fulfilled their stewardship responsibilities.

- 1) Annual Report on implementation of every principle.
- 2) Annual Auditors certification on the voting reports.
- 3) Annual Report on Summary of the Proxy Voting undertaken by the Company
- 4) Quarterly report containing a summary of the voting decisions exercised along with a rationale

The Company will annually also send mail to all the Subscribers regarding report on implementation of every principle by the Company. The Company will also report on a quarterly basis to the PFRDA and NPS Trust regarding compliances of the Principles laid down in the Policy.