



# ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LIMITED

## STEWARDSHIP POLICY

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**Document Version Control**

<b>Version</b>	<b>Modify By</b>	<b>Date of approval by IC</b>	<b>Date of approval by Board</b>	<b>Revised Policy Effective from</b>	<b>Nature of Change</b>
1.0	Investment Mid-Office	23/07/ 2018	23/07/ 2018	23/07/ 2018	Created
1.1	Investment Mid-Office	23/04/2019	23/04/2019	23/04/2019	Formatting changes
1.2	Investment Mid-Office	25/07/2022	25/07/2022	25/07/2022	Changes incorporated as per PFRDA letter dated July 12, 2022.
1.3	Investment Mid-Office	23/01/2023	23/01/2023	23/01/2023	Changes incorporated for Director's disclosure for change in interest or concern as per PFRDA instruction.
1.4	Compliance	17/10/2023	17/10/2023	17/10/2023	Formatting and Typographical changes.
2.0	Compliance	18/04/2024	18/04/2024	18/04/2024	Review

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## BACKGROUND

The purpose of this policy is to describe the approach taken by the ABSLPML to stewardship based on the principles indicated by Pension Fund Regulatory and Development Authority of India “PFRDA” vide circular reference no PFRDA/2018/01/PF/01 dated 4<sup>th</sup> May, 2018. The purpose of the Stewardship Code is to enhance the quality of engagement between institutional investors and the investee companies to help improve the Corporate Governance practices with a view to enhance long term returns to policyholders and the governance responsibilities.

## SCOPE

This note covers the policy framework and the various processes that need to be followed for discharging Stewardship responsibilities and its disclosure by ABSLPML.

## Policy Statement

*Regulation – Guidelines on Stewardship Code for Insurers in India – By PFRDA*

Pension Fund Managers are institutional investors in listed companies and the investments are held by them as custodians of subscribers. Given the above, it is desired that the Pension Fund Managers should play an active role in the general meetings of investee companies and engage with the managements at a greater level to improve their governance standards and practices. This will result in informed decisions by the parties and ultimately improve the return on investments of NPS Trust / Subscribers.

Therefore, based on the principle and PFRDA direction, this Policy is being framed to implement a code for stewardship for ABSLPML.

*What is the Stewardship Code?*

Stewardship aims to promote the long term success and value creation of investee companies in a way that the ultimate providers of capital (the shareholders) also prosper, keeping in mind the Governance Standards. ABSLPML’s commitment to effective corporate governance and adherence to the Stewardship Code is to ensure that its investee companies and subscribers as a whole benefit. Stewardship code includes monitoring, engaging and intervention with investee companies on corporate governance, operational and financial matters, managing conflict of interest and voting policy and disclosure of voting activity.

This Code broadly requires ABSLPML to follow below principles as regards its conduct at general meetings of the Investee Company and disclosures thereto:

## COMPLIANCE WITH THE STEWARDSHIP CODE

### **Monitoring, Engagement and Intervention in Investee Companies**

Investment team will monitor all the companies in which ABSLPML invests in.

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The mechanism adopted for monitoring purpose will include but not be limited to:

- Publicly available information
- Management interaction through meetings/ con-call
- Broker research and inputs
- Industry information

Key areas for monitoring would include strategy and business outlook, financial performance, management evaluation and corporate governance issues, capital structure etc.

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

#### First step: Interaction:

The meeting(s) with investee companies are to be conducted in a confidential manner with a view to resolve the issue constructively. If dissatisfied with the response of the investee company, ABSLPML will proceed to escalate the matter further.

#### Next step: Escalation

First level of escalation will be internally to investment head or committee, where further course of action will be decided which may include decision to divest or escalate the matter to regulatory authorities or collaboration with other investors,

In case there is no progress despite re-iteration through multiple interactions, the matter will be discussed at the Investment Committee of ABSLPML for further escalation to the Board of Directors of the investee company. If the Investment Committee decides to escalate, the communication to the Board of the investee company should elaborate on the concerns.

#### Final step: Reporting to regulators/authorities

Despite escalation if there is no response or action taken by Investee Company, 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, all communications and discussions are to be conducted in private and confidential manner.

#### **Managing Conflicts of Interest**

ABSLPML is part of a large and diversified Aditya Birla group with companies across spectrum of industries. The actions for company resolutions may entail some instances of a conflict of interest between the interests of shareholders of ABSLPML and the subscribers' interests.

**Some of the key instances are as under –**

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- *Any group company of Aditya Birla Capital Limited is the shareholder of the investee company*
- *The investee company is a customer of ABSLPML or its group companies or affiliates*
- *Investment of Investee Company in Aditya Birla group Companies*
- *Any of group companies or affiliates is a supplier or partner in some aspect of the investee company's business*
- *Key managerial personnel of ABSLPML may have personal interests that conflict with their responsibility to act in the best interests of the Company. Personal interests include direct interests as well as those of family, friends, or other organizations a person may be involved with. Conflict of interest may be actual or potential and may be financial or nonfinancial in nature.*

All the instances where the interest of ABSPML and Subscriber diverge from each other, it would be taken on record and such decision would be taken up to the investment committee with details about the nature of conflict, impact to the subscriber/policyholder and possible resolution.

ABSLPML will take all necessary steps to resolve such conflict of interests & all the decisions will be taken in the best interest of subscribers. However, if no resolution is found or necessary action for resolutions are found to be insufficient by the Investment committee, ABSLPML would abstain from taking the decision and would take conflict to the NPS Trust for their guidance.

Pursuant to Section 184(1) of the Companies Act 2013 read with Rule 9(1) of The Companies (Meetings of Board and its Powers) Rules,2014, every director shall intimate their change in interest or concern in the company/companies, body corporate, firms, or other association of individuals to the Pension Funds within 30 days from such change.

### **Voting and disclosure of voting activity**

ABSLPML has formulated a policy and process for exercising voting rights and the same shall be followed / adhered so the voting in Investee Company is concerned.

### **Periodic reporting on stewardship activities.**

#### **Disclosures**

ABSLPML may disclose all the activities undertaken with regard to implementing this stewardship policy and discharging its responsibilities, on its website, as part of public disclosures.

Compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a company or preclude a decision to sell a holding when this is considered in the best interest of

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clients or beneficiaries. Effective oversight on the insurer's stewardship activities is to be reviewed by Board for the compliance with corporate governance code.

### **Ownership**

This policy is owned by the Investments team.

### **Responsibilities**

The Investments Mid Office will agree to monitor that the Policy is followed in true spirit and maintain all the documents for Internal and Audit purpose.

### **Policy Review**

The Stewardship Policy will be reviewed once every year.

### **Training Framework/Policy**

The Company should have annual training framework for its personnel involved in implementation of the stewardship principles as a part of stewardship principles. Such training framework will review and approved by CEO of the Company from time to time.

### **Compliance to the Investment code of conduct of the Company**

The Board approved Investment code of conduct of the Company is in line with the guidelines issued by PFRDA for Pension Fund on self -dealing, front running and insider trading and applicable provision of SEBI (Prohibition of Insider Trading) Regulation 2015.

It is the responsibility of every access person defined in the Code to ensure compliance to the Investment Code of Conduct of the Company. Compliance officer of the Company shall maintain records of all disclosures made under the Investment Code.

### **Annual intimation to subscribers**

The Company shall send annual intimation to the subscriber on compliance and implementation of each principle under stewardship code as a part of annual compliance report.

### **Approval**

Investment Committee will recommend any changes in the Stewardship Policy and send to Board for approval.