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SBI PENSION FUNDS PRIVATE LIMITED

Stewardship Policy

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1. Preamble

SBI Pension Fund Private Limited (SBIPFPL) is a Pension Fund Manager registered with Pension Fund Regulatory and Development Authority (PFRDA) managing the pension fund under the National Pension Systems (NPS) as per the guidelines of PFRDA. SBIPFPL is managing the fund in the fiduciary capacity under the NPS architecture, as the ultimate beneficiaries of the assets are the subscribers contributing towards the fund. As part of its investment management activities, SBIPFPL invests in several companies with the intention to optimise the return for the subscribers. In this context, it has become important to keep a track of the activities of the investee companies and to engage with their management with regard to the decisions which may have major material impact on the companies, so that the interest of the subscribers is protected.

Stewardship responsibilities include monitoring and actively engaging with investee companies 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. Such engagement may be through detailed discussions with management, interaction with investee Companies Board, voting in Board or Shareholders meetings, etc.

PFRDA has issued guidelines on Common Stewardship Code for implementation by the Pension Fund Managers and has advised that a comprehensive policy may be formulated. The broad areas to be 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 SBIPFPL on the above.

The Investment Sub-Committee would be the custodian of the policy and would ensure that the guidelines are strictly adhered to. In case of any breach, the same shall be reported to the Board and Investment Committee as well as the PFRDA (Regulator) on a quarterly basis.

2. Managing conflict of interest.

The conflicts of interest in decision making would happen in any of the following scenario:

- i) The Investee Company is associated with SBIPFPL or its sponsor in any manner.
- ii) SBIPFPL or any of its sponsors have any stake or interest in the Investee Company.
- iii) Any of the officials who are responsible for decision making in SBIPFPL have any kind of interest in the investee company.
- iv) Any reason other than the above, which may give rise to conflict of interest.

The Company would deal with the issues as per the following procedures:

- a) The investment would be made strictly as per the guidelines issued by PFRDA and the limits with regard to the sponsor group as well as other individual groups would be strictly adhered to.
- b) In case of any conflict of interest arising on account of any other reasons, the decisions taken would be clearly spelt out in the Investment Sub-Committee note and the same would be put up to the Investment Committee on a quarterly basis.
- c) The Company has put in place a Guideline for Investment/ Trading in Securities by SBI Pension Funds Private Limited (SBIPFPL) employees (including employees on deputation from State Bank of India & employed by SBIPFPL) to check self-dealing and front running, which is strictly adhered to.

3. Monitoring the investee companies.

- Investment team will be responsible for monitoring all the companies in which SBI Pension invests. There will be no threshold limit applicable for monitoring purposes.
- The monitoring team will use publicly available information, management meetings, interaction with investee company boards, voting in board or shareholders meetings, sell side research and industry information to

monitor these companies. While endeavor would be to ensure at least one meeting with the investee company in a year, there can be investee companies where the management is not accessible or not accessible at appropriate levels which would share any incremental information. In such cases, the monitoring would be done through other sources.

- Monitoring will include (but need not be restricted to) strategy and business outlook, operation and financial performance, Industry analysis, management evaluation and corporate governance issues including board structure/diversity, related party transactions, handling of shareholder rights, their grievances, capital structure and key risk areas. Monitoring on areas like succession planning, remuneration, material environmental, social and governance (ESG) opportunities or risks issues will be on a best effort basis.
- Investment team would monitor that all the information sought for the purpose of monitoring the investee companies is done keeping in mind regulations on insider trading and would ensure the compliance of the regulations.
- The monitoring of the Investee Company including the process of due diligence for the Investments will be done as detailed in the Risk Management Policy and Investment Policies of the Company.

4. Active intervention/engage with the investee companies.

SBIPFPL would intervene in the Investee Company, whenever it is found necessary. The decision in this regard would be taken by the Investment Sub-Committee based on the developments in the investee company, which may have an adverse impact on our investments. The company shall actively engage with the investee company and deliberate on the issues of concern. Collaboration with other pension fund managers and other similar institutional investors also would be undertaken whenever necessary.

5. Clear policy on voting and disclosure of voting activity.

The company has formulated a voting policy as per the PFRDA circular no. PFRDA/2017/17/PF/1 dated 20th April, 2017 and would continue to exercise the voting as per the policy. The eventual voting is exercised by the custodian as per the consensus arrived at by taking into account the decisions of all the PFMs as mandated by PFRDA.

6. Periodically reporting on the stewardship activities.

SBIPFL shall publicly disclose this policy on its website including the updated policy as amended from time to time. SBIPFPL shall also place on its website the voting decision it has made on the investee companies on a quarterly basis and also file the same with PFRDA on a quarterly basis. SBIPFL shall also annually intimate to PFRDA/ NPS Trust about the implementation of every principle laid down in the Policy.