



STEWARDSHIP POLICY

Version 1.0

2020

This document is approved by the Board of the AMC on May 28, 2020 and Trustees on May 29, 2020.

Preamble and scope of policy on Stewardship Responsibilities:

The Policy is framed to discharge Stewardship responsibilities in accordance with the guidelines set out by Securities and Exchange Board of India (SEBI) vide its circular ref. CIR/CFD/CMD1/168/2019 dated December 24, 2019, in relation to its investments in listed equities. PGIM India Asset Management Company Private Limited (PGIM India AMC) is an investment manager to PGIM India Mutual Fund (PGIM India MF). As a part of this activity, the investment management team of PGIM India AMC is expected to monitor and engage with the investee company on matters including performance (operational, financial, etc.), corporate governance (including board structure, fairness of remuneration etc.), material environmental, social and governance (ESG) issues, capital structure etc. and any other issues that may affect interest of the unitholders.

This policy will be referred to as Stewardship Policy to include responsibilities to be undertaken by PGIM India AMC and the processes that PGIM India AMC intends to follow in order to discharge its stewardship obligations. This Policy contains the stewardship principles as prescribed by SEBI and the principles that form the basis for exercise of all voting rights as per PGIM Voting Policy. In general, the AMC does not have the intention to participate directly or indirectly in the management of the companies but it will use its influence as the representative of the shareholders amongst others by exercising its voting rights in accordance with the best interests of its fund's unit holders. The AMC for the purpose of this Code, would refer to the Investment Team led by the Chief Investment Officer, and for the purpose of conflict of interest would be the Investment Committee of the AMC.

This policy will be effective from July 1, 2020 and would be reviewed and updated as and when appropriate or as and when there are regulatory changes. The Investment Committee shall recommend any changes to the policy, as appropriate, for consideration of the Board.

Stewardship Principles:

In an endeavour to safeguard the interest of the unitholders, PGIM India AMC shall work towards fulfilling the objectives of the below listed principles:

Principle 1: Key Stewardship Responsibilities

a) Primary Stewardship Responsibilities:

The primary Stewardship responsibilities of PGIM India AMC shall be:

- i. Monitoring and actively engaging with investee companies by participating in the meetings called by the company or joining other institutional investors in meetings/representations/teleconferences, etc for threshold of significant investments. Significant investments would constitute companies where the Mutual Fund holds more than 3% of overall Equity AUM (all schemes put together), or 1% of the paid up Capital of the Investee company, as on the end of a quarter, on matters of concern to shareholders and unit holders.
- ii. To vote and engage with investee companies in a manner consistent with the Voting Policy of PGIM AMC.
- iii. To maintain transparency in reporting (by publishing action taken on its website), its voting decisions and other forms of engagement with investee companies.

b) Discharge of Stewardship responsibilities:

PGIM India AMC shall discharge its stewardship responsibilities as under :-

- i. Voting on shareholders' resolutions, as may be necessary to protect the long term interest of its unitholders. PGIM India AMC shall follow the voting policy formulated pursuant to SEBI circular no. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010 along with the various

circulars issued by the SEBI from time to time to deal with the exercise of its voting rights in Investee companies.

- ii. PGIM India AMC shall appropriately monitor and engage on any issue which may potentially, affect an investee company's ability to deliver shareholder value for the threshold of significant investments, on best effort basis.
- iii. Where appropriate, PGIM India AMC shall endeavour to work collectively with other institutional investors and support collaborative engagements organized by representative bodies and others for threshold of significant investments, so long as such action is in the best interest of the funds' unitholders.
- iv. The Fund Managers / relevant team members shall undergo training with regard to implementation and compliance of the Principles as enumerated in the Policy.
- v. PGIM India AMC shall disclose compliance with the Policy and the Principles therein at such places and at such periodicity as defined by SEBI from time to time.

c) Oversight of the Stewardship activities:

The Investment Committee of PGIM India AMC shall have oversight of its stewardship activities. The Investment Committee shall monitor and oversee the AMC's stewardship activities during its periodic meetings viz., review all the proposals of investee companies leading to corporate actions that are of concern to unit holders and take necessary action.

The investee company referred in this policy shall mean Investee companies in which schemes of PGIM India AMC has made equity investments.

d) Disclosure of Stewardship Code:

The Stewardship policy and amendment thereto, shall be disclosed on the website of PGIM India AMC.

Principle 2: Managing Conflict of Interest

The term "conflict of interest" refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment and execution of professional duties.

Avoiding Conflict of Interest:

PGIM India AMC shall undertake reasonable steps to avoid actual or potential conflict of interest situations. 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 Investment Committee may be consulted.

Since PGIM India AMC makes investments in Investee Company solely acting as an Investment Manager of PGIM India MF i.e. PGIM India AMC does not invest in equity shares on its own account, it is always ensured that there is no conflict of interest as regards to this aspect.

Identifying Conflict of interest:

While dealing with investee companies, PGIM India AMC may be faced with a conflict of interest. Given below are a few instances where conflict of interest may arise:

1. the AMC and the investee company are part of the same group or are associates; or
2. the AMC has proprietary investments in the investee company; or
3. the Investment Team of the AMC has personal investments in the investee company.

Manner of managing conflict of interest:

To manage the above conflicts of interest, PGIM India AMC shall ensure that:

- A conflict of interest in relation to an investee company shall be highlighted to the Investment Committee and get recorded.
- The employees shall comply with code of conduct for prevention of Insider trading in compliance with SEBI (Prohibition of Insider Trading) Regulations.
- The voting function will be independent of other functions including client relations and sales functions
- Rationale for voting on each shareholder resolution shall be recorded by PGIM India AMC.
- The schemes of PGIM India Mutual Fund shall not be taking exposure to any and all issues of Sponsor or group company (ies) or any other entity related to the Sponsor either directly or indirectly, as per the Investment Policy.

In case a conflict of interest emerges in the course of the implementation of its stewardship initiatives, PGIM India AMC shall ensure that the interest of unitholders are protected.

Once the conflict of interest has been appropriately disclosed, the Investment Committee (excluding the member disclosing conflict of interest) will take the required decisions and record the same.

Principle 3: Monitoring of Investee Company.

a) Monitoring of Investee Company:

The Investment Team of the AMC shall be guided by the Investment Policy of PGIM India Mutual Fund and this Policy for the continuous monitoring of the investee companies in respect of all aspects which the AMC considers important which shall include performance of the companies, corporate governance, strategy, risks etc..

b) Manner of Monitoring:

- i. The Investment Team shall actively engage with investee companies (as stated in point iii below) for significant investments.
- ii. The Investment Team led by the Chief Investment Officer shall be responsible for the monitoring and responding to reported developments of the investee company's performance, quality of company management, board, corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.), related party transactions, risks, including Environmental, Social and Governance (ESG) risks, Shareholder rights, their grievances etc., which shall be on a best effort basis.
- iii. The Investment Team may use publicly available information, management meetings, sell side research and industry information and may engage with the investee companies through investor analyst calls/meetings, if held, to monitor the investee companies, in addition to maintaining records of meetings held with companies.
- iv. The Investment Team, may to the extent feasible attend general meetings and other meetings conducted by the management of the investee company to which it is invited. The monitoring could also be through other external sources, where required.

3.3 While dealing with the investee companies, the AMC shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015, the related SEBI circulars and the Prohibition of Insider Trading Policy of the AMC, as amended from time to time. Further the AMC has a separate policy in place to handle the employee conflict of interest.

Principle 4: Active Intervention in the investee companies including collaboration with other institutional investors

PGIM India AMC may intervene in case of significant 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 poor financial performance of the company corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation etc.

The decision for intervention shall be taken by the AMC on a case to case basis based on all available facts of the investee company at that point of time. The AMC may decide to intervene if it believes that its intervention is required to protect value of the investment and for discharging its stewardship responsibility. Intervention may also be considered even when the volume of investment is low, if the circumstances so demand.

PGIM India AMC is prepared to act collectively with other investors when it is in the best interests of our unitholders, when we believe this is likely to enhance our ability to engage with a company, and when it is permitted by governing laws and regulations.

Principle 5: Voting and disclosure of voting activity.

PGIM India AMC shall continue to follow the Voting Policy formulated pursuant to SEBI circular no. SEBI/IMD/CIR No 18 / 198647 /2010 along with the various circulars issued by the SEBI from time to time while discharging this principle. The same is available on the website of the Mutual Fund. The disclosures in adherence to this principle shall be made as prescribed by SEBI from time to time.

Principle 6: Reporting of Stewardship activities.

PGIM India AMC shall follow the reporting requirements in accordance with the guidelines set out by SEBI and as may be modified from time to time.

PGIM India AMC shall publicly disclose a report on voting undertaken as per the requirement of the Voting Policy and other reports as may be prescribed by SEBI from time to time.

PGIM India AMC shall disclose the report on implementation of every Principle as enumerated in the policy on its website atleast once a year. The report may also be sent as a part of the annual intimation to the unit holders.

Version Control

Version	Approval Date
Version 1	May 29, 2020