



**HDFC PENSION FUND MANAGEMENT LIMITED\***

**(\* earlier known as HDFC Pension Management Company Limited)**

**Proxy Voting Policy**

**Version 4.0**

**Owner Department:** Investments

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**Change History:**

S.N	Action	Description of Change	Approval Date
1	New Policy	New Policy	14-Oct-2015
2	Amendment	Regulatory Updates	14-Jan-2016
3	Amendment	Regulatory Updates	24-Apr-2017
4	Policy Review	No changes	19-Apr-2019
4	Policy Review	No changes	23-Apr-2020
4	Policy Review	No changes	22-Apr-2021
4	Policy Review	No changes	22-Apr-2022
4	Policy Review	No changes	25-Apr-2023
4	Policy Review	No changes	17-Apr-2024
4	Amendment	Updation of Voting Committee constituents	14-Oct-2024
4	Policy Review	No changes	16-Apr-2025

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## **1. Introduction**

HDFC Pension Fund Management Limited ('HDFC Pension') is a Pension Fund registered with the Pension Fund Regulatory and Development Authority ('PFRDA'). HDFC Pension manages the pension contributions made by the subscribers under the National Pension System ('NPS') under the aegis of the Investment Management Agreement executed with the NPS Trust. For the purpose of managing the pension contributions, HDFC Pension would invest in equity shares of listed Companies on behalf of the NPS Trust which would per se carry voting rights.

The voting rights are valuable assets of the NPS and to ensure that shares owned by the NPS Trust are voted in a way that supports the interest of the subscribers in the long term, the PFRDA has issued a Circular on Voting Policy on Assets held by National Pension System Trust (NPS Trust) [hereinafter referred to as 'PFRDA Proxy Voting Circular'] containing detailed guidelines on having Proxy Voting Policy by the Pension Funds. This Proxy Voting Policy has been formulated in line with the said Guidelines.

## **2. Applicability**

This Policy would apply to all kind of voting decisions to be made by the Company on behalf of NPS Trust, whether at general meetings, postal ballot or through electronic voting.

## **3. Objective**

The Policy seeks to ensure that:

- Such proposals that tend to maximize a Company's shareholders' value and which in turn benefit the NPS subscribers are favoured; and
- Voting decisions are not influenced by conflict of interest;
- Such other objectives as may be outlined by the PFRDA from time to time;

## **4. Indicative Guidelines for Voting**

The indicative guidelines contained in the PFRDA Proxy Voting Circular, as modified from time to time, must be taken into consideration by the Proxy Voting Committee before deciding on the voting decision.

## **5. Proxy Voting Committee**

There shall be formed a Proxy Voting Committee comprising of the following persons of the Company:

- Chief Investment Officer ('CIO');
- Fund Manager ('FM');
- Research Analyst;

The Proxy Voting Committee shall be headed by the Chief Investment Officer. The quorum for the meeting shall comprise of any two members of the committee. If required, the decisions may be taken by way of resolution passed by circulation.

## **6. Responsibility of the Proxy Voting Committee**

1. The Proxy Voting Committee shall be primarily responsible for the entire voting process and to take the final voting decisions. The Proxy Voting Committee shall consider all relevant factors including the best interest of subscribers, impact on shareholder value, consistency with Corporate Governance norms, etc while taking voting decisions.
2. The Proxy Voting Committee may in its discretion formulate criteria wherein the CIO may decide to abstain from voting on various grounds, inter alia including the following:
  - a. Where the concerning issue be of no major relevance for the shareholder value or subscriber interest;
  - b. The investee company is either the Sponsor or a company which forms a part of the Sponsor Group.

## **7. Voting Process**

1. The Research Analysts would be responsible for doing an analysis and due diligence of the agenda items presented for voting. Based on this, the CIO will finalize the decision on voting and communicate the same to the coordinating Pension Fund / appointed Custodian. In case the voting has to be done in the absence of CIO, the final decision will be taken by the Fund Manager in consultation with the other members of the Proxy Voting Committee.
2. Investment Operations will be responsible to keep a record of all documents pertaining to the voting decisions taken.
3. The CIO is empowered to take such decisions as may be required for the smooth flow of activities, in consultation with the CEO
4. Since the assets under the National Pension System are held by the NPS Trust, there should be uniformity in voting of all Pension Funds. Accordingly, the decision taken by the CIO would be communicated to the co-ordinating Pension Fund.
5. Where the Company is the co-ordinating Pension Fund, it shall be the duty of the CIO to lead the building of consensus.
6. The final decision on exercise of vote would be dependent upon the decision communicated by the co-ordinating Pension Fund to the appointed Custodian.
7. Where the Company is the co-ordinating Pension Fund and is unable to build up a consensus on any resolution, the decision of the Pension Fund which holds the maximum number of units of the security for which votes are to be exercised would prevail and must be communicated to the appointed Custodian. by the Investment Operations.
8. The appointed Custodian shall exercise the Proxy Vote on behalf of all Pension Funds in accordance with the communication received from coordinating Pension Fund.

## **8. Reporting Requirements**

1. A quarterly report covering a summary of voting decisions taken during the quarter shall be prepared in the format prescribed in the PFRDA Proxy Voting Circular, which shall be approved by the Proxy Voting Committee and the Investment Committee before being presented to the Board of Directors and submission to the NPS Trust.
2. A disclosure of the voting decision, in such format as may be agreed by the Proxy Voting Committee, shall be placed on the website of the Company on a quarterly basis.

## **9. Amendments and Review**

1. Any amendments to this Policy shall be approved by the Board of Directors as and when an amendment would be necessary;
2. This Policy shall be subject to Annual review by the Investment Committee.