

Royal Sundaram General Insurance Co. Limited

Policy on Related Party Transactions

Object:

The Board of Directors of Royal Sundaram General Insurance Co. Limited (“the Company”), on recommendation of the Audit Committee, has adopted this policy at the meeting held on 7th November 2017, with the intention to put in place adequate systems and procedures to address potential conflicts of interest and compliance with various applicable laws, including under the Companies Act, 2013 (the “Act”) and the IRDAI guidelines as applicable, to regulate transactions of the Company by Related Parties.

Definitions:

- a) **Related Party (“RP”)** : A Related Party shall have the same meaning as defined under the Act.
- b) **Related Party Transaction (“RPT”)**: A Related Party Transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract. For eg: rent payable for premises owned by RPs.
- c) **Materiality**: The materiality of any RPT will be ascertained as per the thresholds prescribed under the Companies Act.
- d) **Arm’s Length Basis**: RPT will be treated to be on ‘Arm’s Length Basis’ if the key terms, are comparable with those of similar transactions if they would have been undertaken with non-related parties.
- e) **Ordinary Course of Business**: RPT will be considered in ordinary course if they are entered in the normal course of the business pursuant to the objects of the Company as per the Memorandum and Articles of Association of the Company.

Policy:

- a) The RPT should be in conformity with the prevailing Rules and Regulations prescribed by law. Such transactions with related parties will only be on arm’s length basis, supported by documentary evidences, as required, either in the form of an agreement or letter or by any other manner as may be decided.
- b) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for a period of one year or more, during which period the commercial terms of approved RPTs may change, so long as the arm’s length criterion is ensured at the time of each such change.
- c) Any RPT which is not in the Ordinary Course of Business of the Company or not at Arm’s Length Basis, then necessary compliances under the Companies Act, 2013 will be adhered to, including seeking Shareholders’ approval as required.
- d) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

Review:

This policy is subject to review at such intervals as may be required or as and when there are changes made to the relevant laws/regulations necessitating amendments to this policy.
