

# **ROYAL SUNDARAM GENERAL INSURANCE CO. LIMITED**

## **STEWARDSHIP CODE AND VOTING POLICY**

The Stewardship code and Voting policy is formulated in line with the circular (Ref.: IRDA/F&A/GDL/CMP/059/03/2017) issued by IRDAI dated 20<sup>th</sup> March 2017 on the Guidelines on Stewardship Code for Insurers in India.

The Stewardship Code and Voting policy is formulated based on the stewardship principles laid down by the IRDAI –

- Insurers should formulate a policy on the discharge of their stewardship responsibilities and publicly disclose it.
- Insurers should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.
- Insurers should monitor their investee companies.
- Insurers should have a clear policy on intervention in their investee companies.
- Insurers should have a clear policy for collaboration with other institutional investors, where required, to preserve the interests of the policyholders (ultimate investors), which should be disclosed.
- Insurers should have a clear policy on voting and disclosure of voting activity.
- Insurers should report periodically on their stewardship activities.

The Stewardship code and Voting Policy is approved by the Board of Directors. The Investment Committee will review compliance to the Stewardship Code and Voting policy. In line with the IRDAI requirements, the approved policy is being disclosed on the Company website. Any modifications/amendments to this policy will be made with the approval of the Board and necessary disclosure of amendments will be made in the Company website.

### **Stewardship Responsibilities**

Our company as part of its investment portfolio invests in Listed equities of various investee companies to enhance the portfolio returns and diversify its investments. This policy aims to define the minimum levels of engagement required to be maintained with the investee companies. The Engagement will be inclusive of and not restricted to

- Corporate Governance Matters, including changes in state of incorporation, merger/acquisition, other corporate restructuring and anti-takeover provisions
- Changes in Capital Structure, including increases and decreases of capital, preferred stock issuances, buy-back, dividend etc.,
- Stock Option Plans and Other Managerial Compensation issues
- Appointment and Removal of Directors, Statutory Auditors etc.
- Any Other issue that may affect the interest of Shareholders.

We may use the services of institutional advisors to assist us, however, the discharge of the same will be our responsibility. We will endeavour to engage actively with all investee companies in which we hold 1% of its outstanding equity shares.

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### **Monitoring of Investee Companies and Policy on Intervention**

Active monitoring of investee companies through internal and external research will be part of the duties of the Investment team. The Investment team will be responsible for analysing publicly available information about investee companies and by attending conference calls held by the management to ascertain the strategy, performance, risk assessment, capital structure and corporate governance of the investee companies. Intervention regarding issues as identified by our Internal Investment team and with the approval of the Investment Committee will be taken up through direct one on one discussions in investee companies in which we are holding more than 1% of the outstanding equity shares. However, should the investee companies not adequately respond then further action will be considered as approved by the Investment Committee.

### **Managing Conflict of Interest**

All Investment Committee members and Investment Team members involved in Managing the Investment portfolio will strive to

- Avoid conflict of interest, where possible
- Disclose any conflict of interest and adequately manage the conflict by ensuring that the disclosing member is not involved in the decision-making process.
- Voting decisions will be taken to protect the interests of the Organisation.

### **Voting Policy Disclosure**

**Applicability** – This policy is applicable to the exercise of voting rights by Royal Sundaram General Insurance Co. Limited at AGMs/EGMs etc. of investee companies.

### **Voting Policy –**

While voting at AGMs/EGMs, the Company will generally follow the following guidelines, however, we may act differently if the facts warrant such deviation and to protect the interests of the Company/Policy holders.

- Ordinary business like approval of Profit & Loss Account and Balance Sheet, Declaration of dividend, appointment & re-appointment of Directors, appointment and remuneration to Auditors may not be objected to by the Company in the normal course unless otherwise it affects the interest of Royal Sundaram/its Policyholders. Voting on such matters will be mandatory for holdings in excess of 1% of the outstanding shares of the investee company.
- Other items requiring approval by Special resolution/voting at EGMs will be decided based on the holding in the investee company (voting will be mandatory if our holding is more than 1% of outstanding equity shares of the investee company), impact on investment, materiality, conflict of interest etc. Such items could relate to among other things merger, demerger, takeovers, preferred stock issuance, stock option plan, managerial compensation, corporate social responsibility and such other matters that affect our investments.

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- Abstention – In case the matters are not materially affecting our investments then the company may choose to abstain from voting.
- Intervention through voting will be considered in cases where our holdings is less than 1% of the outstanding shares of the investee company for matters which affect the interests of the minority shareholders. Such matters will be decided by the CEO/CIO based on the recommendations of the investment team.
- The Executives of the Company as approved by the Board/Custodian based on the instructions from the Company will be authorised to attend and cast the vote at meetings.

**Voting Process** – The Investment team will recommend to the CEO/CIO for approval, the vote including abstentions on the various notices received from investee companies. The Investment Committee will be apprised of the details of all voting including deviations if any from the above at its ensuing meeting.

**Review of Voting Policy** – The Voting Policy will be reviewed on an Annual basis and amendments, if any, will be incorporated post approval by the Investment Committee and Board.

### **Collaboration with Other Institutional Investors**

We shall with the approval of the Investment Committee agree to collaborate with other Institutional investors to ensure that our interests in the investee company stand protected on a case to case basis.

### **Disclosure and Reporting**

The investment team with the approval of the CEO/CIO will be responsible for ensuring adherence to the policy and on a quarterly basis, a report will be placed before the Investment Committee on all activities undertaken by the company under the above policy and post approval by the Committee the same will be publicly disclosed.

Further, the Board approved Annual Status Report of compliance to the stewardship code will be submitted to the IRDAI by 30<sup>th</sup> June of the succeeding year by the Compliance Officer.

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