

POLICY ON STEWARDSHIP CODE 2022 (Version 3.0)

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1. INTRODUCTION

GENERAL INSURANCE CORPORATION OF INDIA (referred as GIC Re in the Policy) being a custodian of policyholders fund, had already adopted Stewardship policy as its responsibility to protect the interest of policyholders. This policy had come in effect as compliance to “Guidelines on Stewardship Code for Insurers” with Ref. No.: IRDA/F&A/GDL/CMP/059/03/2017 issued by Insurance Regulatory Authority of India (referred as IRDAI throughout the policy) dated 20th March, 2017.

Insurance companies are significant institutional investors in listed companies and investments are held by them as custodian of policyholders. So, the insurance companies should play an active role in the general meetings of investee companies and engage with greater level to improve their governance. Therefore, IRDAI has decided to implement a code of stewardship for the insurers.

The code broadly requires the insurer to have a policy as regards their conduct at general meeting of the investee companies and disclosures relating thereto.

Stewardship Code can be defined as a policy which lays down the responsibilities and measures to be taken in relation to protect interest of policyholders, as a custodian of the investments (carried from the policyholder’s fund). This policy must be read and understood together with the points laid down in investment policy of the insurer.

This policy is formulated as per the ‘Stewardship Principles’ as specified by the IRDAI governing the insurer. The policy also lays down the responsibilities, public disclosure requirement, ways to monitor investee companies, clarity about level of intervention in investee companies, management of collaboration with other institutional investors, independence of voting and reporting of stewardship activities. IRDAI issued revised guidelines on stewardship code vide Ref IRDAI/F &A/GDL/CPM/045/02/2020 dated 7th February 2020. The same have been incorporated in the Stewardship policy and approved by the Board at its meeting held on 24th June, 2020.

2. POLICY STATEMENT

General Insurance Corporation of India ‘Stewardship Policy’ states and establishes that:

- a) GIC Re being significant institution investor in listed companies and custodian of policyholder’s fund, shall make sure that the investee company has sound performance, strategy, management and corporate governance.

- b) This policy applies to the cases where GIC Re has invested in shares (both equity and preferential shares) of the investee company. Investment in mutual funds, ETFs and government securities are not covered in this policy.
- c) GIC Re is required to regularly monitor the financial performance of investee company.
- d) If the investee company shows any sign of merger or takeover, the case must be studied and important points must be brought to notice of GIC Re's management.
- e) Any action or event that may lead to any loss to Investee Company and subsequently having diverse effect on the investments must be communicated.
- f) GIC Re will ensure that the investee company has effective corporate governance in place.

In accordance with Principle 1:

Policy on the discharge of Stewardship Responsibilities and its Publicly Disclosure.

The policy divides the level of intervention on 2 levels which are based on the level of investment in the investee company:

- Level 1-

GIC Re holding of the paid up capital of investee company in percentage is less than 3% :

The authorized person /s by committee may attend and communicate in general meetings of investee company.

- Level 2-

GIC Re holding of the paid up capital of investee company in percentage is 3% and above:

Compulsory voting is required and the authorized person will attend and communicate to the management of investee company and in general meetings of the investee company.

The Investment department officials will be trained in successful implementation of the stewardship code. GIC may use the services of the external service providers. However, the ultimate responsibility for decision making will remain with GIC Re.

In accordance with Principle 2:

Policy on management of conflicts of interest

GIC Re has the duty and responsibility to always keep the interest of policyholders first in the case of conflict of interest.

Wherever situation of conflict of interest arise in relation to investee companies, the same will be analysed and will be put before management.

In accordance with Principle 3:

Monitoring of investee companies

GIC Re may wish to get its representative nominated on the board of investee company if investment is considerable such that GIC Re may exercise effective control over the investee company (i.e. in case of investment in equity more than or equal to 10% of the paid up capital and free reserves of investee company.) Such nomination will be through proper channel. Board nominee will ensure all compliances.

Furthermore GIC Re will continuously monitor the performance of the Investee company by analysing the information available in public domain. The monitoring of investee company will cover all parameters of performance of investee companies like financial results, Corporate Governance, market share, environment protection and protection of shareholders rights, among others.

In accordance with Principle 4:

Policy on intervention in Investee companies.

As required under principle 4 in cases where the issues in the investee company are detrimental to the interest of Policyholders the matter will be communicated to the investee company. If the response of Investee Company is unsatisfactory, such cases need to be escalated further to the investee company management. GIC Re may consider review of investing in the same company.

GIC Re will have system of regular assessment of the outcome of intervention in the investee company over regular time intervals. Matters having ramification on general insurance industry will be taken up jointly with GIPSA companies.

In accordance with Principle 5:

Collaboration with other institutional investors to preserve the interest of Policy holders (ultimate investors).

GIC Re may collaborate with other institutional investors and GIPSA companies if such collaboration is required to communicate the management of Investee Company with majority or to pass a resolution in the meeting, to safe guard the interest of policyholders.

In accordance with Principle 6:

Policy on voting and disclosure of voting activity

GIC Re will take decision for voting on resolutions keeping in view the interest of Policyholders. The Audit committee of the Board will monitor the oversight of voting mechanism. GIC re will disclose the voting activities in the investee companies in which it has actively participated and voted on resolutions/proposal. The disclosures will form part of Public Disclosures on website and have to be made on quarterly basis as per the timelines prescribed for quarterly public disclosures on website, in the given format at Annexure A.

GIC Re will undertake active participation and voting on resolutions/proposals of the investee companies as per IRDAI stewardship code guidelines.

Approach to stock lending and recalling the lent stock

GIC Re does not engage itself in stock lending activities.

In accordance with Principle 7:

Periodical Report on Stewardship activities

GIC Re will periodically provide the Stewardship activities as part of public disclosure. This will be done Quarterly.

3. COMMITTEE ENTRUSTED WITH COMPLIANCE

The Board of GIC Re shall ensure that there is effective reporting on the GIC Re's stewardship activities and Audit Committee of the Board ensure compliance.

4. MONITORING AND REPORTING

The policy will be disclosed on the website within 30 days of approval by the Board of GIC Re alongside the public disclosures. Any change/modification to the policy on stewardship will be specifically disclosed at the time of updating the policy document on the website.

The reporting to Authority of Stewardship compliance shall be done in accordance with the guideline as issued by IRDAI from time to time. A report for this purpose shall be annually furnished to the IRDAI in **Annexure B** duly certified by CEO and compliance Officer on or before 30th June every year (as per Guidelines on Stewardship code by IRDAI).

The Policy is in compliance with the code for Stewardship for the insurance companies issued by IRDAI and all other all applicable statutory and regulatory norms.

Annexure A

Disclosure of voting activities in general meetings of investee companies in which the insurers have actively participated and voted:

Name of the Insurer: _____

Period of Reporting: _____

Meeting Date	Investee Company Name	Type of Meeting (AGM / EGM)	Proposal of Management / Shareholders	Description of the proposal	Management Recommendation	Vote (For / Against / Abstain)	Reason supporting the vote decision

Place:

Signature of Compliance Officer

Date:

Name:

Annexure B

Annual Certificate of Compliance with regard to status of Stewardship Code principles

Name of the Insurer: _____

Date:

Period of Report (FY): _____

We hereby certify that the guidelines given on Stewardship Code for Insurers in India by Insurance Regulatory and Development Authority of India are duly followed and all the principles detailed in the guidelines are duly complied with.

Compliance Officer
(Name and Signature)

Chief Executive Officer
(Name and Signature)