

ROYAL SUNDARAM GENERAL INSURANCE CO. LIMITED

STEWARDSHIP CODE AND VOTING POLICY

The Stewardship code and Voting policy is amended in line with the circular (Ref.: IRDAI/F&A/GDL/CPM/045/02/2020) issued by IRDAI dated 7th February 2020 on the Revised 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 and Audit 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.

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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 2% of its outstanding equity shares.

Managing Conflict of Interest

Conflict of interest may arise if the Company (Royal Sundaram) and the Investee Company belongs to the same Promoter group and such other instances as may be identified by the Investment Team members / Investment Committee / CEO or Compliance Officer. The Company shall strive to avoid conflict of interest and the Voting decisions will be taken to protect the interests of the organisation.

The Investment Team members involved in implementing the Stewardship Code will strive to

- Identify and disclose any conflict of interest
- Identify and disclose any conflict of interest and adequately manage the conflict by ensuring that the disclosing member is not involved in the decision-making process.
- Where an investment is made post identification of such conflicts of interests' clear documentation will be maintained to record as to how such conflict was managed.
- Voting decisions will be taken to protect the interests of the Organisation.

On a Half yearly basis, as per "Prohibition of Insider Trading Regulations-2015", all covered employees shall submit a statement of holding (including holdings in the name of Spouse and Dependent Children) on a half-yearly basis to the Compliance Officer.

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 2% 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.

Voting Policy

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

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

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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.
- 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 and the Audit Committee will be apprised of the details of all voting including deviations if any from the above at its ensuing meeting.

The Guidelines have made it mandatory for Insurance Companies to vote by prescribing specific thresholds:

Size of AUM of the Insurer (Rs. In crs)	Insurer's holding of the Paid-up Capital of the Investee Company (%)
Up to 2.5 lakh	3% and above
Above 2.5 lakh	5% and above

In other cases, the insurers can voluntarily participate and vote depending on the significance of the resolutions under consideration and its impact on their portfolio. However as per our policy, voting will be mandatory if our holding is more than 1% of outstanding equity shares of the investee company.

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, Audit 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.

Stock Lending and Borrowing:

Presently the Company does not participate in Stock Lending and Borrowing segment.

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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 and the Audit Committee on all activities undertaken by the company under the above policy and post approval by the Committees the same will be disclosed under Public Disclosures within the prescribed timelines for quarterly public disclosures.

Further, the Board approved Annual Certificate of compliance to the stewardship code as per Annexure B certified by the CEO/MD and the Compliance Officer will be submitted to the IRDAI by 30th June of the succeeding year.

Ref : Annexure A and Annexure B

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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:

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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)