



TATA AIG GENERAL INSURANCE COMPANY LIMITED

STEWARDSHIP & VOTING POLICY

Stewardship Policy of Tata AIG General Insurance Company Limited

Stewardship aims to promote the long-term success of investee companies in such a way that the ultimate providers of capital also prosper. Effective stewardship benefits investee companies, investors and enhances the quality of capital markets.

Tata AIG General Insurance Company Ltd (Tata AIG) has adopted this Stewardship Policy pursuant to the approval of the *Board of Directors* of Tata AIG and is effective from 4th August 2017. The policy shall be reviewed by the Board annually.

The stewardship policy is applicable for Investments where Tata AIG holds above 3% of the paid up share capital of the Investee company. Tata AIG shall use the services of Institutional advisors/Proxy advisory firms for effective management of stewardship policy.

1. Key Stewardship Responsibilities

1.1. Stewardship Responsibilities: Tata AIG shall:

- a. enhance shareholder value through productive engagement with investee companies;
- b. vote and engage with investee companies in a manner consistent with the best interests of Tata AIG, shareholders and investors.
- c. influence the development of corporate governance standards and corporate responsibility;
- d. maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.
- e. voting on shareholders' resolutions, with a view to enhance value creation for the shareholders/investors and the investee companies;
- f. advocating for responsible corporate governance practices, as a driver of value creation.

1.2 Disclosure of Stewardship Policy: This Stewardship Policy and amendment thereto, shall be disclosed on the website of Tata AIG.

2. Managing Conflict of Interest

2.1. The term “conflict of interest” refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment of professional activities. A conflict of interest exists where the interests or benefits of Tata AIG (including its designated employees as per Tata AIGs code of conduct for dealing in securities) conflict with the interests or benefits of its shareholder/investor or the investee company.

2.2. Avoidance conflict of interest: The designated employees as per the code of conduct of Tata AIG shall undertake reasonable steps to avoid actual or potential conflict of interest situations.

2.3. Identifying conflict of interest: While dealing with investee companies, Tata AIG may be faced with a conflict of interest, *inter alia*, in the following instances, where:

- a) Tata AIG and the investee company are part of same group; or
- b) Tata AIG is a lender to the investee company;
- c) A nominee of Tata AIG has been appointed as a director or a key managerial person of the investee company;

2.4. Manner of managing conflict of interest:

Tata AIG shall be broadly guided by the following guidelines for managing conflict of interest.

- a) Every designated employee as per code of conduct for employees dealing in securities must submit to the Investment Committee and Audit Committee a securities statement setting out the details of the securities of companies held by him/her (including the securities held by his/her dependent) on a quarterly basis.
- b) Rationale for voting on each shareholder resolution shall be recorded in the internal records of Tata AIG.
- c) A potential conflict of interest in relation to an investee company shall be reasonably highlighted.
- d) Designated employees will disclose/record their outside appointments/professional engagement with the Investment Committee.

- e) Save as in the ordinary course of business, the designated employees shall not engage with the investee companies outside the scope of their duties under the Stewardship Policy.
- f) Tata AIG may consider voting when Tata AIG and the investee company are part of the same group. However Tata AIG may record rationale for voting on such resolutions.

3. Monitoring of Investee Companies

- a) Tata AIG shall monitor the investee companies' business strategy, performance, leadership effectiveness, succession planning, corporate governance performance.
- b) Tata AIG may use publicly available information, sell side research and industry information and shall engage with the investee companies' investor analyst calls.
- c) Tata AIG shall attend annual general meetings and other meetings conducted by the management of the Investee companies where Tata AIG holds above 3% of the paid up share capital of the Investee company.
- d) Tata AIG shall meet the management teams / key managerial personnel of the investee company on a regular basis and actively participate in investor meetings held by the investee company.
- e) The company shall have uniform high monitoring levels for all investee companies and no differentiation shall be made based on the amount of investment made.

4. Active Intervention in the Investee Company

4.1. Applicability

Tata AIG shall intervene if, in its opinion any act/omission of the investee company is considered material on a case to case basis, including but not limited to insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, governance issues, related party transactions, corporate plans/ strategy, CSR and environment, or any other related matters.

4.2. Tata AIG's intervention and escalation policy is as follows:

- a) Engagement: Tata AIG shall take all reasonable steps to engage with the investee company's management to resolve any concerns of Tata AIG including steps to be taken to mitigate such concerns.

b) Re-engagement: In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by Tata AIG within a reasonable timeframe, Tata AIG shall take all reasonable steps to re-engage with the management to resolve Tata AIG's concerns.

c) Escalation: In case there is no progress despite the first two steps, Tata AIG shall escalate the matter to the Investment Committee. If the Investment Committee decides to escalate, Tata AIG shall engage with the board of the investee company (through a formal written communication) and elaborate on the concerns. Tata AIG may also consider discussing the issues at the general meeting of the investee company (either called by the investee company or requisitioned by Tata AIG).

d) Reporting to the Regulators: If there is no response or action taken by the investee company despite the first three steps. Tata AIG may approach the relevant authorities or can consider recourse to other legal actions.

In case Tata AIGs intervention is not successful (either fully or partially), it will not automatically result in Tata AIG being required to exit its investment in the investee company.

5. Collaboration with other Institutional Investors

5.1. Tata AIG shall consider collective engagement with other shareholders / institutional investors / advisors / proxy advisory firms on a general basis and in particular, when it believes a collective engagement will lead to a higher quality and/or a better response from the investee company. Tata AIG may approach, or may be approached by, other Asset Managers, including insurers, mutual funds, or other type of shareholders to provide a joint representation to the investee companies to address specific concerns. However the ultimate stewardship responsibilities shall be discharged by Tata AIG.

5.2. Tata AIG shall determine individually its position on any issue requiring collaborative engagement and shall not act or be construed as acting as a 'person acting in concert' with other shareholders.

6. Voting and disclosure of voting activity

6.1 Tata AIG shall exercise their voting rights and vote on all shareholder resolutions where Tata AIG holds above 3% of the paid up share capital of the Investee company.

6.2 Voting decisions shall be made in accordance with Tata AIG's voting policy.

6.3 Tata AIG shall vote against resolutions which,

a) are not consistent with Tata AIG's voting policy, or

b) which are not in its investors' / shareholders' / clients' best interests.

6.4 In terms of the Investment Policy of the company as approved by the Board and amended from time to time, the company may lend stock and recall the lent stock in accordance to the terms set by IRDAI guidelines. Stocks lent in SLB is not treated as creating encumbrance, charge, hypothecation or lien on such securities. Ownership remains with Tata AIG. The stewardship policy of the company shall be applicable for securities lent.

7. Reporting of Stewardship Activities

7.1. Tata AIG shall issue a report to the Investment Committee detailing the duties discharged under this Stewardship policy, including how conflicts were managed (if any), extent of monitoring of investee companies, any intervention undertaken, collaboration undertaken and cumulative voting activity. The report shall be made public as a part of public disclosures. The Audit Committee shall act as the Compliance Committee for oversight on the Stewardship activities of the company. The disclosures on voting activities shall be tabled before the Audit Committee and Investment Committee only in case of any exercise of voting rights. 7.2. The Insurer shall also report its compliance status with the Stewardship Principles in the format issued by the IRDA.

TATA AIG GENERAL INSURANCE COMPANY LIMITED

VOTING POLICY

The Policy contains the principles that form the basis of all votes. These principles are essential to ensure the long-term performance of assets managed by the Tata AIG. The voting policy shall be monitored by the Audit Committee for compliance as per the policy.

PRINCIPLES TO BE FOLLOWED VOTING PROXIES

The following principles are grouped according to types of proposals usually presented to the shareholders in the voting proposals:

- 1. Corporate Governance matters** (including proposals for merger, demerger, corporate restructuring, Takeovers, Buy-back etc): Tata AIG would decide on the voting process on a case to case basis. Tata AIG would generally support the proposals which are in the interest of the shareholders and policyholders. Tata AIG may abstain from voting for proposals which do not have any significant impact on the interest of the shareholders and policyholders.
- 2. Capital Structure:** These proposals relate to various requests, principally from management, for approval of amendments that would alter the capital structure of the Company. As a general matter, Tata AIG will not object proposal for changes in the capital structure of the company unless such proposals appeared to be unreasonably dilutive. Tata AIG will vote against the proposal of preferential allotment to promoters which without any reasonable cause appear to allow equity / equity related instruments to the promoters at an unreasonably lower price as compared to its market value/ fair value.
- 3. Stock Options and proposals for management compensation:** Tata AIG will support such proposals which reward the performance of the staff and enhance shareholder value. Stock options which excessively dilute the shareholder value and are over generous will be voted against.
- 4. Social and Corporate Social Responsibility:** Tata AIG will support on a case to case basis instances of corporate social responsibility undertaken by the companies.
- 5. Board of Directors:** Tata AIG believes that the foundation of good corporate governance comes from appointing responsible, qualified, and independent directors hence the appointment of directors will be considered with due care and caution.



6. **Other matters:** Any other matter which is adversely affecting the interest of Tata AIGs shareholders and policyholders will be voted against.