

**Kotak Mahindra General Insurance  
Company Ltd**

**Stewardship Code & Voting Policy**

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## **I. EXECUTIVE SUMMARY**

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.

Kotak Mahindra General Insurance Company Limited (“KGI”) has framed this Stewardship Policy based on IRDAI guidelines **on Stewardship Code for Insurers in India** dated 20<sup>th</sup> March 2017.

## **II. DETAILED POLICY**

### **1. Stewardship Responsibilities**

#### **1.1. Primary Stewardship Responsibilities:**

KGI shall:

- a) take into consideration, at the time of investment, investee companies’ policies and practice on strategy, performance, risk, capital structure, leadership effectiveness, succession planning, reporting, and corporate governance, including culture and remuneration;
- b) enhance policyholders/ shareholder value through engagement with investee companies;
- c) vote and engage with investee companies in a manner consistent with the best interests of its shareholders/investors;
- d) be accountable to investors within the parameters of professional confidentiality and regulatory regime; and
- e) maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.

### 1.2. Discharge of Stewardship Responsibilities:

KGI shall discharge its stewardship responsibilities through voting on shareholders' resolutions, with a view to enhance value creation for the policyholders/ shareholder and the investee companies.

### 1.3. Oversight of the stewardship activities:

KGI Investment committee shall oversee the stewardship activities

### 1.4. Disclosure:

Stewardship Code & voting policy and any amendment thereto, shall be disclosed on the website of KGI.

## **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.

### 2.2. Avoid conflict of interest

KGI shall undertake the following steps to avoid actual or potential conflict of interest situations.

1. The transaction which is the subject matter of conflict is in compliance with applicable regulations and is at arm's length.
2. The voting decision is in the best interest of the stakeholders and policyholders.
3. The conflict is disclosed to the investment committee

### 2.3. Identifying conflict of interest:

While dealing with investee companies, KGI may be faced with a conflict of interest. Instances of conflict of interest may arise between the interest of shareholders and the policy holders of KGI. Some of the instances of conflict of interest are:

- a) KGI and the investee company are part of the same group; or
- b) the investee company is a partner in the overall business of KGI;

- c) a nominee of KGI has been appointed as a director or a key managerial person of the investee company;
- d) Directors /Promoters/Officials of Investment department/Members of Investment committee has a personal interest in the investee company;

2.4. Manner of managing conflict of interest:

In case a conflict of interest emerges in the course of the implementation of its stewardship initiatives, KGI will put utmost value on the interest of its policyholders.

Once the conflict of interest has been appropriately disclosed, the Investment Committee (excluding the member disclosing conflict of interest) will take the required decisions.

### **3. MONITORING OF INVESTEE COMPANIES**

3.1. KGI shall regularly monitor all investee companies.

3.2. Manner of Monitoring:

- a) KGI shall supervise and monitor investee companies' strategy, performance, risk, capital structure, leadership effectiveness succession planning, reporting and corporate governance, including culture and remuneration based on industry reports
- b) KGI may use publicly available information, sell side research, credit rating agencies and industry information

### **4. INTERVENTION IN THE INVESTEE COMPANY**

4.1. KGI intervention policy is as follows:

KGI will intervene in such cases where it holds more than 2% of the paid up share capital of an investee company.

In such cases, KGI will try to engage with investee companies in appropriate manner with the view to resolve the issue constructively. If dissatisfied with the

response of the investee company, KGI may decide to either engage with the Board of the investee Company or discuss the issue at the shareholders meeting.

## **5. COLLABORATION WITH OTHER INSTITUTIONAL INVESTORS**

- 5.1. KGI shall consider collective engagement with other shareholders 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. KGI 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.
- 5.2. KGI shall also, where permitted, collaborate with other shareholders, professional associations; regulators to solicit views.
- 5.3. An illustrative list of matters which require collaborative engagement may include appointment or removal of directors, executive remuneration, change in the nature of business, mergers and acquisitions, divestment, matters dealing with inequitable treatment of the shareholders, and related party transactions.
- 5.4. KGI 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**

The Chief Investment Officer would recommend appropriate voting action in the AGM/EGM taking into account independent advisory reports. The decision taken would be in the best interest of policyholders.

- 6.1 KGI shall exercise its voting rights and vote on shareholder resolutions of investee companies.
- 6.2 KGI shall consider the recommendations made by proxy advisory firms, while voting .KGI shall vote against resolutions which are not in its investors' best interests.

- 6.3 KGI shall attend General Meetings of the investee companies (Annual as well as any Extra Ordinary Shareholders' meetings) where considered appropriate.
- 6.4 The rationale for decision taken on “voting for /voting against/ abstaining from voting” shall be recorded for all the cases where exposure exceeds 3% of AUM. In other cases (where we have less than 3% exposure) rationale of action taken shall be maintained
- 6.5 KGI shall disclose on a quarterly basis a detailed report on voting on its website.

## **7. REPORTING OF STEWARDSHIP ACTIVITIES.**

KGI shall make an annual disclosure to IRDAI on the status of compliance with Stewardship Code in the format issued by the regulator. . The status report, approved by the Board shall be endorsed by the Compliance Officer and submitted as per the prescribed timelines.

## **8. REVIEW OF POLICY**

This Policy would be reviewed by Investment Committee annually or as and when there are changes.