

STEWARDSHIP POLICY

Policy Approved by:	Board of Directors
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Background:

Exide Life Insurance manages assets for the account of policyholders as well as for its shareholders. Exide Life Insurance's goal in managing all assets is to enhance long-term value. Exide Life Insurance believes that companies with good corporate governance that are transparent to their shareholders and other stakeholders are likely to have a better performance in the long run.

Exide Life Insurance does not have the intention to participate directly or indirectly in the management of the investee companies, but it will use its influence as a shareholder, amongst others by exercising its voting rights.

The Stewardship Policy is in accordance with the IRDAI guidelines dated 20th March 2017, and is from the perspective of the fiduciary responsibilities that Exide Life Insurance fulfils, as a responsible institutional investor.

1. Key Stewardship Responsibilities

1.1 Primary Stewardship Responsibilities

Exide Life Insurance shall:

- a) maintain transparency as required under the regulations, in reporting its voting decisions in investee companies
- b) take into account the corporate governance practices of investee companies
- c) vote and engage wherever possible/required, with investee companies in a manner consistent with the interests of its policyholders/shareholders;
- d) be accountable to policyholders/shareholders within the parameters of professional confidentiality and regulatory regime

1.2 Discharge of Stewardship Responsibilities

Exide Life Insurance shall discharge its stewardship responsibilities through:

- a) voting by the Investment Team (Fund Managers/Chief Investment Officer) on all resolutions, with a view to enhance value creation for the policyholders/shareholders and the investee companies;
- b) intervening wherever possible/required, on material environmental, social and governance opportunities or risks in the investee companies.

The decision regarding voting for a particular resolution (For/Against/Abstain) would be taken by the Investment Team (Fund Managers/ Chief Investment Officer). The Investment Team of Exide Life Insurance may also seek the analysis and recommendations of a research firm or other competent authority or individual to aid such decisions.

1.3 Responsibility for oversight of the stewardship activities

The Investment Committee of Exide Life Insurance shall ensure that there is an effective oversight of the stewardship activities.

1.4 Disclosure of Stewardship Code

This Stewardship Code and amendments thereto, shall be disclosed on the website of Exide Life Insurance

1.5 Disclosure of Stewardship Activities

Exide Life Insurance shall also disclose the requisite compliance and non-compliance with the Stewardship Code and Stewardship Principles as per the requirement of the regulation.

2. Managing Conflict of Interest

- 2.1 The term "conflict of interest" refers to instances which have the potential to compromise the professional judgment.
- 2.2 In resolutions where there is any perceived conflict of interest, the policyholders' interest would be considered paramount. The voting decision would be accordingly taken by the Chief Investment Officer in the best interests of the policyholders.

3. Monitoring of Investee Companies

- 3.1 As a policy, Exide Life will not seek to nominate its representative on the Board of an investee company, unless the Investment Committee decides that a nominee is warranted.
- 3.2 Exide Life Insurance shall monitor all investee companies in a manner as detailed below:
 - a) The Investment Team at Exide Life Insurance shall be responsible for the monitoring of the investee companies' business strategy, performance, leadership effectiveness, succession planning, risk, capital structure, and corporate governance including remuneration.
 - b) The Investment Team-members at Exide Life Insurance may use publicly available information, sell side research and industry information and may also engage by participation in the investee companies' investor analyst calls at least once a year, or attend management meetings of investee companies to which it is invited. There could, however, exist some investee companies where the management is not accessible.

- c) Exide Life Insurance does not have the intention to participate directly or indirectly in the management of the investee companies, but it will use its influence as a shareholder, amongst others by exercising its voting rights.
- d) The Investment Team at Exide Life Insurance shall inform the investee companies to not share any unpublished price sensitive information with Exide Life Insurance which would make Exide Life Insurance an 'insider', without a specific prior agreement with Exide Life Insurance. While dealing with the investee company, Exide Life Insurance shall ensure compliance with the SEBI (Prohibition on Insider Trading) Regulations, 2015.

4. Active Intervention in the Investee Company

4.1 Applicability :

Exide Life Insurance can consider intervening, in the acts/omissions of an investee company, in which the following threshold is satisfied: Exide Life Insurance holds at least 7.5% of the share capital of the investee company.

Exide Life Insurance can intervene in the above cases, 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, governance issues, related party transactions, corporate plans/ strategy, remuneration or approach to risks including CSR and environmental issues. However, if the investment is already in the process of being divested, intervention need not necessarily be considered.

4.2 Intervention by Exide Life Insurance:

- a) Exide Life Insurance shall not generally intervene if the threshold is below the prescribed levels as mentioned above, or if the investment is already earmarked for divestment.
- b) Exide Life Insurance may also consider intervening in investee companies below the thresholds, if in the reasonable opinion of the Investment Committee; the issue(s) involved may adversely impact the overall corporate governance atmosphere or Exide Life Insurance's investment.

4.3 Exide Life Insurance' intervention and escalation policy is as follows:

- a) Engagement: The Investment Team at Exide Life Insurance shall take all reasonable steps to engage with the investee company's management to resolve any concerns.

- b) Re-engagement: In the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by Exide Life Insurance within a reasonable timeframe, the Investment Team at Exide Life Insurance shall take all reasonable steps to re-engage with the management to resolve the concerns.
- c) Escalation: In case there is no progress despite the first two steps, the Investment Team at Exide Life Insurance shall escalate the matter to the Investment Committee. If the Committee decides to escalate, Exide Life Insurance shall engage with the board of the investee company (through a formal written communication) and elaborate on the concerns.

The meetings with investee companies where Exide Life Insurance has an intervention as mentioned above, would be held in a confidential manner with the view to resolve the issue(s) constructively. In case Exide Life Insurance' intervention is not successful (either fully or partially), it will not automatically result in the Investment Team being required to exit its investment in the investee company. The decision in regard to investment in the investee company shall be made by the Investment Committee, which may consider the outcome of the intervention as an input in its decision-making process.

5. Collaboration with other Institutional Investors

- 5.1 Exide Life Insurance shall consider collective engagement with *other shareholders / institutional investors / advisory firms* when the issues are such that it believes a collective engagement will lead to a higher quality and/or a better response from the investee company, in order to safeguard the interests of its policyholders. Exide Life Insurance 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 Exide Life Insurance shall also, where permitted, collaborate with other shareholders, professional associations such as Life Insurance Council , General Insurance Council, Association of Mutual Funds in India, and proxy advisory firms, to solicit views.

An illustrative list of matters which require collaborative engagement may include, but not restricted to, change in the nature of business, mergers and acquisitions, divestment, matters dealing with inequitable treatment of the shareholders, and related party transactions. Merger and acquisition proposals would be considered in the sole interest of enhancing long term shareholder value.

- 5.3 Exide Life Insurance 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

Voting decisions shall be made in accordance with Exide Life Insurance's **voting policy** which has been incorporated below:

- 6.1 Exide Life Insurance shall exercise their voting rights and vote, as an equity shareholder, on resolutions of investee companies
- 6.2 Exide Life Insurance intends to use the services of external service providers (proxy advisory firms) for voting recommendations (either partly or fully). However the ultimate stewardship responsibilities shall be discharged by Exide Life Insurance.
- 6.3 The Investment Team (Fund Manager/Chief Investment Officer) of Exide Life Insurance shall internally record and disclose specific rationale supporting its voting decision (for, against or abstain) with respect to each vote proposal. If there is insufficient information or if there is a conflict of interest, the Investment Team may decide to abstain from voting.
- 6.4 The voting decisions would be aimed at promoting the overall growth of the investee companies and, in turn, enhancing the long-term value of the investment. Accordingly, the Investment Team shall vote against those resolutions of investee companies, which are not in its policyholders'/shareholders' best interests.
- 6.5 The Investment Committee shall review that the Investment Team has voted on important decisions that may affect the interest of policyholders/shareholders, and the rationale recorded for vote decision is prudent and adequate.
- 6.6 Exide Life Insurance shall disclose all voting activity on a quarterly basis, and a detailed report on voting in the annual compliance report.
- 6.7 Exide Life Insurance presently does not engage in stock-lending, and therefore there is no impact on voting rights in this respect.

7. Reporting of Stewardship Activities

- 7.1 Exide Life insurance would provide a report on the discharge of its stewardship activities on a quarterly basis, which would be made available on its website to its policyholders.

- 7.2 Exide Life Insurance shall also report its compliance status to IRDAI, with the Stewardship Principles in the prescribed format. This would be on an annual basis, approved by the Board on recommendation of the Investment Committee, and endorsed by the Compliance Officer and shall be filled on or before 30th June every year (or as per the date as specified by IRDAI). The report would detail any non-compliance, with justification thereof, with the Stewardship Principles.