

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 IRDAI's "Revised guidelines on Stewardship Code for insurers in India" dated 7th February, 2020 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, however the ultimate stewardship responsibilities shall be discharged by Exide Life Insurance.

1.3 Responsibility for oversight of the stewardship activities

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

1.4 Review and disclosure of Stewardship Policy

This Stewardship Policy would be reviewed periodically and amendments thereto, shall be publicly 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 decisions pertaining to the same would be recorded, and the policyholders' interest would be considered paramount while arriving at these decisions. The voting decision would be accordingly taken by the Chief Investment Officer in the best interests of the policyholders, and a clear segregation of the voting function and client relations/sales functions would be maintained. If the Chief Investment Officer has an actual/potential conflict of interest in the transaction, the matter would be referred to the Audit Committee.

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 Audit 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 (operational and financial), monitoring of the industry to which the investee company belongs to, leadership management effectiveness and quality of the Board, succession planning, risks including Environmental, Social and Governance (ESG) risks, capital structure and corporate governance including remuneration, structure of the Board (including Board diversity and independent directors) and related party transactions, and shareholder rights and their grievances.

- 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) The monitoring would be higher for investee companies where the amount invested is more than 1% of the total Assets Under Management of Exide Life Insurance.
- d) 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.
- e) 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, as amended from time to time.

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, poor financial performance, insufficient disclosures, inequitable treatment of

shareholders, non-compliance with regulations, performance, corporate governance issues, litigations, related party transactions, leadership issues, corporate plans/ strategy, remuneration or approach to risks including CSR and Environmental, Social and Governance (ESG) 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 its Investment Committee. If the Investment 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. However the outcome of the intervention would be used as an input in the decision-making process, and the Audit Committee would be informed about the same. There could also be an intervention in the form of a collaboration with other institutional investors or interaction through

the Insurance Council, and if so, this would also be an additional input in the decision-making process pertaining to the investment in the company.

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 (who are the ultimate investors). 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 compulsorily vote, as an equity shareholder, on resolutions of investee companies where the holding of Exide Life Insurance is 3% or higher, of the investee company's paid up capital. However, as a measure of stewardship, Exide Life Insurance intends to continue to exercise its voting rights and voluntarily vote on resolutions of other investee companies as well.
- 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, 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 not automatically support the proposals of the Board of the investee company; it will vote against those resolutions of investee companies, which are not in its policyholders'/shareholders' best interests.
- 6.5 The Audit Committee shall monitor oversight on the voting mechanism, and 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 as a part of Public Disclosures on its website in the prescribed format and endorsed by the Compliance Officer.
- 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 The Board of Exide Life Insurance shall ensure that there is effective oversight on the company's stewardship activities, and the Audit Committee of the Board shall exercise the same. 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 Audit Committee, and endorsed by the CEO and 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.