

**Zurich Kotak General Insurance
Company (India) Limited**

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.

Zurich Kotak General Insurance Company (India) Limited (“ZKGI”) has framed this Stewardship Policy based on IRDAI guidelines on Stewardship Code for Insurers in India, as amended from time to time.

II. DETAILED POLICY

1. STEWARDSHIP RESPONSIBILITIES

1.1. Primary Stewardship Responsibilities:

ZKGI shall:

- a) take into consideration, at the time of investment, investee companies’ policies and practice on strategy, performance, environmental, social & governance risks, capital structure, leadership effectiveness, succession planning, reporting, and corporate governance, including culture and remuneration This would be by way of quarterly updates and meeting notes on its engagement with the company on the matters stated, if any
- b) protect & enhance policyholders/ shareholder value through engagement with investee companies;
- c) vote and engage with the investee companies and participate in investment decisions so as to promote the overall growth of the investee companies & protect interests of its shareholders. Voting decision shall be made as per ZKGI’s voting policy
- 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.
- f) provide periodic reports to its policyholders of how the stewardship responsibilities have been discharged, as part of public disclosures.

1.2. Discharge of Stewardship Responsibilities:

ZKGI 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.

Mid office shall provide the details about the stewardship activities of ZKGI to its Investment committee on quarterly basis for enabling committee to oversee the stewardship activities. The mid office shall place the Stewardship Code at Investment Committee at least once in a year for its review and recommendation

to board for its review and approval. The Board approved Stewardship policy and its subsequent amendments shall be disclosed in the ZKGI's website by Mid office.

1.3. Oversight of the stewardship activities:

ZKGI Investment committee & Audit Committee shall oversee the stewardship activities.

1.4. Disclosure:

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

1.5. Training:

ZKGI shall conduct training on Stewardship responsibilities for its Investment & Compliance department at least once in a year. These trainings may be conducted internally or through training programs arranged by external sources

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

ZKGI 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 and Audit Committee

2.3. Identifying conflict of interest:

While dealing with investee companies, ZKGI 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 ZKGI. Some of the instances of conflict of interest are:

- a) ZKGI and the investee company are part of the same group; or

- b) the investee company is a partner in the overall business of ZKGI;
- c) a nominee of ZKGI 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;

ZKGI Mid office shall take inputs from the Compliance team on a quarterly basis whether ZKGI may .be facing any conflict of interest for instances enumerated above

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, ZKGI will put utmost value on the interest of its policyholders.

Any potential conflict of interest, in relation to an Investee Company shall be duly recorded & highlighted by ZKGI.

Once the conflict of interest has been appropriately disclosed, the Investment Committee (excluding the member disclosing conflict of interest) will take the required decisions. This may include blanket ban on investments in the concerned investee company & associates, segregation of functions dealing with stewardship responsibilities from client relations. Records of such decisions shall be duly maintained.

ZKGI shall also consider abstaining from voting on resolutions of investee companies, wherever conflict of interest is observed, except where material reasons exists for participating in voting. Such reasons/rationale will be kept on record.

3. MONITORING OF INVESTEE COMPANIES

3.1. ZKGI shall regularly monitor all investee companies.

3.2. Manner of Monitoring:

- a) ZKGI shall supervise and monitor investee companies'
 - strategy and performance - operational & financial,
 - environmental, social & governance risks,
 - shareholders rights & their grievances,
 - industry level monitoring & possible impact on the investee companies
 - corporate governance including remuneration, structure of the board & related party transactions.
 - Quality of company management & Board, leadership.

- b) ZKGI may use publicly available information, sell side research, credit rating agencies and industry information. ZKGI shall also make efforts to

5. COLLABORATION WITH OTHER INSTITUTIONAL INVESTORS

- 5.1. ZKGI 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. ZKGI 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. ZKGI 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. ZKGI 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 aimed at promoting the overall growth of the investee companies and in the best interest of policyholders.

- 6.1 ZKGI shall mandatorily exercise its voting rights and vote on shareholder resolutions of investee companies, where investment in the investee company is $\geq 3\%$ of the paid up capital. In other cases, ZKGI may voluntarily participate and vote if such resolutions/proposals are considered significant and may have an impact on the value of investments

ZKGI shall consider corporate governance responsibilities before lending stock through Securities Lending & Borrowing (SLB) over a period in which an AGM or EGM is expected to be held.

- 6.2 ZKGI may take into consideration the recommendations made by proxy advisory firms, market survey data, industry wide analysis, business valuation etc while voting. ZKGI shall exercise its own independent judgement as regards voting decisions. The voting decisions shall be taken diligently & shall be aimed at promoting the overall growth of the investee companies & in the investor's best interests. Audit Committee shall monitor oversight on voting mechanism.

