

RELIANCE GENERAL INSURANCE COMPANY LIMITED

STEWARDSHIP CODE

Version 1.2

Background:

Insurance Regulatory Development Authority of India (IRDAI) vide its circular reference no. IRDA/F&A/GDL/CMP/059/03/2017 dated March 20, 2017 issued the Guidelines on Stewardship Code for Insurers in India (Code). Insurers were required to adopt a Code based on the Stewardship Principles on or prior to September 21, 2017. Accordingly, the Code was approved by the Board of Directors of the Company.

The Stewardship Code is a set of principles and guidelines to engage with the management of investee companies and exercising voting rights on shareholder resolutions of Investee companies.

IRDAI vide its circular no. IRDAI/F&A/GDL/CPM/045/02/2020 dated February 7, 2020 has issued the revised guidelines on Stewardship Code for Insurers in India. All the insurers are required to review and update the existing Code based on the revised guidelines. Accordingly, following is the revised Stewardship Code of the Company.

Stewardship Principles:

1. Key Stewardship Responsibilities

1.1 Primary Stewardship Responsibilities:

The Company shall:

- a) take into consideration, the corporate governance practices of investee companies, when undertaking buy and sell decisions;
- b) enhance shareholder/investor value through productive engagement with investee companies;
- c) vote and engage with investee companies on matters including environmental, social and governance principles in a manner which is in the best interests of its shareholders/investors; and
- d) be accountable to shareholders/investors within the parameters of professional confidentiality and regulatory regime.

1.2 Discharge of Stewardship Responsibilities:

The Company shall discharge its stewardship responsibilities through:

- a) voting on shareholders' resolutions, as may be necessary to protect the long term interest of its shareholders and policyholders;
- b) advocating for responsible corporate governance practices in the investee companies; and
- c) participation in matters relating to material environmental, social and governance opportunities in the investee companies

1.3 Responsibility for oversight of the stewardship activities:

The Investment Committee shall ensure implementation of stewardship principles as enumerated in the Code.

The Audit Committee shall monitor and oversee the Company's stewardship activities.

The Stewardship principles enumerated in this Code shall apply to those investee companies in which the Company's investment is above the threshold limit as set by the Investment Committee from time to time.

The current threshold limit for the aggregate investment in the equity shares of any investee company has been set as 1% of the paid-up share capital of the investee company.

The Company may avail various services of external agencies in discharging its Stewardship responsibilities viz. professional advice for arriving at voting decisions, research reports like market survey data, industry wide analysis, business valuation etc.

The Chief Investment Officer (CIO) shall be responsible for ensuring compliance of the provisions of this Code.

Notwithstanding the above, the ultimate stewardship responsibilities shall be discharged by the Company.

1.4 Disclosure of Stewardship Code:

This Stewardship Code and amendment thereto, shall be disclosed on the website of the Company. Any amendment or modification to this Code shall also be disclosed on the website.

1.5 Disclosure of Stewardship Activities:

CIO shall report the requisite compliance with the Stewardship Code to the Investment Committee from time to time.

2. Managing Conflict of Interest

- 2.1. The Company is a part of Reliance Capital Group.
- 2.2. A conflict of interest exists where the interests or benefits of the Company conflict with the interests or benefits of its shareholder/ policyholders or the investee company.
- 2.3. Identifying conflict of interest: While dealing with investee companies, the Company may be faced with a conflict of interest, inter alia, in the following instances, where:
 - a) the Company and the investee company are part of same group; or
 - b) the investee company is a client of the Company;
 - c) the investee company is partner or holds an interest, in the overall business or is a distributor for the Company;
 - d) a nominee of the Company has been appointed as a director or a key managerial person of the investee company;
 - e) a director or a key managerial person of the Company has a personal interest in the investee company; etc.
- 2.4. The Company shall avoid the conflicts of interest where possible.
- 2.5. In respect of the investee companies which involve a conflict of interest as far as implementation of Stewardship Code Guidelines, it is proposed that the decision/ voting shall be made to go with the majority opinion of the Institutional Investors / Industry Peers which are involved in the specific matter.

- 2.6. As a rule, in all cases of conflicts of interest, the voting decisions of the Company will be based on the best interests of its shareholders and policyholders.

3. Monitoring of Investee Companies

- 3.1. The Company shall monitor all investee companies.

3.2. Manner of Monitoring:

- a) The Investment Front Office led by CIO shall, on a best effort basis, monitor the investee company's business strategy, performance – operational and financial, industry level monitoring and impact on the investee companies, risk including environmental, social and governance risks, capital structure, leadership effectiveness and succession planning, corporate governance performance including remuneration, structure of the Board (including Board diversity and independent directors) and related party transactions, shareholder rights and their grievances, compliance with SEBI Insider Trading Regulations.
- b) The Company may use publicly available information, management meetings, sell side research and industry information and shall engage with the investee companies' investor analyst calls, if held, to monitor the investee companies.
- c) The Company shall to the extent feasible attend general meetings and other meetings conducted by the management of the investee company to which it is invited.
- d) The Company may nominate its representative on the Board of an investee company, wherever it deems necessary.

4. Active intervention in the Investee companies

4.1. Applicability

The Company 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. Intervention by the Company

The intervention will be in the following stages:

- a) **Initial engagement** with the investee company's management to convey the concerned issues and actions needed to mitigate the same.
- b) **Re-engagement** in the event the management of the investee company fails to undertake constructive steps to resolve the concerns raised by the Company within a reasonable timeframe, the Company shall take all reasonable steps to re-engage with the management to resolve the Company's concerns.
- c) **Escalation** in case there is no progress despite the first two steps, the Company may engage with the Board of the investee company and elaborate on the concerns. The Company may also collaborate with other investors and vote against decisions of investee company, interact with insurance councils in case of any industry level issues. Further, the Company may take appropriate steps to resolve the concerns including exiting its investments.

5. Collaboration with other Institutional Investors

- 5.1. The Company shall consider collective engagement with other institutional shareholders on a general basis and, when it believes a collective engagement will lead to a higher quality and/or a better response from the investee company. The Company may approach, or may be approached by, other institutional shareholders to provide a joint representation to the investee companies to address specific concerns.
- 5.2. The Company 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 will normally be carried out by the Investment team considering the suggestions made by the independent advisory firm, if appointed. Whenever there is a deviation, the Investment team will record the reasons of voting. In situations involving conflicts, the voting process shall also include the Head of compliance.

The Company shall undertake voting on resolutions/ proposals of the investee companies in accordance with the threshold mentioned as below:

Size of the AUM of the Insurer (Rs. in Cr.)	Compulsory voting required, if the Company's holding of the paid-up capital of investee company (in %) is
Up to 2,50,000	3% and above
Above 2,50,000	5% and above

The Company may voluntarily decide to vote on resolutions of the investee companies where the investment is lesser than the above threshold when the Company is of the view that the said resolutions are of significant importance and can have a material impact on the investment made by the Company.

7. Disclosures

A summary of resolutions voted in favour or against or abstained from voting be reported to the Investment Committee and the Audit Committee for its review on a quarterly basis in the prescribed format. The Company shall make disclosures of the summary of votes casted on a quarterly basis on its website as per the deadlines stipulated by the regulator for public disclosure.

8. Reporting of Stewardship Activities

The Company shall submit an Annual Certificate of Compliance, duly approved by the Board to the Authority in the prescribed format, duly certified by CEO and Compliance Officer on or before June 30th every year.
