



# **CreditAccess Life Insurance Limited ("CALI")**

## **Stewardship Policy**

CreditAccess Life Insurance Limited



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Policy Owner	Investment and Finance
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Approved By	Investment Committee and Board
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CreditAccess Life Insurance Limited

## 1. Introduction

This Policy sets out the framework and guidelines on discharge of the stewardship responsibilities of CreditAccess Life Insurance Limited (“CALI”) in accordance with Stewardship Code for Insurers in India issued by The Insurance Regulatory and Development Authority of India (IRDAI).

This Policy defines the stewardship responsibilities to be undertaken by the Company w.r.t Listed Equity Investments and the processes that the Company intends to follow in order to safeguard the interests of its Policyholders and Shareholders.

## 2. Objective and Applicability

This policy sets out the principles for implementation of Stewardship Policy w.r.t. engagement with the management of the investee companies, voting on resolutions pertaining to the investee companies and disclosures relating thereto in line with IRDAI guidelines.

This Policy will be effective from the date of approval thereof by Board of directors until further amended on all investments made in Listed Equity.

## 3. Roles and Responsibilities

This Policy shall be reviewed at least once in a year by the Board to incorporate changes as may be required including review of compliance .

The roles and responsibilities in respect of implementation of Stewardship Policy are defined below:

i) Investment Committee (IC)

IC shall recommend to Board the Stewardship framework of the company in the terms of this Policy, including mechanism to be opted for intervention in investee companies and escalation of matters in specified cases as stated in this policy.

ii) Audit Committee

Audit committee shall be responsible for effective oversight of the Company’s Stewardship activities including oversight on the Voting mechanism and review any conflict of interest in the Company fulfilling its Stewardship obligations.

iii) Investment Monitoring Committee (IMC)

IMC shall be responsible for ongoing monitoring the execution of this policy. The threshold of investment in the investee companies beyond which the Company shall perform its stewardship activities shall be prescribed by the IMC. The IMC shall also be responsible for stipulating the procedure for voting.

iv) Investment Team

The Investment team comprises of the Investment front office and mid/back office operations:

a) Investment Front Office:

Team shall be responsible for overall implementation of and execution of stewardship policy. It shall also be responsible for engaging with the management of the investee companies and identifying situations which require engagement/intervention/conflict of interest in the investee companies and nature of intervention required.

b) Investment Mid/Back Office:

Mid Office team shall be responsible for disclosures pertaining to stewardship activities including voting report and compliance report on a quarterly basis.

Back office team shall be responsible for maintaining the records pertaining to the voting activities and maintaining a list of investee companies in which conflict of interest.

#### 4. Stewardship Principles.

Insurance companies are one of Key Institutional investors and the investments are held by them as custodian of Policyholders and Shareholders. To ensure the safeguarding of interest of stakeholders, the company shall work towards fulfilling the objectives of the below listed principles:

**Principle 1: Insurers should formulate a policy on the discharge of their stewardship responsibilities and publicly disclose it.**

CALI shall disclose the latest amended policy on its website along with compliance status to the policy.

Primary stewardship activities performed by Investments team shall include monitoring and engaging with investee companies on matters such as strategy, performance, risk, capital structure and corporate governance including culture and remuneration.

CALI may use services of external agencies to support it in discharging its stewardship responsibilities, however the ultimate stewardship responsibility shall be with CALI and IC would approve the use of external agencies to support the discharge of stewardship responsibilities.

CALI shall disclose the Voting report on its website on quarterly basis as required by regulations.

**Principle 2: Insurers should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.**

CALI has detailed out process to identify and manage Conflict of Interest. Dealing with investee company may lead to conflict of interest. In the event of any doubt as to whether a particular transaction would create (or have the potential to create) a conflict of interest, the IMC may be consulted.

Given below are few instances where potential conflict of interest may arise:

- i) Investee company is institutional client of company;
- ii) Investee company having lender or borrower relationship with CALI;
- iii) Investee company is a partner or holds an interest, in the overall business or is a distributor for the CALI;
- iv) A nominee of the Company has been appointed as a director or a key managerial person of the investee company; or
- v) CALI and the investee company are part of same group;

To manage conflict of interest, CALI shall ensure that:

- i) It will always act in the best interests of its relevant stakeholders while executing its voting and/or engagement obligations in terms of this Stewardship Policy, with the interest of its policyholders in respect of policyholders' investments being paramount.
- ii) Any potential conflict of interest shall be reported to IMC. If those transaction doesn't appear to be in ordinary course of business or Arm's Length Price, IMC can apply blanket ban on investment or refer to IC which can further refer to Audit committee for further guidance.
- iii) The investment team shall comply with the Code of Conduct for Prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations.
- iv) CALI shall record rationale behind new investment decision and voting made thereof.

**Principle 3: Insurers should monitor their investee companies.**

- Investment front office team shall be responsible for documenting rationale of investment. Post investment, team shall be monitoring performance, leadership effectiveness, corporate governance, reporting, risk including environmental, social and governance risk, shareholders right & grievances of investee company.
- While dealing with investee company, investment front office team shall ensure compliance with

the SEBI (Prohibition on Insider Trading) Regulations, 2015.

- IC shall review the monitoring and engagement activities being carried out by the Investment team annually.
- Level of monitoring will depend upon the size of investment particularly with reference to the compulsory engagement basis the threshold prescribed.
- As a general principle, CALI shall not nominate its representative on board of investee company. However, to protect interest of policyholders it can do so by taking approval from IC.

**Principle 4: Insurers should have a clear policy on intervention in their investee companies.**

- CALI shall intervene if, in its opinion any act/omission of investee company is material or detrimental to interest of CALI.
- Intervention shall comprise of interaction or engagement with management, other institutional investors in investee company, professional associations, regulators and other entities where it deems fit.
- Where intervention is not fruitful, IC can escalate matter to Board of investee company or discuss the matter in Annual General Meeting.
- Disclosure of interactions, if any, is not compulsory due to confidential nature of the same.

**Principle 5: Insurers should have a clear policy for collaboration with other institutional investors, where required, to preserve the interests of the policyholders (ultimate investors), which should be disclosed.**

- CALI shall collaborate and act collectively with other investors, professionals associations, regulators and other entities as it may deem fit to protect the interest of shareholders and policyholders.
- Act of collaboration with other institutional investors shall not be deemed to be an act of collusion or persons acting in concert.

**Principle 6: Insurers should have a clear policy on voting and disclosure of voting activity.**

- CALI has voting policy as per Annexure A, voting shall be done by investment front office team as per policy.
- CALI may vote for or against any proposed resolution or abstain from voting on any resolution keeping in mind the interest of Policyholders/Shareholders. Voting shall be mandatory where CALI holds 2% or more equity in investee company.
- Investment team shall also keep record of its voting in investee company resolutions, and same shall be presented to IC, Audit committee and IMC quarterly.

**Principle 7: Insurers should report periodically on their stewardship activities.**

- CALI shall provide each quarter its voting MIS in the prescribed format and annually provide a report on the discharge of its stewardship responsibilities as part of public disclosures. The Company shall also annually report its compliance status with the Stewardship Principles to the IRDAI.
- Format of Voting disclosure:

Meeting Date	Investee Company Name	Type of Meeting (AGM/ EGM)	Proposal of Management/ Shareholder	Description of Proposal	Management Recommendation	Vote (For/Against/ Abstain)	Reason supporting the vote decision
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## **Annexure A**

### **VOTING POLICY**

Investment Manager would recommend appropriate voting action in the AGM/EGM. The voting action would be a decision taken in the best interest of the policyholders and / or shareholders. Procedure to be followed would be as follows:

1. Custodian will mail the details of the meeting (date, agenda etc) to equity analysts, equity fund managers, Investment Manager and back-office personnel.
2. The responsibility of recommending whether CALI votes for or against a resolution will be that of the analyst tracking the stock. He / She will send in the recommendations well within the time limits to Fund Manager/Investment Manager for approval.
3. Once approved, the equity analyst will send the instructions to back office.
4. Back office will send the necessary instructions to the custodian requesting it to carry out the same.
5. Back office shall maintain record of voting at various meetings of investee companies
6. Mid office will monitor compliance and analyse the voting patterns etc.

The Board of Directors, vide resolution has to appoint, the Managing Director & Chief Executive Officer and Investment Manager, as authorized representatives of the Company to attend and vote (including by e-voting or postal ballot or through proxy) at meetings of the members or debenture holders or any class thereof of any companies / associations / institutions / bodies, of which the Company is a member or debenture holder. Finance Team (Mid Office / Back Office) would be responsible for executing the voting resolutions on behalf of the Managing Director, Chief Executive Officer and Investment Manager.