



## **Raheja QBE General Insurance Company Limited**

### **Stewardship Policy**

#### **VERSION CONTROL**

##### **Document Review History:**

<b>Version</b>	<b>Policy Owner</b>	<b>Date</b>	<b>Comments</b>
1 [Approved by BOD]	Investment Department	September 2017	In compliance with IRDAI Regulations
2 [Approved by BOD]	Investment Department	November 2018	Enhancement of policy wording
3 [Approved by BOD]	Investment Department	January 2019	Enhancement of policy wording
4 [Approved by BOD]	Investment Department	May 2020	Enhancement of policy wording
5 [Approved by BOD]	Investment Department	January 25, 2021	Addition in Clause No.4 Intervention in investee Companies
6 [Approved by BOD]	Investment Department	May 4, 2021	Addition in Clause No. 6 "Voting and Disclosure of Voting Activity"

7 [Approved by BOD]	Investment Department	January 25, 2022	Review of Policy without any modification
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## **Introduction**

The investments of the Company are made in accordance with IRDA (Investment) Regulations and the Investment Policy as duly approved by the Board of Directors. The Investment Committee oversees the implementation of the Investment Policy. As part of its Investment Policy, the Company invests its funds in various types of securities to generate returns.

The investment team monitors investee companies on issues like strategy, business performance, corporate governance and related matters so that the the best interest of the policyholders' are protected. These cast fiduciary responsibility on the Company to protect the interest of all stakeholders. 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 reference no. IRDA/F&A/GDL/CMP/045/02/2020 has issued revised guidelines on Stewardship Code for insurers on 7<sup>th</sup> February 2020. It suggest that insurers as a significant investor in listed companies and custodian of policy holders should play an active role in general meetings of investee companies, and engage with the management at a greater level to improve governance at the companies where they have invested on behalf of the policy holders.

### **1. Stewardship responsibilities**

The investment team shall monitor the investment strategy, performance, risk, capital structure, leadership effectiveness, succession planning, remuneration and corporate governance including culture, social and environment matters of all such companies that it intends to invest in or is already invested in.

Wherever the management of affairs of the investee company is contrary to the prudent and established business practices in the larger interest of various stakeholders the Board can decide to engage in such cases. It may also decide to selectively intervene based on its extent or level of investment. Depending on the gravity of matter Company may decide to intervene on its own or collaborate with other institutional investors.

The Company shall follow the stewardship code on any matter that may come up at any point in time in regard to any conflict of Interest.

Entire investment team is to be trained on annual basis for continued adherence of Stewardship code. Any new joinee in the investment function is to be trained during induction.

The Company may choose to employ institutional advisors to provide professional advices with research reports like Market survey data, Industry wide analysis, Business valuation, etc.to arrive at voting decisions. However, in all cases the ultimate stewardship responsibilities shall be discharged by the company.

The code shall be reviewed on annual basis by the Investment Committee or whenever any changes are to be incorporated in the code due to any amendment in the Guidelines or as may be felt appropriate by the Investment Committee. The policy shall be placed on an annual basis for approval by the Board of directors.

This Stewardship Code and amendment thereto, shall be disclosed on the website of the Company.

## 2. Managing Conflict of Interest

Raheja QBE (if participating) would generally vote proxies in accordance with the recommendations from Investment Management Committee based on the principles set out in this Policy.

A conflict of interest can exist if the interests or benefits of the Company conflict with the interests or benefits of its policyholders, other stakeholders or the investee company.

Some situations that may result into potential conflict of interest can be as per following:

- a) The investee company and RQBE are part of same group;
- b) The investee company is a client, intermediary or partner of Raheja QBE
- c) The investee company holds an interest in the overall business of Raheja QBE
- d) A nominee of Raheja QBE has been appointed as a director or a key managerial person of the investee company;
- e) A director or a key managerial person of Raheja QBE has a personal interest in the investee company;

In the event, a proposal is giving rise to material conflict of interest for any reason which could influence the vote, the matter will be referred to the Investment Committee and the action will be in accordance to the recommendation of IC.

In case any member of the investment function has a potential conflict situation, personal/ family relationship with an investee company they will have to mandatorily disclose the same and basis advise from the Investment Committee may be asked to recuse from any decision making or related task in regard to that particular investee company.

## 3. Monitoring of investee companies

The investment team at Raheja QBE shall regularly keep track of company performance, leadership effectiveness, succession planning, corporate governance etc., of investee companies.

This is to be done by regular review of publicly available information vide annual reports, credit rating agencies reports and media coverage. Further, wherever warranted this can be done by interaction with management of the investee company as well as meeting with other stake holders of the company which may include customers, industry trade groups.

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.

The Company shall identify any situations which may trigger communication of insider information and the procedures adopted to ensure SEBI (Prohibition of Insider Trading) Regulations 2015, as amended time to time are complied with in such cases.

#### **4. Intervention in investee companies**

The Policy applies to the exercise of the voting (including proxy voting) by the authorized Officials of Raheja QBE and/ or Custodian of the insurer in the AGMs/ EGMs/ Meetings of creditors/ preference shareholders of the investee companies depending on the nature of investment and applicable voting rights.

The policy shall be applicable for investments which fulfill the following mentioned criteria:

Where debt and equity exposure is more than 2% of (paid up capital + free reserves + outstanding debentures) of the investee company, or

Where debt and equity exposure in the investee company is more than 2% of Raheja QBE's total AUM.

Raheja QBE Investment committee shall decide to intervene in the event of act(s) of omissions or commission of any investee company in any matter which is prima facie unjustified, including but not limited to disclosures, regulatory compliances, performance parameters, related party transactions, corporate plans/ strategy, CSR and Environmental, Social and Governance (ESG) issues, litigations, leadership issues or any other related matters.

In case of debt Investments (non-convertible debentures/bonds) company shall review:

1. To participate in the matters affecting the rights of the Company as a debenture / bond holder wherever appropriate upon occurrence of non favourable event like frequent downgrades of credit rating which may result in default in payment of interest / redemption.
2. Wherever feasible to engage in the matters concerning mergers, demergers, amalgamations etc of the entity to protect the interest of our debenture holding.

Regular assessment of outcomes of intervention by RQBE to be reviewed by RQBE Investment Committee to take next suitable time bound steps as and wherever warranted.

Considering gravity of the incidence and desired outcomes not coming through, Raheja QBE Investment Committee shall decide to go for:

- reengagement,
- escalation and reporting to the senior management or
- the Board of Directors of the investee company- report to regulatory/ government authorities or
- require any further legal actions

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, if the matter should be..

**5. The Company shall review all proposals to effectively manage the investment process and corporate governance responsibilities. In all cases each vote and proposal will be considered based on the relevant facts and circumstances. Collaboration with other institutional investors**

On occasions where investee company is not forthcoming in matters related to management of their corporate affairs in line with the guidelines of this policy if need be Raheja QBE will venture out to collaborate with likeminded investors. This will be done with an aim to improve the quality of the markets where policyholders' funds are invested. These engagements shall be conducted via collaborative platforms such as industry trade groups and associations.

**6. Voting and disclosure of voting activity**

In case where Raheja RQBE's holding of the paid-up capital of investee company (in percentage) is 3% or above a compulsory voting is required,

Raheja QBE, if participating in voting process, mandatorily Or voluntarily as may be deemed necessary in the interest of policyholders shall follow below-mentioned process:

- a) Raheja QBE through its authorized Officials and/ or authorized representatives of Custodian of the insurer would submit voting instructions for General Meetings, although Raheja QBE may not vote (i.e., abstain from voting For or Against) for certain proposals of the Investee Companies.
- b) Raheja QBE may generally cast/ recommend For or Against vote for a resolution for any of the following proposals: Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti- takeover provisions; Changes to capital structure, including increases and decreases of capital and preferred stock issuances; Stock option plans and other management compensation issues; Social and corporate responsibility issues; Appointment and Removal of Directors; Any other issue that may affect the interest of the shareholders in general and interest of the policyholders in particular.
- c) Raheja QBE may usually vote in favour of company proposals reflecting its investment philosophy and process, although this does not preclude from voting against the Management on specific occasions wherein the Investment team may be of the opinion that the proposal is not likely to enhance economic value or cause indeterminate and unnecessary expense to shareholders.
- d) However, there may be situations in which Raheja QBE may be unable to vote a proxy, or may choose not to vote a proxy, such as where:
  - (i) Proxy ballot was not received from the Custodian of the Insurer,
  - (ii) A meeting notice was received too late;
  - (iii) There are fees imposed upon the exercise of a vote and it is determined that such fees outweigh the benefit of voting;
  - (iv) There are legal encumbrances to voting, including blocking restrictions in certain markets that

preclude the ability to dispose of a security if Raheja QBE votes a proxy or where Raheja QBE is prohibited from voting by applicable law or other regulatory or market requirements, including but not limited to, effective Powers of Attorney;

- (v) The company held shares on the record date but has sold them prior to the meeting date;  
Proxy voting service is not offered by the Custodian of the insurer in the market; etc.

- e) Exceptionally, Raheja QBE may also decide to abstain where Raheja QBE have insufficient information or where Raheja QBE wish to give a cautionary message to a Company.
- f) The decision to participate in voting process will be taken in accordance with the recommendation from Investment Management Committee.

Raheja QBE may not be able to participate in all the voting (including proxy voting) opportunities. This is primarily due to volume and complexity and certain inherent inefficiencies in the process that are outside the control of Raheja QBE.

“Currently RQBE has no approval / intention to engage in stock lending. Any modification with regards to this, will be intimated and incorporated as part of modifications to this Stewardship policy.”  
Disclosures shall be made by regarding the voting activity in the investee companies in which RQBE has actively participated and voted on resolutions/proposals. The disclosures will form part of Public Disclosures on website and on quarterly basis in the given format at Annexure A.

## **7. Administration, Compliance, Reporting and Disclosure of Stewardship Activities**

### **Administration**

1. The Investment mid-office shall monitor, in coordination with Investment back-office, that the notices are received and the spirit of the policy is followed.
2. The investment front-office shall be responsible for adherence and implementation of this Policy.
3. The compliance department shall report status to the Authority (IRDAI) on a regular basis.

### **Compliance & Reporting**

Raheja QBE Board shall ensure that there is effective oversight on stewardship activities and the Audit Committee shall exercise the same.

The Company shall submit an Annual Certificate of Compliance approved by the Board to the IRDAI as per Annexure B duly certified by CEO and compliance officer on or before 30s June every year.

### **Disclosure**

1. The Policy and Procedures shall be uploaded on the website of Raheja QBE
2. Raheja QBE shall disclose on its website, actual exercise of its voting in the format as prescribed in Annexure - A on a quarterly basis.

Annexure A

Disclosure of voting activities in general meetings of investee companies in which the insurers have actively participated and voted:

Name of the Insurer: \_\_\_\_\_

Period of Reporting: \_\_\_\_\_

Meeting Date	Investee Company Name	Type of Meeting (AGM / EGM)	Proposal of Management/ Shareholders	Description of the proposal	Management Recommendation	Vote (For / Against / Abstain)	Reason supporting the vote decision

Place:

Signature of Compliance Officer

Date:

Name:



Annexure B

Annual Certificate of Compliance with regard to status of Stewardship Code principles

Name of the Insurer: \_\_\_\_\_  
Period of Report (FY): \_\_\_\_\_

Date: \_\_\_\_\_

We hereby certify that the guidelines given on Stewardship Code for Insurers in India by Insurance Regulatory and Development Authority of India are duly followed and all the principles detailed in the guidelines are duly complied with.

Compliance Officer  
(Name and Signature)

Chief Executive Officer  
(Name and Signature)