

ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED

Stewardship Policy

Introduction

The premium collected on insurance premium forms part of the investment portfolio and are invested to generate returns. At ICICI Lombard General Insurance Company Limited the investment function is responsible for the investments to be made by the Company and as a part of its process monitors the investee companies on issues such as strategies, performance, risk, capital structure, corporate governance and such other related aspects. This enables the Company to protect its investments placed with such investee companies and thereby protecting the interest of the policyholders. Hence, the manner of exercising voting rights in the investee companies brings a fiduciary responsibility on the Company. While the process of investments is governed by the 'Investment Policy, the Stewardship Policy [Policy] sets out the principles and processes in engaging with the investee companies while exercising voting on various resolutions from time to time.

Effective date

The policy will be effective from the date of its approval by the Board of Directors of the Company. The policy will be placed before the Board of Directors for their approval whenever any material changes to the policy are required to be made. The policy will be reviewed on an annual basis by the Investment Committee.

1. Key Principles

The Investment Committee shall monitor the implementation of the stewardship policy. The level of engagement and intervention with the investee company may vary depending on the investment exposure in such investee company. The Investment Committee will define what is considered as a meaningful exposure so that the level of engagement required can be monitored more effectively. The Investment team will be responsible for ongoing monitoring of the investee companies as well as engaging with the managements of the investee companies.

The voting on shareholders resolutions is done with a view to:

- a) Enhance value creation for the shareholders/investors and the investee companies from a long term perspective
- b) Advocating responsible corporate governance practices.

Investment Committee will approve the standard operating procedure for monitoring and exercising of voting rights. ICICI Lombard is availing advisory services of Institutional Investor Advisory Services (IIAS) in order to support the Investment team to discharge its stewardship responsibilities. These services are purely advisory in nature and the final voting decision will

be made by the investment team. The Investment Committee may at any time engage services of any other service provider or modify the terms of the service or continue with the arrangements currently in place.

In the event of any significant exposure and any investment which is of strategic importance where the ICICI Lombard desires to seek Board nominations, the Investment Committee will review and approve such cases.

2. Managing Conflicts

While discharging the stewardship responsibilities, there are potential situations of conflict of interest. The instances of a conflict of interest may arise between the interest of shareholders and the policy holders of ICICI Lombard. Some of the instances of conflict of interest are as follows:

- a) The investee company belongs to the same group as of ICICI Lombard
- b) The investee company is a client of ICICI Lombard
- c) The investee company is a partner in certain aspects of ICICI Lombard's business
- d) Any of the group companies of ICICI Lombard is a supplier or partner of the investee company
- e) A Director or a Key Managerial Person of ICICI Lombard has a personal interest in the investee company.

The Investment personnel involved in implementing the stewardship code should:

- a) identify and disclose any conflict of interest
- b) avoid conflicts of interest where possible

The instances where conflict of interest is present, the decision of voting shall be done by a group of two investment personnel (Chief Investments and person handling equities) and the Head of Compliance. Also where the recommendation of the investor advisory service provider (currently IIAS) is at variance from the actual voting, the reasons for voting in a manner other than recommended by an Independent Advisory shall be recorded in writing. The situation may also warrant abstaining from voting if the group of persons conclude that is in the best interest under the given circumstances. The voting decisions of ICICI Lombard will be based on what is in the best interest of the policyholders.

3. Monitoring of investee companies

Investment team will be responsible for monitoring all the companies in which ICICI Lombard has invested regardless of the level of exposure. The Investment team will use publically available information, management meetings, sell side research, credit rating agencies and other industry reports.

The monitoring of investee companies would not be limited only to the strategy and business outlook, financial performance, management evaluation, but may also extend to capital allocation, changing risk profile and corporate governance issues or any other matter incidental to perform the monitoring function effectively.

4. Active intervention in the Investee companies

ICICI Lombard will intervene if, in its opinion any act/omission of the investee company is considered material on a case by case basis, including but not limited to insufficient or improper disclosures, inequitable treatment of shareholders, non-compliance with any applicable regulations, deficiency identified in achieving performance parameters, issues pertaining to governance, related party transactions, corporate strategy or any other related matters.

The intervention will be in four stages as follows:

- a) Initial engagement with the company's management to convey the concerned issues and actions needed to mitigate the same.
- b) Re-engagement in the event of lack of any response to initial engagement or the preventive action taken by the investee company are not up to the mark, at this juncture a time bound plan to rectify or re-align the business practices or actions should be discussed and agreed upon.
- c) Escalation to the Investment Committee in case of no progress following the first two engagements. The Investment Committee may decide to either engage with the Board of the Investee Company or discuss the issues at the shareholders meeting of the investee company.
- d) Reporting to regulators: if there is no response or action taken by the investee company despite the first three steps, ICICI Lombard may escalate the matter to the relevant authorities or may choose to initiate legal actions based on the case.

5. Collaboration with other Institutional Investors

There will be situations where the issues involved in resolutions to be voted upon by the shareholders may have an impact on all institutional shareholders of the investee company.

In such situations, collaborating with other investors may be the most effective approach to engage with the investor companies. Consolidated efforts with other investor companies may be the most suitable option in situations involving significant corporate or economic stress posing to destroy significant value.

ICICI Lombard may engage with the investee company through consultations with other institutional investors where there is common alignment of interest. This would help in coordination of investor's engagement with Investee Company. Initiation of joint actions by investor companies will be subject to compliance of all the applicable regulatory requirements.

6. Voting and disclosure of voting activity

Voting will be normally carried out by the Investment team considering the suggestions made by the independent advisory firm. 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.

ICICI Lombard 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 (₹ in Cr.)	Compulsory voting required, if the Insurer's holding of the paid up capital of investee company (in percentage) is
Up to 2,50,000	3% and above
Above 2,50,000	5% and above

ICICI Lombard may voluntarily decide to vote on resolutions/ proposals of the investee companies where the investment is lesser than the threshold mentioned above when the Company is of the view that the said resolutions/ proposals 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 favor or against or abstained from voting be reported to the Investment Committee and the Audit Committee for its review on a quarterly basis as per the Annexure A of the Policy. ICICI Lombard will make disclosures of the summary of votes cast on a quarterly basis on its website as per the deadlines stipulated by the regulator for public disclosure

Compliance and Reporting:

The Company shall comply with all the principles given in the guidelines and submit an Annual Certificate of Compliance approved by the Board to the IRDAI as per Annexure B duly certified by the CEO and the Compliance Officer on or before June 30th every year.

8. Standard Operating Procedures (SOP)

The Investment team shall adopt standard operating procedure and framework as may be necessary to discharge its stewardship responsibilities effectively and efficiently.

Annexure A

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

Meeting Date	Investee Company Name	Type of Meeting (AGM/ EGM)	Proposal of management/ shareholders	Description of 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)**