



FUTURE GENERALI INDIA LIFE INSURANCE CO LTD

STEWARDSHIP POLICY

Table of Contents

Document History	2
Background	3
Description	3
Key Principles	3
Discharging Stewardship Responsibilities	3
Managing Conflicts of Interest	4
Monitoring of Investee Companies	4
Active intervention in the Investee companies	4
Collaboration with other Institutional Investors	5
Voting and disclosure of voting activity	5
Public Disclosures	6

Document History

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August 11, 2017	1	New Document

Background

Future Generali India Life Insurance Company Limited (FG Life) as a part of its regular business activities invests in equity securities issued by companies (Investee Company). FG Life is expected to monitor and engage with the investee companies on issues like strategy, business performance and corporate governance etc. Also FG Life is expected to exercise the voting rights attached with these investments in the best interest of the policyholders. In this backdrop, Insurance Regulatory Development Authority of India (IRDAI) vide reference no. IRDA/F&A/GDL/CMP/059/03/2017 has issued Guidelines on Stewardship Code for Insurers in India (Guidelines) on 20th March 2017.

Description

This document sets out the principles and the policies to be followed by FG Life regarding the engagement with the management of the investee companies, voting on resolutions pertaining to the investee companies and disclosures relating thereto. This policy as approved by the Board of Directors will be referred to as the 'Stewardship Policy' for FG Life and will be effective from 11th August 2017. Any material change in the policy will also be approved by the Board of Directors.

This policy, as amended from time to time will be disclosed on the website of the company along with other public disclosures. Any change or modification to the policy will also be disclosed at the time of updating the policy on the website. The company will file a status report to IRDAI on an annual basis, indicating the compliance with the principles laid down in this policy. Non-compliance, if any, will also be reported along with the reasons / justifications for the same.

Key Principles

Discharging Stewardship Responsibilities

The Investment Committee shall be responsible for monitoring implementation of the Stewardship Code duly approved by the Board. The threshold level beyond which the exposure to the investee company will be deemed to be meaningful is **0.5% of outstanding paid-up share capital of the investee company**. This threshold level will help in determining the level of engagement and intervention with the investee company. The Investment Committee can amend the threshold level based on experience and any such amendment shall be disclosed.

The investment team of FG Life headed by the Chief Investment Officer (CIO) will be responsible for ongoing monitoring of the investee companies and will also be responsible for engaging with the managements of the investee companies. Investment mid-office team will duly inform the Investment front office team about notices/communication received from investee companies regarding voting or any other engagement. The investment team will seek guidance, when required, from the Investment Committee with respect to the engagement and intervention with the investee companies.

The Investment Committee shall recommend to the Board whether it intends to use the services of any external service providers to support the Investment Committee / Investment team in discharging its stewardship responsibilities. In case the Investment Committee engages an external agency scope of services that it proposes to avail shall be properly defined.

Managing Conflicts of Interest

The voting for company resolutions may entail some instances of a conflict of interest between the interests of shareholders of FG Life and the policyholders' interests. Some of the key instances are as under -

- The investee company is a customer of FG Life
- The investee company is a promoter group company
- The investee company is a partner in some aspect of FG Life's business
- Key managerial personnel of FG Life may have personal interests that conflict with their responsibility to act in the best interests of the Company.

FG Life will manage conflicts of interest by safeguarding the interest of policyholders in all circumstances.

Monitoring of Investee Companies

Investment team will be responsible for monitoring all the companies in which FG Life invests in. The monitoring will use publicly available information, management meetings, secondary research and industry information to monitor these companies. Investment team will try to have at least one meeting a year with the management of the investee company. However, in those cases where management of the investee company is not accessible or investment team believes that there is no incremental information provided by the management monitoring will be done via other sources. Monitoring will include but need not be restricted to strategy and business outlook, financial performance, management evaluation and corporate governance issues, capital structure and key risk areas.

As a policy FG Life will not seek to nominate its representative on the Board of an investee company based on its investments in the investee company, unless such investment is strategic in nature and / or the Investment Committee decides that a nominee is warranted.

Active intervention in the Investee companies

Concerns may arise with respect to the investee companies from time to time mainly on account of insufficient disclosures, non-compliance to regulations, performance parameters, governance issues and corporate plans/ strategy. FG Life may intervene on case-by-case basis if it feels that its intervention is required to protect value of its investment and discharging its stewardship responsibility. Active intervention will be undertaken by Investment Team if the investment in the company is above the defined threshold level. However, the Investment Team can decide to intervene in companies where the investment is below the defined threshold level, depending on the seriousness of the issue. In case the investment is already earmarked for divestment or post planned divestment holding will be below the defined threshold level, intervention may not be considered.

In case of active intervention, initially, FG Life as a shareholder will seek to engage with the company's management to discuss the concerns and apprehensions and actions to mitigate the concerns. If there is no response from the management or there is any lack of follow-up action as promised despite the passage of a reasonable period of time, FG Life may re-engage with the management to reiterate the conclusions or the plans of action decided at the prior meetings. A time bound plan to rectify or re-align the business practices or actions should be discussed and agreed upon. In case there is no progress despite these steps, the matter will be discussed at the Investment Committee of FG Life for further escalation to the Board of Directors of the investee company. If the Investment Committee decides to escalate, the communication to the Board of the investee company should elaborate on the concerns, the past requests for engagement with the management of the company, the past discussions and the agreed course of actions.

In all cases of engagement with the management and / or the Board of Directors of the investee company, all communications and discussions are to be conducted in private and confidential manner. The objective of the interactions is to play a constructive role in enhancing the value of the investment in the equity of the investee companies to benefit the policyholders of FG Life.

Collaboration with other Institutional Investors

In select cases, the nature of the engagement with the investee company management or the issues involved in resolutions that need to be voted upon by shareholders may have an impact on all institutional shareholders of the investee company. In some cases, collaboration with other investors may be the most effective manner to engage with the investee companies. Collective engagement may be most appropriate at times of significant corporate or wider economic stress, or when the risks posed threaten to destroy significant value.

FG Life may choose to engage with the investee company through consultations with the other institutional investors, with those whose interests are aligned with FG Life, in order to have a wider group of investors representing a larger proportion of shareholders to engage with the company.

Voting and disclosure of voting activity

In general the matters coming up for voting by shareholders of the investee companies are corporate governance matters, change in capital structure, compensation & benefits, corporate social responsibilities and appointment of board of directors etc. The investment team shall review all voting proposals routine as well as non routine items. Voting activity will be undertaken if the investment in the company is above the defined threshold level. However, the Investment Team may vote in companies where the investment is below the defined threshold level, depending on the seriousness of the issue.

In those cases, where voting activity is required to be carried out, the voting decision will be taken by Investment Sub Committee. The role of the Investment Sub Committee is to carry out a supervisory role over the operations of the Investment function to oversee and execute investment mandates of the Investment Committee. The Investment Sub Committee consists of Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief

Risk Officer and Appointed Actuary. As a rule, in all cases the voting decisions of FG Life will be based on the best interests of the policyholders.

Stock lending and recalling activities, if any, shall be as per guidelines in Investment Policy as approved by Board. Any stock lending and recalling activity undertaken shall be disclosed along with voting history of FG Life.

Public Disclosures

At an annual frequency, FG Life will disclose all the activities undertaken by the investment team, as mandated by the Investment Committee, in regard to implementing this stewardship policy and discharging its responsibilities, on its website, as part of public disclosures. The disclosures will also include the votes cast by FG Life at all the resolutions put forth by the investee companies for shareholders' approval.