

THE ORIENTAL INSURANCE COMPANY LIMITED
HEAD OFFICE, NEW DELHI

Re: STEWARDSHIP POLICY

BACKGROUND:

The Insurance Regulatory and Development Authority of India has decided vide circular Ref No.: IRDA / F&A / GDL / CMP / 059 / 03 / 2017 dated 20th March 2017 to implement a code of stewardship for the insurers. The Guidelines on Stewardship Code for Insurers in India has been revised vide IRDAI circular ref: IRDAI/F&A/GDL/CPM/045/02/2020, dated 7th February 2020

Insurance companies are significant institutional investors in listed companies and the investments are held by them as custodians of policyholders' funds. Stewardship Principles are formulated considering various aspects of good governance and transparency in respect of decisions related to Investee Companies. IRDAI has directed Insurers to frame a stewardship policy that defines the stewardship responsibilities that the insurer wishes to undertake and how the policy intends to fulfill the responsibilities to add value to the management of the companies thereby enhancing the wealth of its policyholders who are the ultimate beneficiaries. The policy is in the form of a set of principles which the insurance companies need to adopt. The Principles are framed as below:-

Principle 1: Discharge of Stewardship responsibilities

Our company has investments in many companies. The Stewardship policy requires insurance companies to formulate and disclose the way the company proposes to discharge its stewardship responsibilities. The policy covers all the aspects relating to stewardship activities based on the level of exposure in Investee Companies that shall be considered significant enough to make a meaningful effort to engage in monitoring of investee companies, intervention in their working and taking part in their voting activities.

Professional advices to arrive at voting decisions and research reports may be sought from external agencies but in all cases the ultimate stewardship responsibilities shall be discharged by the insurer.

Presently, we do not use the services of external service providers or our custodian for discharge of stewardship responsibilities but we may consider their engagements in future.

The policy will be reviewed and updated periodically and the updated policy will be publically disclosed on the company's website. The policy will be board approved.

Principle 2: Managing Conflict of interest in fulfillment of stewardship responsibilities between our policy holders, and Investee Companies

The stewardship policy shall identify the scenarios where material conflict of interest may arise between our policy holders and the investee companies and shall act in a transparent manner in resolution of the same. Following may be instances of conflict of interest:

- The investee company is a corporate client of our company
- Our company holds investments in service providers to our policy holders
- Our company holds investments in its service providers
- Investee company is an Associate of our company or in cases where our company is a Promoter
- Our company or its Associate is a service provider or partner in some aspect of the investee company's business
- Investee Company is another PSU.

Company may adopt the following procedures in case of material conflict of interest:

- Such cases to be referred to the CFO/CIO
- Clear segregation of voting function and client relation/sales function
- Policy for persons to recuse from the decision making in case of the person having any actual/potential conflict of interest in the transaction
- Adequate disclosure and documentation of the resolution in any case of conflict of interest
- Ultimate decision not to prove detrimental to the policy holders / customers interests. The interest of policyholders to be kept first

Principle 3: Monitoring of Investee Companies

- Regular monitoring, preferably on a half yearly basis (after the financial results of the investee company have been declared),of working of the investee companies will be carried out. Monitoring may include Company strategy and business outlook, financial performance, analysis of the industry and its impact on the investee companies, management evaluation, corporate governance issues which

may include remuneration, structure of the Board, capital structure and social and environmental risks, shareholders rights and grievances redressal

- Monitoring may be done by way of monitoring the news coverage and/or regularly studying their financial reports, gradual erosion in the market value of investments below the cost of acquisition etc. Due to the dynamic nature of the environment these companies operate in, the monitoring may be carried out on a best effort basis
- Identification of situations which may trigger communication of insider information and the procedures adopted to ensure compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time

The company will engage / intervene in the monitoring of activities of the investee companies based on the defined threshold levels i.e. on the basis of the level of our exposure in Investee Companies. Accordingly the level of intervention are as given below:

Investment	Monitoring Approach
Upto 1.5% of our AUM as on last Financial Year	<ul style="list-style-type: none"> • Passive approach • No serious involvement in the meetings unless any other Public Sector, financial institution is involved therein or any specific request is received for our representation/ support
Between 1.5% and up to 10% of our AUM as on last Financial Year	<ul style="list-style-type: none"> • Analytical Approach • Participating to the extent possible in the meetings, express our opinion and suggestions in the long term interest of the investee company. • Company may collaborate with other institutional investors to protect best interest of the shareholders wherever found necessary.
Exceeds 10% of the Outstanding Equity Shares (Face Value) of investee company or our company is a promoter or an Indian Associate	<ul style="list-style-type: none"> • Active participation approach • If possible Company may go for representation on the board. • Continuous monitoring of the performance of the company may be carried out. If needed, the Company may refer to the research reports like market survey data, Industry wide analysis, Business valuation, etc. from external agencies.

	<ul style="list-style-type: none">• Collaboration with other institutional investors may also be made to protect the shareholders and policyholder's interest in the long term.
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Principle 4: Policy on intervention in Investee Company affairs

Company prefers not to intervene in the internal management of investee companies. However in case of our holding as Promoter or holding in an Indian Associate Company or our stake is more than 10% of the Outstanding Equity Shares (Face Value) of investee company, we shall selectively intervene in issues related to company's strategy, performance, governance, remuneration or approach to risks including that may arise from social and environmental matters. Concerns may be raised if any proposal of the investee company is not found to be in the positive interest of shareholders or policyholder of our company. We may seek clarification from the investee companies and may even go for voting against the proposals. Company shall move in confidential and constructive manner to reach positive solutions. Unless unavoidable the matter shall not be escalated to outside the company forums. This may however be done in extreme situation duly recording the reasons thereof and with the specific approval of the Chairman-cum-Managing Director. If required, Intervention maybe also be done through GI Council/GIPSA in cases where we have common holding with other GIPSA Companies. Assessment of outcome of intervention to be done.

Principle 5: Policy for collaboration

Oriental as well as other GIPSA Companies/GIC of India have large common investments. Coming together on various policy and operational matters will be beneficial to the interest of the company. In all cases where joint / collective action is beneficial to the company and policyholders, the same may be resorted to, also keeping in mind the best interests of the shareholders of the Investee Companies

Principle 6: Policy on voting

The voting decision of the company aims at promoting growth of Investee Company, thereby enhancing the value to their investors. The company will have a Board approved list of officials authorized to attend and vote at meetings of investee companies on behalf of the company. Company shall mandatorily participate in the voting activity in cases

where our Company's investment in any investee company is 3% and above or in case of the holding is as a Promoter or an Indian Associate.

The Company may choose to vote for or against any proposed business or may abstain from voting on any resolution based on analytical decisions and not automatically depending upon the facts and circumstances as evident from the available information. Voting on all resolutions shall be in the normal course to support the existing management in the interest of stability and overall growth of the investee company in order to enhance value to the investors. We may deviate in order to support the interest of the other Govt. financial institutions. Deviation shall be duly recorded with reasons. Presently, our company does not lend its stock under SLB as an Investment operation. Disclosures in the prescribed format regarding the voting activity in the investee companies in which our company has actively participated and voted on resolutions shall form part of Public Disclosures

Principle 7: Overseeing and Reporting

Annual reporting on discharge of stewardship responsibilities in a format that is easy to understand would also form part of Public Disclosure on Company website. A Report will also be filed to the Authority on an annual basis. Audit Committee of the company shall keep an oversight on the stewardship related decisions and activities. A Certificate of Compliance (in the format prescribed by IRDAI) duly approved by the Board and certified by the CEO and Compliance Officer shall be submitted to the regulator on an annual basis by 30th June every year.