

# UNITED INDIA INSURANCE CO.LTD.

## STEWARDSHIP POLICY

### BACKGROUND:

Stewardship policies has been recommended by the Regulatory Authority IRDAI considering the fiduciary role played by the Insurance companies as investors on behalf of the policy holders. A greater transparency is needed as regards the manner in which the investments are managed by Insurance Companies.

In this regard, the Authority has selected a set of Principles of Stewardship to be adopted by the Insurer as institutional investor. The principles are intended to strengthen the role of insurers as stewards on behalf of the policy holders. The adoption of the principles would improve the confidence of the policyholders and ensure better corporate governance and decision making at investee companies.

The Company shall put in place a policy based on the principles spelt out in the stewardship code.

#### **Principle 1:**

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

As significant investors in the securities market, the company has fiduciary responsibility to manage / monitor Investee Companies affairs so that the policyholders' interests are protected. This can be achieved by constant monitoring and engaging with Investee Companies on Operating, Financial and Corporate Governance issues.

As we have investment exposure to very large number of companies and exposure level is very small, we will engage with all the investee companies where the exposure is more than 5% of Investee Companies' Equity shares.

Wherever company has an exposure in equity of more than 5% in the capital of the investee company, company should closely monitor the performance of the company and participate in the periodical meetings conducted to be apprised of the developments taking place in the company. Wherever investments are below 5%, although we may not participate actively, we may closely monitor the developments of the company and ensure that the interest of the shareholders is protected.

In case of debt, we may decide on a case to case basis and ensure that the interest of the policyholder's is protected.

#### **Principle 2**

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

Being a premier Public Sector Insurance Company, we have a large number of Corporate Clients. In the case of conflict of interest, we shall be guided by prudent Investment principles.

#### **Principle 3**

***Insurers should monitor their investee companies.***

The company shall monitor on a regular basis, the performance, value creation, succession planning, corporate governance, reporting and other important parameters of the investee companies. The Management of our company may decide on a case-to-case basis to have nominations on the Board of an investee company in consultation with other public sector insurance companies.

**Principle 4**

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

Any proposal by the management of Investee Company against the interest of its shareholders shall be taken up with the Management of the Investee Company and clarifications would be sought for.

We may nominate our official to attend the meetings of shareholders so that such concerns can be raised and brought to the attention of management as well as other shareholders.

Our company may decide to intervene on case-to-case basis if it feels that its intervention is required to protect value of its investment and discharging its stewardship responsibility.

**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.***

The PSU Insurance Companies have a consultation process, wherein we examine the merits, case by case, and a common decision is taken through the consultative process.

**Principle 6**

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

As electronic voting has been made mandatory under the Companies Act 2013 for all listing companies, we shall endeavor to participate in the e-voting process wherever we hold any interest in equity shares in listed entities. Decision on Voting on resolutions will be placed before the Market Operations Committee and on their recommendations the voting shall be carried out, recording the decisions of the MOC. However, wherever, conflicts of interest arise, the same shall be escalated to the Chairman Cum Managing Director through the CIO and the CMD is authorised through this policy to decide on such resolutions.

**Principle 7**

***Insurers should report periodically on their stewardship activities***

The Stewardship Policy shall be reviewed on an annual basis and any deviations or modifications will be disclosed on the website after approval from the Board.

A report shall be filed with the authority on an annual basis.