



ManipalCigna Health Insurance Company Limited

POLICY ON STEWARDSHIP CODE

Approval Date:

Effective Date: 5th May, 2020

Approved by: ManipalCigna Board of Directors

Policy Owner: Chief Investment Officer

Concurred By: Compliance

Version: 5.0

Review History

<u>Date of Review</u>	<u>Initiated by</u>	<u>Approved by</u>	<u>Version Number</u>
New Policy	Chief Investment Officer	Board	1.0
1.08.2018	Chief Investment Officer	Board	2.0
2.11.2018	Chief Investment Officer	Board	3.0
2.08.2019	Chief Investment Officer	Board	4.0
5.05.2020	Chief Investment Officer	Board	5.0

Introduction

This Policy on Stewardship code is created in accordance with the Revised Guidelines on Stewardship Code for Insurers in India issued by Insurance Regulatory and Development Authority of India (IRDAI) vide circular ref. IRDAI/F&A/GDL/CPM/045/02/2020 dated 7th February, 2020. Stewardship codes require investors to monitor and, where necessary, engage with companies on material matters, including environmental, social, governance, strategy, performance and risk issues and to vote their shares at company AGMs and EGMs.

Stewardship aims to promote the long-term success of investee companies in such a way that the ultimate providers of capital also prosper.

ManipalCigna Health Insurance (ManipalCigna) has adopted this Stewardship Code pursuant to the approval of the Board of Directors and has been effective from 10 August, 2017.

Scope

This policy shall be applicable where ManipalCigna has investments in shares and fixed income securities. Investment in mutual funds, ETFs and government securities are not covered in this policy. Currently ManipalCigna invests only in debt securities, MFs, FDs and does not have any investment exposure to stocks of investee companies. Consequently, the scope of this policy shall be restricted to the rights of an investor in the fixed income instruments issued by various categories of companies.

Principles of Stewardship code

This policy is formulated as per the 'Stewardship Principles' as specified by the authority governing the insurer. The seven principles of stewardship code:

1) Discharge of stewardship responsibilities:

The investment team of ManipalCigna will be responsible for ongoing monitoring of strategy, performance, risk, capital structure and corporate governance of the investee companies. Rights of debtholder can be exercised if required by engaging with concerned parties like investee companies, debenture trustees, rating agencies, etc. keeping the interests of policy holders in mind.

The investment committee wherever necessary may define what is considered as threshold or meaningful exposure for intervention and so that the level of engagement required can be monitored more effectively.

The Investment Committee shall recommend to the Board whether it intends to use the services of any external service providers in discharging its stewardship responsibilities. The ultimate stewardship responsibilities shall be discharged by the ManipalCigna.

2) Managing conflicts of interest:

The term "conflict of interest" refers to instances where personal or financial considerations may compromise or have the potential to compromise the judgment of professional activities. A conflict of interest exists where the interests or benefits of the ManipalCigna (including its employee, officer or director) conflict with the interests or benefits of its policyholders or the investee company.

Identifying conflict of interest: While dealing with investee companies, ManipalCigna may be faced with a conflict of interest, few examples of such instances:

- ManipalCigna and the investee company are part of same group
- A Director or KMP of ManipalCigna has personal interest in the investee company.
- A nominee of ManipalCigna has been appointed as a director or KMP of the investee company.

A potential conflict of interest in relation to an investee company shall be reasonably highlighted to Compliance officer or if necessary it could be referred to Audit committee.

ManipalCigna will make its best efforts to avoid such conflicts and ensure that any conflicts of interest are resolved in the best interests of its Policyholders.

3) Monitoring of Investee Companies:

Investment team will be responsible for monitoring performance of all the investee companies. Credit analysis of the companies using publicly available information, credit rating rationales, research reports shall be prepared quarterly and shall be presented to Board and discussed in the Investment Committee on a periodic basis. Key areas for monitoring include financial performance, management evaluation, credit strengths & weaknesses and Industry analysis.

4) Intervention with Investee Companies:

Decision for intervention may be taken by Investment Team after discussing internally at the management level depending on the nature of concerns. Concerns may arise with respect to the investee companies on account of strategies, performance issues, governance, approach to risks, social and environmental matters. In cases where matter is communicated to the investee company but response of Investee Company is dissatisfactory then such case shall be escalated. Suspension of further investment in or exit from such investee company shall be considered in the interest of stakeholders.

5) Collaboration with institutional investors:

Collaboration with other institutional investors may be the most effective manner to engage with the investee companies where the issue demands a larger engagement. For example, concerns relating to M&A, operating performance, capital raising, corporate governance, etc.

ManipalCigna may collaborate with other institutional investors where there is common alignment of interest and in the best interests of policyholders.

6) Voting and disclosure of voting policy:

Any voting as per Debt holder’s rights and on the basis of specific notices received from the investee companies in which an approval / voting are required from debenture holders shall be exercised with proper compliance and in the best interests of policyholders.

A suitable approach to stock lending and recalling lent stock would be applicable as and when ManipalCigna has any investment exposure to stocks.

ManipalCigna will mandatorily undertake active participation and voting on resolution/ proposals of the investee companies under the following circumstances:

Size of the AUM of the insurer (Rs. cr)	Compulsory voting required, if the insurer's holding of the paid up capital of investee company (in percentage) is
o Up to 2,50,000	o 3% and above
o Above 2,50,000	o 5% and above

In other cases, ManipalCigna shall voluntarily participate and vote if such resolutions/proposals are considered significant and may have an impact on the value of investments of ManipalCigna.

A quarterly report of the stewardship activity will be disclosed as a part of public disclosure on website as per the timelines prescribed for quarterly public disclosure on website, in the given format at Annexure A.

7) Reporting of Stewardship rights:

The Company shall discharge its Stewardship Responsibility and Reporting according to the Guidelines issued by IRDAI and as amended from time to time. A periodic report on the fulfilment of the stewardship activities shall be published in company’s website.

Disclosure and Reporting:

1. The Board through Audit Committee shall ensure that there is effective oversight on Company’s stewardship activities and compliance with the code.
2. The Policy shall be updated on the company’s website and will be fully complied with the code and regulatory compliance.
3. An annual report (Annexure B) on the status of compliance with the Stewardship code, duly certified by CEO and Compliance Officer and approved by the Board shall be filed with the Authority before 30th June every year.

Annexure A

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

Name of Insurer: _____

Period of Report _____

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:

Date:

Compliance Officer
(Name and Signature)

Annexure B

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

Name of the Insurer: _____

Date: _____

Period of Report (FY): _____

We hereby certify that the guidelines given on the 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)