



## **CignaTTK Health Insurance Company Limited**

### **POLICY ON STEWARDSHIP CODE**

**Approval Date: 2.11.2018**

**Effective Date: 2.11.2018**

**Approved by: CignaTTK Board of Directors**

**Policy Owner: Chief Investment Officer**

**Concurred By: Compliance**

**Version: 3.0**

#### **Review History**

<b><u>Date of Review</u></b>	<b><u>Review initiated by</u></b>	<b><u>Review Approved by</u></b>	<b><u>Version Number</u></b>
New Policy	Chief Investment Officer	Board	1.0
01.08.2018	Chief Investment Officer	Board	2.0
2.11.2018	Chief Investment Officer	Board	3.0

## Introduction

This Policy on Stewardship code is created in accordance with the Guidelines on Stewardship Code for Insurers in India issued by Insurance Regulatory and Development Authority of India (IRDAI) vide circular ref. IRDA/F&A/GDL/CMP/059/03/2017 dated 20 March 2017. 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.

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

## Scope

This policy shall be applicable where CignaTTK has investments in shares and fixed income securities. Investment in mutual funds, ETFs and government securities are not covered in this policy.

Currently CignaTTK 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 CignaTTK 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 shall recommend to the Board whether it intends to use the services of any external service providers in discharging its stewardship responsibilities.

### 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 CignaTTK

(including its employee, officer or director) conflict with the interests or benefits of its policyholders or the investee company.

CignaTTK 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.

**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.

**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.

**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 A) on the status of compliance with the Stewardship code, endorsed by Compliance Officer and approved by the Board shall be filed with the Authority before 30th June every year

**Annexure A**

**Format for annual reporting of compliance status of stewardship code to the Authority**

Name of Insurer: \_\_\_\_\_

Period of Report (FY): \_\_\_\_\_

Status of Compliance with Stewardship Principles

Sr No.	Particulars of Principles of Stewardship Code	Status (Deviation, Partly complied, Not complied)	Reason/ Justification for deviation or non-compliance

Compliance Officer  
(Name and Signature)