



For CHOLAMANDALAM MS GENERAL INSURANCE CO. LTD.

V. SURYANARAYANAN
Managing Director

Cholamandalam MS General Insurance Company Limited
Stewardship Policy
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Approving Authority: Board of Directors
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1. BACKGROUND

Insurance companies are significant institutional investors in listed companies and the investments are held by them as custodians of policyholders. It is felt by IRDAI that insurance companies should play an active role in the general meetings of investee companies and engage with the managements at a greater level to improve the return on investment of insurer.

IRDAI has issued IRDAI (Corporate Governance for Insurers) Regulations, 2024, read with IRDAI Master Circular on Corporate Governance for Insurers, 2024, which covers the stewardship related matters and advised all Insurers to implement code of stewardship. The code is in the form of a set of principles, which the insurers would need to adopt for their implementation.

The Stewardship policy shall be applicable from the date of approval by Board.

2. DEFINITIONS

The following terms for the purpose of this policy shall carry the meaning

- | | |
|-----------------------------|--|
| 2.1 "Authority" or "IRDAI" | Authority or IRDAI shall mean the Insurance Regulatory and Development Authority of India established under sub-section 1 of Section 3 of the IRDA Act 1999; |
| 2.2 "Board" | Board shall mean the Board of Directors of Cholamandalam MS General Insurance Company Limited. |
| 2.3 "Company" or "Chola MS" | Company shall mean Cholamandalam MS General Insurance Company Limited. |
| 2.4 "Group" | Group shall have the same meaning as defined under Regulation 1(4), Part I of Schedule III of IRDAI (Actuarial, Finance and Investment) Regulations, 2024. |
| 2.5 "Investment Committee" | Investment Committee shall mean the Investment Committee constituted in accordance with IRDAI (Corporate Governance for Insurers) Regulations, 2024 and IRDAI Master Circular on Corporate Governance for Insurers, 2024 |

3. STEWARDSHIP ACTIVITIES

Stewardship includes voting as well as monitoring and engaging with investee companies on matters such as strategy, performance, risk, capital structure and corporate governance including culture and remuneration.

It is believed that companies with sound corporate governance practices, including how they manage the environmental and social aspects of their operations, offer a better risk adjusted returns over time.

The aim in the long run shall be to make sure stewardship activities are integrated and aligned throughout the investment process. The investment team shall monitor investee companies to take better informed investment decisions. In-depth knowledge of investee companies and their business environment is essential to appropriately engage with companies.

4. CONSTITUTION OF INTERNAL OVERSEEING COMMITTEE

The Internal overseeing committee shall be formed comprising Chief Compliance Officer, Chief Investment Officer, Fund Manager and Chief Financial Officer of the Company to monitor the voting and stewardship activities and to engage with investee companies wherever appropriate.

4.1 Chola MS-Implementation Plan

Investment portfolio of the Company currently is predominantly debt oriented and equity investment constitutes a small portion. With a diversified portfolio, the exposure to single investee company in equity shares may not be significant and accordingly the stewardship activities has been scaled down without compromising on stewardship code principles and monitoring of financial performance. As and when the exposure grows, the level of intervention and engagement with investee companies will be stepped up to reap the long-term benefits of stewardship activities.

4.2 Selective intervention

The level of participation/ intervention in the activities of investee companies will be based upon our exposure of investments (both debt and equity) made by the Company as given below:

the focus/ discharge of other stewardship responsibilities will be stepped up gradually with the growth in equity portfolio and size of exposure.

The mechanisms for intervention may include meetings / discussions with the management for constructive resolution of the issue and in case of escalation thereof, meetings with the Boards, collaboration with other investors and voting against decisions. Various levels of intervention and circumstances in which escalation is required are identified and disclosed in the policy. This includes interaction with the companies through the insurance councils in case of any industry level issues. Investment Committee of the Company shall consider the mechanism be opted and escalation of matters in specified cases.

5. LEVEL OF INVESTMENTS:

5.1 Type 1:

Holding in debt (non-convertible debentures/bonds) with no holding in equity capital:

5.1.1 To participate in the matters affecting the rights of the Company as a debenture / bond holder wherever appropriate.

5.1.2 To initiate talks with the entity or fellow debenture / bond holders to initiate/ decide future course of action upon occurrence of an

event like frequent downgrades of credit rating which may result in default in payment of interest / redemption.

- 5.1.3 To participate in the matters concerning restructuring / mergers / amalgamations / demergers etc. of the entity wherever appropriate so as to protect the interest of our debenture holding.

5.2 Type 2:

Holding in equity capital where voting rights is up to 1% or the Company's exposure is up to 0.5% of total Investment portfolio:

- 5.2.1 Considering the size of the shareholding, the financial performance will be mainly monitored periodically to protect the value of investment.

5.3 Type 3:

Holding in equity capital where voting rights is more than 1% but less than 3% or the Company's exposure is more than 0.5% but less than 1% of total Investment portfolio:

- 5.3.1 To participate and vote for or against, as it deems fit, in all the matters which are not ordinary business items.
- 5.3.2 To keep track of the financial performance and other activities of the entity in case of events like investment asset becoming nonperforming, any likelihood of default in payment of interest, redemption/ reduction in market value of the investment below the cost of investment.

5.4 Type 4:

Holding in equity capital where voting rights is more than 3% but less than 10% or the Company's exposure is more than 1% but less than 5% of total Investment portfolio:

In addition to roles mentioned in Type 3

- 5.4.1 To mandatorily participate & vote on all resolutions
- 5.4.2 To depute authorized representative to attend meetings & where appropriate to convey the Company's concerns, if any.
- 5.4.3 To participate in the matters relating to restructuring / mergers / amalgamations / demergers etc. of the entity by voting for or against the resolution based on analysis of the facts and consequences.
- 5.4.4 To keep track on the activities of the entity and on best effort basis, monitor performance of Investee Company for discharging other stewardship activities/ responsibilities.

5.5 Type 5:

Holding in equity capital where voting rights is more than 10% or the Company's exposure more than 5% of total Investment portfolio:

In addition to roles prescribed in Type 3&4

- 5.5.1 If the Investment Committee/ Board decides for nomination, to deliberate with the entity and explore the option of appointment

of a nominee of the Company on the Board of the investee company.

- 5.5.2 Company's nominee to seek the approval and guidance of the management & Investment Committee before voting for or against any item he is entitled to vote as a director of the entity.
- 5.5.3 The nominated person shall attend board & general meetings and communicate with the management of the investee company on regular basis to discharge the stewardship responsibilities to drive performance in the long run.

The Board may revise the limit of threshold levels and also the different levels of intervention wherever appropriate.

6 USE OF EXTERNAL SERVICES

Company intends to use/engage the services of external agencies like proxy advisors /professional advisors to arrive at voting decisions and research reports like market survey data, industry wide analysis, business valuation, etc. However, the ultimate decision making and participation in the activities of investee companies will lie with the company (Chola MS).

7 POLICY FOR MANAGING CONFLICTS

- 7.1. The Company is part of Murugappa group with many affiliates and related companies. Conflicts of interest may arise in the discharge of stewardship activities. Examples of these potential conflicts of interest may be:
 - a. The investee company related to one of our (prospective) clients
 - b. The investee company is related to our parent company or related subsidiaries
- 7.2. The voting for any company resolution may entail some instances of a conflict of interest between the interest of shareholders of the Company and the policyholders' interests.
- 7.3. Company shall manage conflicts of interest by bringing such potential or actual conflicts to Investment Committee members and other personnel involved in implementing the stewardship code to:
 - a. Avoid conflicts of interest where possible
 - b. Identify and disclose any conflicts of interest
 - c. Carefully manage any conflicts of interest, and
- 7.4. Once the conflict of interest has been appropriately disclosed, the Investment Committee (excluding the member disclosing conflict of interest) will take the required decisions which may include:
 - a. Blanket bans on investments in certain cases.
 - b. Referring such matters to Audit Committee.
 - c. Clear segregation of voting function and client relations / sales functions.

- d. Policy for persons to recuse from decision making in case of the person having any actual/ potential conflict of interest in the transaction.
- e. Maintenance of records of minutes of decisions taken to address such conflicts.

As a rule, in all cases of conflicts of interests the voting decisions of Company shall be based on the best interests of policyholders.

8. MONITORING INVESTEE COMPANIES

The Investment team shall be responsible for monitoring all the companies in which Company invests in.

Companies where larger investments are made may involve higher levels of monitoring vis-a-vis companies where amount invested is insignificant from the point of view of its assets under management (AUM).

The monitoring team will use publicly available information, management meetings, research reports and industry information to monitor these companies.

Further depending on the materiality/size of the holdings, monitoring may include:

- a. Strategy and operational & financial performance,
- b. Industry level monitoring and possible impact on investee companies,
- c. Quality of company management and Board, leadership.
- d. Corporate governance including remuneration, structure of the Board (including Board diversity and independent directors) and related party transactions,
- e. Risks including Environmental, Social and Governance (ESG) risks.
- f. Shareholder rights and their grievances.

However, monitoring on areas like succession planning, remuneration, environmental issues shall be on a best effort basis.

Monitoring aspects also include Identification of situations which may trigger communication of insider information and the procedures adopted to ensure SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended time to time are complied with in such cases.

The investment function monitoring the process may focus on understanding the drivers of investment performance and a firm's ability to sustain investment success over the long term.

In instances where poor governance is eroding long term value, the Company may take a call to exit from the investment.

9. BOARD NOMINATION

Whenever the Investment Committee decides a nominee is warranted based on our size of holdings or when the investment is of strategic in nature, the

Investment Committee may recommend to the Board, for nomination of member on the board of Investee Company. The compliance officer will carry out the necessary steps for such nominations. The persons so nominated will follow the code of conduct prescribed and act on the guidance of the Investment Committee.

10. POLICY- ENGAGEMENT STRATEGY – ESCALATION PROCEDURE

Investment team is to make use of its ownership rights and engage with portfolio companies to understand & improve their approach to corporate governance, including the management of relevant environmental and social factors.

When issues are particularly contentious and where there are concerns that the Board is not dealing with a material risk appropriately, the Company shall a process for escalating the issue for the decisions of internal overseeing committee. This committee will consider the issue and recommend to Investment Committee the mechanism to be opted and escalation of matters in specific cases and may engage directly with the Company's Board or management, collaboration with other investors and voting on decisions accordingly.

The objective is to protect and enhance the value of investment assets through engagement with investee companies.

11. POLICY FOR COLLABORATION WITH OTHER INSTITUTIONAL INVESTORS

Broadly, Company would like to act collectively in its engagements with other investors where this is appropriate.

The Company may also explore the option of ascertaining the views of the members of the general insurance council (including in case of any industry level issue) wherever possible to fall in line with the stand of majority decision.

The form of collaborative engagement includes investor group engagement meetings, co-signing letters to boards of engaged companies or co-filing shareholders proposals.

12. POLICY ON VOTING

The Company shall consider supporting resolutions raised by other shareholders if they are relevant, applicable, resulting improvements in governance, capital structure and long-term performance of company, and if they are in the interests of all shareholders.

The Company shall have a list of persons authorized to attend meetings of investee companies, on behalf of the company where personal attendance is to be ensured.

Each proposal shall be evaluated on its merits, based on the particular facts and circumstances as presented including any public information/ research which can be used as data point or for additional background.

The internal overseeing committee will evaluate the issue and cast the fund's vote in a manner that, in the committee's view, will maximize the value of investment.

Company will mandatorily undertake active participation and voting on all resolutions/ proposals of the investee companies, where Company holding is 3% and above of paid up capital of the investee company.

Disclosures have to be made regarding the voting activity in the investee companies where we have actively participated and voted on resolutions/ proposals. The disclosures will form part of Public Disclosures on website and have to be made on quarterly basis as per the timelines prescribed for quarterly public disclosures on website, in the given format at Annexure A.

13. STOCK LENDING

Presently, Company is not engaging in stock lending activity. However, as and when activity is commenced, recalling of stock lent for voting purpose may be considered depending on the seriousness/ significance of the agenda item of the investee company.

14. TRAINING PERSONNEL

While the guidelines and principles on steward ship code provided by the regulator will provide basic guidance in the discharge of stewardship activities, the Company may explore agencies specializing in imparting training on Stewardship activities so as to train personnel to proactively discharge the stewardship activities.

15. PERIODIC REPORT TO POLICYHOLDERS

In terms of the Regulations and the Master Circular, an appropriate report would be reported to the policyholders, as and when required.

16. OVERSIGHT BY COMMITTEE

Audit committee entrusted with the responsibility of compliance of corporate governance code, shall be responsible to keep an oversight on the stewardship related decisions and activities.

The Audit Committee shall work in co-operation with internal overseeing committee comprising Compliance officer, Chief Investment Officer, Fund Manager and Chief Executive Officer of the company. The committee will also monitor the activities in respect of stewardship compliance and also a feedback shall be given by the committee on the compliance of the stewardship code.

17. SUBMISSION OF STATUS REPORT TO IRDAI

All insurers shall furnish a report on an annual basis to the Authority as per Annexure B, on the status of compliance with the Stewardship Code. The status report, approved by the Board shall be certified by Chief Executive

Officer & Compliance Officer and would be submitted on or before 30th June every year.

18. WEB DISCLOSURE

The policy should be disclosed on the website within 30 days of approval by the Board. Any changes/ modification to the policy on stewardship should be specifically disclosed at the time of updating the policy document on the website.

19. REVIEW OF THE POLICY

The Investment Committee and the Board shall review this Policy:

19.1 At least once every financial year, or

19.2 As and when the Investment Committee and/or the Board consider it appropriate or

19.3 As and when the underlying laws governing the Policy undergo any change.

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Annexure

Name of Insurer: _____

Period of Reporting: _____

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:

Compliance Officer

Date:

(Name and Signature)

