

Kotak Life Insurance
Policy
On
Stewardship Code

Document Management

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All future changes in this document, if any, shall be incorporated by Process Assurance & Risk Management Department only.

Change Management

Date	Version	Author	Section	Amendment
12/07/2017	1.0.0	Sarita Mulki/ Pradeep Mahapatro	Whole Document	This policy has been approved in the Investment Committee dated 17/07/2017. Post which, it has been reviewed in the Board Meeting dated 18/07/2017

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I. Executive Summary

Stewardship aims to promote the long-term success of investee companies in such a way that the ultimate providers of capital also prosper. Effective stewardship benefits investee companies, investors and enhances the quality of capital markets.

Kotak Mahindra Life Insurance Company Limited (“KLI”) has adopted this Stewardship Code pursuant to the approval of its Board of Directors and is effective from 18th July, 2017.

II. Detailed Policy

1. Stewardship Responsibilities

1.1. Primary Stewardship Responsibilities:

KLI shall:

- a) take into consideration, in the investment process, investee companies’ policies and practice on strategy, performance, risk, capital structure, leadership effectiveness, succession planning, reporting, and corporate governance, including culture and remuneration;
- b) enhance policyholders/ shareholder value through engagement with investee companies;
- c) vote and engage with investee companies in a manner consistent with the best interests of its shareholders/investors;
- d) be accountable to investors within the parameters of professional confidentiality and regulatory regime; and
- e) maintain transparency in reporting its voting decisions and other forms of engagement with investee companies.

1.2. Discharge of Stewardship Responsibilities :

KLI shall discharge its stewardship responsibilities through voting on shareholders’ resolutions, with a view to enhance value creation for the policyholders/ shareholder and the investee companies.

1.3. Oversight of the stewardship activities:

KLI Investment committee shall oversee the stewardship activities.

1.4. Disclosure of Stewardship Code:

This Stewardship Code and amendment thereto, shall be disclosed on the website of KLI.

2. Managing Conflict of Interest

2.1. 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.

2.2. Avoid conflict of interest

KLI shall undertake reasonable steps to avoid actual or potential conflict of interest situations.

2.3. Identifying conflict of interest:

While dealing with investee companies, KLI may be faced with a conflict of interest, inter alia, in the following instances, where:

- a) KLI and the investee company are part of same group; or
- b) the investee company is partner or holds an interest, in the overall business of KLI;
- c) a nominee of KLI has been appointed as a director or a key managerial person of the investee company;
- d) Directors /Promoters/Officials of Investment department/Members of Investment committee has a personal interest in the investee company;

2.4. Manner of managing conflict of interest:

In case a conflict of interest emerges in the course of the implementation of its stewardship initiatives, KLI will put the utmost value on the interest of its policyholders.

Once the conflict of interest has been appropriately disclosed, the Investment Committee (excluding the member disclosing conflict of interest) will take the required decisions



3. Monitoring of Investee Companies.

- 3.1. KLI shall regularly monitor all investee companies.
- 3.2. Manner of Monitoring:
 - a) KLI shall supervise and monitor investee companies' strategy, performance, risk, capital structure, leadership effectiveness, succession planning, reporting and corporate governance, including culture and remuneration to the extent these are available from public sources.
 - b) KLI may use publicly available information, sell side research and industry information and shall engage with the investee companies' investor analyst calls at least once in a year.

4. Intervention in the Investee Company.

- 4.1. KLI intervention policy is as follows:

KLI will intervene in such cases where it holds more than 2% of the paid up share capital of an investee company and has suffered a reasonable decline in value.

In such cases, KLI will try to engage with investee companies in appropriate manner with the view to resolve the issue constructively. If dissatisfied with the response of the investee company, KLI may decide to escalate the matter as per available remedies.

5. Collaboration with other Institutional Investors

- 5.1. KLI shall consider collective engagement with other shareholders on a general basis and in particular, when it believes a collective engagement will lead to a higher quality and/or a better response from the investee company. KLI may approach, or may be approached by, other Asset Managers, including insurers, mutual funds, or other type of shareholders to provide a joint representation to the investee companies to address specific concerns.
- 5.2. KLI shall also, where permitted, collaborate with other shareholders, professional associations; regulators to solicit views.
- 5.3. An illustrative list of matters which require collaborative engagement may include appointment or removal of directors, executive remuneration, change in the nature of business, mergers and acquisitions, divestment, matters dealing with inequitable treatment of the shareholders, and related party transactions.



- 5.4. KLI shall determine individually its position on any issue requiring collaborative engagement and shall not act or be construed as acting as a ‘person acting in concert’ with other shareholders.

6. Voting and disclosure of voting activity

- 6.1 KLI shall exercise its voting rights and vote on shareholder resolutions of investee companies.
- 6.2 Voting decisions shall be made in accordance with KLI’s voting policy.
- 6.3 KLI shall consider the recommendations made by proxy advisory firms, while voting .KLI shall vote against resolutions which,
- a) are not consistent with KLI’s voting policy, or
 - b) which are not in its investors’ best interests.
- 6.4 KLI shall attend general meetings of the investee companies (annual as well as any extra ordinary shareholders’ meetings) where appropriate.
- 6.5 The rationale for decision taken on “voting for /voting against/ abstaining from voting” shall be recorded for all the cases where exposure exceeds 3% of AUM. In other cases (where we have less than 3% exposure) we should keep the rationale of our action when it is decided to vote.
- 6.6 KLI shall disclose on a quarterly basis a detailed report on voting on its website.

7. Reporting of Stewardship Activities.

- 7.1 KLI shall disclose the compliance and non-compliance with the Stewardship Principles in the format issued by IRDA.