

**Kotak Life Insurance**

**Voting Policy**

## Document Management

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## Change Management

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10/10/2017	1.0.0	Sarita Mulki/ Pradeep Mahapatro	Whole Document	This policy has been approved in the Investment Committee dated 17/10/2017

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## **I) Executive Summary**

Kotak Mahindra Life Insurance Company Limited (KLI) is a believer in the principle that good corporate governance enhances the value of the company.

As an Insurer with a fiduciary responsibility towards its policyholders, KLI believes that it should exercise its right to vote, neither for nor against management, but always in the best interests of its investments including that of its Policy holders.

One of the primary factors KLI considers when determining the desirability of investing in a particular company is the quality and depth of its management. We recognize that a company's management is entrusted with the day-to-day operations of the company, as well as its long-term direction and strategic planning, subject to the oversight of the company's board of directors.

Accordingly, our voting guidelines are not intended to substitute our judgment for management's with respect to the company's day-to-day operations. Rather, our voting guidelines are designed to promote accountability of a company's management and board of directors to its shareholders; to align the interests of management with those of shareholders; and, to encourage companies to adopt best practices in terms of their corporate governance. We rely on a company's disclosures, its Board's recommendations, a company's track record; specific best practices codes, our research analysis and most importantly, our Fund Management Department's view, in making voting decisions.

## **II) Detailed Policy**

KLI will follow the below voting policy for exercising voting rights as mentioned in Board Approved Stewardship Code. The Voting Policy and subsequent amendments if any to the Voting Policy will be approved by Investment Committee.

### **1. Voting Committee**

A Voting Committee comprising of a Director of KLI, Chief Executive Officer, Chief Finance Officer and Chief Investment Officer will be appointed.

The Voting Committee can delegate the rights under this policy to the Fund Managers and Chief Investment Officer, subject to such controls as they deem fit.

The voting committee exercising the aforementioned rights, it has decided to delegate the rights under this policy to the Fund Managers and Chief Investment Officer as per the below Matrix for deciding the voting actions for the non- conflict of interest cases. However, in the cases where Fund Manager / Chief Investment Officer could not able to decide the voting action, such cases shall be submitted to the Voting Committee for its decision.

Action on Resolution	Equity Exposure<3% of AUM	Equity Exposure>3% of AUM
Voting for	Fund Manager to decide	Fund Manager to decide
Abstain from Voting	Fund Manager to decide	CIO to Decide
Voting Against	CIO to Decide	Voting Committee to Decide

In case of Conflict of Interest Cases, the Investment Committee (excluding the member disclosing the conflict of interest) will take the required voting decision.

In this regard, the Voting Committee defined a holding of 1% of the individual Fund AUM as a threshold limit for voting considerations, under this policy. However, the Fund Manager / CIO may in the interest of the policyholders, decide to vote on any matter as he may deem fit, even where the holding is below the said threshold limit.

## **2. Decision making in the Voting Committee**

Each matter that is submitted to the Voting Committee will be determined by the vote of a majority of the members present at the meeting. In such cases where the vote concerning one or more recommendations be tied in a vote of the Committee the final voting decision will be taken by the Chief Executive Officer.

## **3. Resolving conflicts of interest**

While voting, the concerned officials shall also be responsible for monitoring and resolving possible material conflicts between the interests of KLI and those of Policyholders with respect to proxy voting. The concerned officials shall always ensure that voting will be in the exclusive interest of the Policyholders.

## **4. Governance measures**

- For investments in group companies of the KLI  
As a policy, KLI does not invest in the shares of Kotak group companies.
- Investment in companies those have invested in policies of KLI. While voting, the concerned officials shall not make any distinction between companies that have invested in KLI policies Vis a Vis other companies. All companies will be treated on par for the purpose of this voting policy.

## **5. Principles for Voting**



i) Voting is completely discretionary i.e. the decision may include “abstaining from voting” or to “vote for” or “against” or divide votes between “for” and “against”, or not vote at all. The rationale for decision taken on “voting for /voting against/ abstaining from voting” shall be recorded in writing.”

ii) While voting, the concerned officials will exercise proxy voting discretion on particular types of proposals in respect of the following matters: -

- Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti -takeover provisions.
- Changes to capital structure, including increases and decreases of capital and preferred stock issuances.
- Stock option plans and other management compensation issues;
- Social and corporate responsibility issues.
- Appointment and Removal of Directors.
- Any other issue that may affect the interest of the shareholders in general and interest of the policyholders in particular.

iii) Assessment of implication of voting: While voting, the concerned officials have the responsibility for the content, interpretation and application of the proxy votes and assessing the impact on the company of such voting. All the matters will be addressed on a case to case basis keeping in view the interest of policyholders.

iv) Cost of Voting: While voting, the concerned officials take in to account the location of the general body meeting, number/percentage of shares held, impact of exercising or otherwise of voting on the possible outcome, cost of voting (cost of travel and executive time) and determine whether it is not in the best economic interests of policyholders to vote proxies.

## **6. Representation at the general body meeting**

The investment back office may through a suitable delegation, exercise its decision on voting at the meetings in favor of any of its authorized representatives.

This policy has been approved by the Investment Committee of KLI on 17<sup>th</sup> October, 2017.