



एग्रीकल्चर इन्श्योरेंस कंपनी ऑफ़ इंडिया लिमिटेड

पंजीकृत कार्यालय : ऑफिस ब्लॉक-1, 5 वां तल, प्लेट-बी एवं सी, ईस्ट किदवई नगर, रिंग रोड, नई दिल्ली 110 023

STEWARDSHIP POLICY-2021

Background:

The Authority i.e. Insurance Regulatory Development Authority of India (IRDAI) had issued a code for stewardship for the Insurance Companies vide its Circular Ref No. IRDA/F&A/GDL/CMP/059/03/2017 on 20th March, 2017. The code was in the form of a set of principles which the Insurance Companies needed to adopt with effect from FY 2017-18.

The Authority has reviewed the existing guidelines on Stewardship code vide its Circular Ref. No. IRDAI/F&A/GDL/CM/045/02/2020 dated 7th February, 2020, based on the experience in implementation, compliance by the Insurers and the recent developments in this regard. Accordingly, revised guidance on stewardship code has been prepared for Insurers in India, in which it is recommended to enhance the wealth of the Policyholders who are ultimate beneficiaries.

Insurance Companies are significant Institutional Investors in listed Companies and the investments are held by them as custodians of policyholders' funds. The state of governance of the investee companies is an important aspect and insurance companies must ensure that **investee companies maintain corporate governance standards at high level**. Therefore, 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 their governance. This will result in informed decisions by the parties and improve the return on investments of insurers which will ultimately benefit the policyholders.

Stewardship Principles are formulated considering various aspects of good governance and transparency in respect of decisions related to Investee Companies. IRDAI has directed Insurers to disclose their policy of monitoring and interference in these Companies.

Insurers need to review and update their existing stewardship policy based on the Revised Guidelines on Stewardship Code and updated Stewardship Policy needs to be approved by the Board of Directors. The updated Policy should be disclosed on the website within 30 days of approval by the Board alongside the Public Disclosures. Insurer shall comply with all the principles given in the guidelines and submit an Annual Certificate of compliance approved by the Board to the Authority as per Annexure B referred in the guidelines, duly certified by CEO and Compliance Officer on or before 30th June every year.

The Principles are framed as below: -

1) Discharging Stewardship responsibilities:

The Company, i.e. Agriculture Insurance Company of India Limited, by way of Investments holds equities of many listed Companies. The Stewardship Policy requires us to formulate and disclose the method by which the Company proposes to discharge its responsibilities. Accordingly, it is decided that:



As the Company has Investment exposure in a number of Companies though exposure level is very small, it will engage with all the Investee Companies where the exposure is more than 3% of Investee Companies' Equity Shares. In respect of Companies where the Investments are lower than the threshold level, the engagement shall be on a case-to-case basis.

i) Wherever the Company's Investment in the equity of the Investee Company is below 3% of its capital, Company may adopt a passive approach. No serious involvement in the meetings and or taking part in meetings is envisaged unless any other Public Sector Financial Institution is involved therein and interested in our representation/support.

ii) Where the Company's Investment is between 3% and 5% of the equity capital of the Investee Company, AIC shall participate to the extent possible in the meetings, express its opinions and suggestions in the long-term interest of the Investee Company. However, voting in all resolutions should be in the normal course to support the existing management in the interest of stability. Any deviation shall be in order to support the interest of the other Government Financial Institution and be with reason duly recorded.

iii) Where the Company's Investment is in between 5% and 10% of the equity capital of the Investee Company, AIC may have more active involvement in the working of the Investee Company. The Company's representative(s) shall vote in favor of /against any resolution after analysis of the topic and in the best interest of the Shareholders of the Company.

iv) Where the Company's Investment exceeds 10% of the equity capital, we look for active participation, if possible, with representation on the board, continuous monitoring of the performance of the Company, and participation in all meetings. Collaboration with other institutional investors may also be made to protect the Shareholders' interest in the long term.

The Company does not look for engaging any external service(s) providers for assisting us in the discharge of its Stewardship responsibilities.

2) Managing Conflict of interest between our Policyholders, and Investee Companies:

The Company shall act in a transparent manner in respect of our interest in Companies that may have conflict of interest with the Company's Policy holders. It should also be ensured that the Company's our involvements with such organization are not detrimental to the policy holders' interests. Conflicts of interest may arise in certain situations where our Company could have business relations with the Investee Company.

- The Investee Company is a client of the company.
- The Investee Company is engaged in distribution of our insurance products of the Company.
- The Investee Company is a promoter of the Company.
- The Investee Company is another PSU.

Wherever the Company holds substantial Investments in Service Providers to the Policy holders/Customers this should be reported adequately in its website and Public Disclosure. The Company will make its best efforts to avoid such conflict. Further the Company will try to resolve such conflicts of interest keeping in view the best interests of the Policyholders.



3) Monitoring of Investee Companies:

It is proposed that the regular monitoring of working of the Investee Companies will be carried out where the Company's Investment exceeds 5% of the equity capital of the Investee Company. This may be by way of monitoring the news coverage/ & or regularly studying their financial reports etc. As a part of prudent Investment Policy, the Investment team should continuously monitor the Investee Companies in respect of their performance, value creation and other parameters continuously.

The Company will try to make such arrangements that it gets notices of all Corporate Governance related matters through electronic format in addition to the communication sent by the Investee Companies. This will help the Company to monitor the Investee Company in an efficient manner. There will be no threshold limit applicable for such monitoring purpose. The Management of the Company may decide on a case-to-case basis to have nominations on the Board of an Investee Company in consultation with other Public Sector Insurance Companies.

4) Policy on intervention in Investee Company Affairs:

The Company prefers not to intervene in the internal management of Investee Companies. However where the Company's stake is more than 10%, it shall selectively intervene in issues related to Company's strategy, performance, governance, remuneration or approach to risks including that may arise from social and environmental matters. The Company shall move in confidential and constructive manner to reach positive solutions. Unless unavoidable, the matter shall not be escalated to outside the Company forum. This may however be done in extreme situation, duly recording the reasons thereof and with the specific approval of the Chairman-cum-Managing Director.

5) Policy on Collaboration:

AIC as well as other GIPSA Companies including GIC of India have certain common Investments. Coming together on various policy and operational matters will be beneficial to the interests of the Company. In all cases, joint / collective action is beneficial to the Company and policyholders, the same shall be resorted to, also keeping in mind the best interests of the Shareholders of the Investee Companies.

6) Policy on Voting: - The Company's Investments in various Investee Companies, gives AIC the right to cast its vote in the various management resolutions. The Company will exercise its voting rights judiciously, as per the voting policy.

AIC's Authorized representative/s shall support proposals based on analytical decisions. Decisions shall in turn aim at promoting growth of Investee Company, thereby enhancing the value to their investors. The voting shall be open except where it is mandatory through secret ballot is mandatory.

Companies Act, 2013 has made it mandatory for all listed Companies to provide E-voting platform to shareholders. AIC will prefer to vote on the resolutions through E-voting process. The Company may also send its Authorized representative to attend the meeting for better participation in discussion with the management of the Investee Companies. The list of Authorized Representative will be revised as and when required so as to ensure that we have sufficient officials available to attend the meetings. The Company may also use the services of the custodian to carry out E-voting.



AIC would not resort to the stock lending.

As per Revised Guidelines on Stewardship Code, compulsory voting is required as per the table given below:-

Size of the AUM of the Insurer (Rs. Cr.)	Compulsory voting required, if the Insurer's holding of the paid capital of Investee Company (in %) is
Upto Rs.2,50,000	3% and above
Above 2,50,000	5% and above

AIC's Authorized representative/s would vote on the resolution of the Investee Companies as per above table of the Equity Capital of the Investee Company. Where the Company's Investment is less than the threshold level, it will decide to vote on a case-to-case basis. Any management proposal that will add the value to the Investee Company should be in interest of its shareholders. The Company may support resolutions that empower the Board of the Investee Company's function in the best interests of their shareholders. Wherever the Company feels that, any Corporate Governance proposal or practice is not in the best interest of the Company or may diminish the value for the Shareholder, the Company shall vote against it.

- AIC may abstain from voting on such resolutions, where it does not have sufficient information or unable to have a clear stance.
- AIC may also abstain from voting if there is any conflict of interest.
- AIC may abstain from voting on such resolutions, where we do not have sufficient information or unable to have a clear stance.

Disclosures have to be made by the AIC regarding the voting activity in the Investee Companies in which the AIC has actively participated and voted on Resolutions/Proposals. **This disclosure shall form part of the 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 give format at Annexure A.

7) Report periodically on Stewardship Activities:

Guidance

In addition to the regular fulfilment of their Stewardship activities, AIC shall also provide a period report to their ultimate beneficiaries (policyholders) of how Company has discharged their responsibilities, in a format which is easy to understand, as a part of public disclosures annually on Web site.

Compliance and Reporting:

The compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a company or preclude a decision to sell a holding when this considered in the best interest of clients or beneficiaries. The Board shall ensure that there is effective oversight on the insurer's stewardship activities and the Audit Committee of the Board shall exercise the same.

AIC shall comply with all the principles given in the guidelines and submit an Annual Certificate of Compliance approved by the Board to the Authority as per Annexure B duly certified by CEO and Compliance Officer on or before 30th June every year.

The Company shall also report, from time to time, on its activity to the Regulator. Any subsequent change/modification in the Policy will be disclosed on the website after the same is approved by the Board.