

**SBI LIFE INSURANCE COMPANY LIMITED**  
**STEWARDSHIP POLICY Ver.1.0**

# Stewardship Policy

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## 1. Introduction

SBI Life Insurance Company Limited aims to achieve the Investment Objective of being able to meet the reasonable expectations of the policyholders taking into account the safety of their funds with optimum return. The objective is endeavoured to be achieved by investing in various instruments such as equity, alternate investment funds, loans etc. The responsibility over organisation, acting in capacity of custodian of policyholder's money, to manage these investments well requires regular monitoring and engagement in the investee companies so as to improve governance at a greater level.

Insurance Regulatory and Development Authority of India (IRDAI) vide circular IRDAI/F&A/GDL/CMP/059/03/2017 dated March 20, 2017, has set out code in the form of principles, which insurers need to adopt. The code requires insurers to have a policy as regards their conduct at general meeting of the investee companies and disclosures relating thereto.

SBI Life Insurance Company Ltd recognises its stewardship responsibilities and regularly reviews the activities of the Fund Managers appointed to ensure that their practice is compliant with their policy. This Policy sets out principles indicated in **Guidelines on Stewardship Code for Insurers in India** issued by Insurance Regulatory and Development Authority of India (IRDAI) and also constitutes the Disclosure and Reporting requirements under these rules.

## 2. Effective Date

The policy will be effective from the date of its approval by the Board of Directors of the company. SBI Life Insurance reviews this Stewardship Policy annually and in response to changes in practice if sooner. The changes made in the policy will be effective after its approval by the Board of Directors.

## 3. Stewardship Principles

The principles of the Code are set out below:

## **I. Policy on the discharge of stewardship responsibilities**

Stewardship activities include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and so encompasses more than the exercise of votes in investee companies at general meetings. It is also integral to the selection of investments as well as the on-going engagement, monitoring and communication with investee companies.

Investment team takes responsibility for monitoring and engaging with the companies they invest in, taking into consideration matters such as strategy, risk, capital structure, corporate culture and governance. Engagement will include investment team from time to time holding meetings with the management of companies in which they actively invest and those which are under consideration as appropriate.

The stewardship activities will be overseen by the Investment Committee. The Investment Team will set threshold level beyond which the exposure to Investee Company would be considered for action under this policy. However, investment team can decide to also intervene in companies where the investment is below threshold level, considering the seriousness of the issue. The threshold level can be amended by the Investment Committee as and when required.

The services of external service providers such as institutional advisors may be used from time to time and thus, the decisions will be taken by the Investment team.

## **II. Policy on managing Conflicts of Interest**

The Conflicts of Interest Policy aims at identifying and managing conflicts of interest so as to take all reasonable steps to put the interest of policyholders first. The policy establishes scenarios of likely conflict of interest and manner to resolve those conflicts.

There can be instances where a potential conflict of interest may be identified between the interests of shareholders of SBI Life Insurance and the policyholders' interests. The given below are some of the scenarios:

- The investee company is a customer of SBI Life or its group companies or affiliates
- The investee company is associated with or rendering services to SBI Life
- Key managerial personnel of SBI Life may have personal interests that conflict with their responsibility to put the interest of policyholder first.

SBI life will manage conflict of interest by requiring Investment committee members and other personnel involved in implementing the stewardship code to avoid conflict of interest wherever possible. Where a conflict is identified, the matter will be referred to the Investment Committee. The conflict will be discussed and a final decision will be made ensuring that the decision serves the interests of policyholder. The final decision and supporting rationale will be documented.

### ***III. Monitoring the investee companies***

SBI Life Insurance will regularly monitor the investee companies in which it invest by analysing public disclosures and taking relevant opportunities to meet with management, other executive staff and also the non-executive directors as appropriate. Investment team from time to time hold meetings with the management of companies in which they invest when it is appropriate and useful to do so.

As part of this monitoring process SBI Life aims to focus on stewardship by:

- Satisfying itself that the investee company's management and governance structures are effective;
- Assessing the investee company's performance, leadership effectiveness, succession planning, corporate governance reporting and other parameters; and
- Attending the general meetings of investee companies in which it has a holding if it is felt appropriate to do so.

In addition to the above matters, Investment team may also consider the investee company's approach to risk including environment, social and economic matters. Monitoring on areas like succession planning, environmental issues will be on a best effort basis.

### ***IV. Policy on intervention in the investee companies***

SBI Life may intervene on concerns of Investee Company, on case to case basis, to protect the value of investment. The level of intervention with investee companies' management varies, depending on a number of factors, including: the size of the investment in the company, the size of the company, its location and its business activities.

The investment team intervene if the investment in the company is above the threshold level defined by the Investment Committee. However, the Investment Committee can decide to intervene in companies where the investment is below threshold level, depending on the seriousness of the issue.

If concerns regarding an investee company's approach or decisions arise, initial discussions would, if appropriate, take place on a confidential basis with a view to resolve the issue constructively and where possible as part of the fund manager's ongoing dialogue. If dissatisfied with the response of the investee company, the insurer may after discussion with Investment Sub-Committee of the company escalate the matter.

The fund manager's decision to engage is a result of a number of factors. Those companies in whom a significant investment is held and in which the fund manager intends to maintain a holding for the long-term are considered high priority engagements, together with those where a reasonable probability is believed that the investee company's management team will enter into constructive dialogue with us.

#### **V. Policy for collaboration with other institutional investors**

SBI Life may choose to engage with the investee company through consultations with other institutional investors as for issues that require larger engagement with the investee company. In circumstances where the SBI Life's approach to engage with management of investee company is not achieving the required level of discussion or success or where policyholders' interests is at risk to a sufficient degree, SBI Life may act in conjunction with other investors. For such situations, other investors or formal or informal groups, as appropriate, may be consulted. The decision to collaborate on company specific matters will be judged on a case by case basis and only when we believe collaborative actions would be an effective means by which investors can exercise appropriate influence.

#### **VI. Policy on voting and disclosure of voting activity**

The voting is done by exercising own independent judgement, acting in the best interest of policyholders. Reference may be made to the voting policy approved by the Investment Committee.

The approach to securities lending and borrowing will be same as of equity.

**VII. Periodically Report on the stewardship activities**

In addition to the regular fulfilment of their stewardship activities, SBI life will disclose all the activities undertaken & responsibilities discharged in regard to implementation of stewardship policy. This information is available on the website as part of public disclosure on annual basis.

The company will also file a status report to IRDAI on an annual basis, indicating the compliance/deviations (along with reasons), if any, with the principles laid down in this policy.

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