



Stewardship Policy

March 2019

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Version Control:

Version	Reviewer	Approver	Approval date	Reason for review
1.0	Chief Finance Officer (CFO)	Board	July, 2017	New Document
2.0	CFO	Board	March, 2018	Annual Review
3.0	CFO	Board	March, 2019	Annual Review and adoption of Single Policy Framework

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1. Introduction

1.1 Background

SBI Life Insurance Company Limited (hereinafter referred to as “the Company”) 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.

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.

1.2 Objective

The Company recognises its stewardship responsibilities and regularly reviews the activities of the Fund Managers. This Policy sets out principles indicated in Guidelines on Stewardship Code for Insurers in India issued by IRDAI and constitutes the Disclosure and Reporting requirements under these rules.

1.3 Applicability

This policy is applicable to Investment Team.

1.4 Review and approval of the policy

The policy will be reviewed by Investment Mid Office and approved by the Board of Directors at least annually or as and when required.

In case of non-adherence to the policy, the same shall be reported to the Investment Committee and Board of Directors and necessary action may be taken in this regard.

2. Policy Requirements

Stewardship Principles: Insurance companies constitute a significant portion of the overall Domestic Institutional Investments and act in capacity of custodian of policyholder’s money, to manage these investments well, it is required to regularly monitor and engage with the investee companies so as to improve governance at a greater level. The principles of the Code are set out below:

2.1 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.

2.2 Managing Conflicts of Interest

This principle aims at identifying and managing conflicts of interest so as to take all reasonable steps to put the interest of policyholders first.

While dealing with the investee company, there can be instances where a potential conflict of interest may be identified between the interests of shareholders of the Company and the policyholders' interests. The given below are some of the scenarios:

The investee company is a customer of Company or its group companies or affiliates

The investee company is associated with or rendering services to the Company.

Key managerial personnel of the Company may have personal interests that conflict with their responsibility to put the interest of policyholder first.

The Company 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.

2.3 Monitoring the investee companies

The Company's Investment team will regularly monitor the investee companies in which it invests 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 the Company 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.

2.4 Intervention in the investee companies

The Company may intervene on act/omission/concerns of Investee Company, on case to case basis, to protect the value of investment.

The level of intervention with investee companies' management will 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 will 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.

Communicate - The Investment team shall communicate to the investee company's management about any concerns of the company including steps to be taken to mitigate such concerns.

Discussions - 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.

Escalation - If dissatisfied with the response of the investee company, the Company post discussion with Investment Sub-Committee may escalate the matter to the Board of Directors of the Investee Company.

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.

2.5 Collaboration with other institutional investors

The Company may choose to engage with the investee company through consultations with other institutional investors as for the issues that require larger engagement with the investee company.

In circumstances where the Company'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, the Company 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.

Further, the act of collaboration with other institutional investors shall not be deemed to be an act of collusion or persons acting in concert.

2.6 Voting and disclosure of voting activity

The voting is done by exercising own independent judgement, acting in the best interest of policyholders. The Company has the Board approved voting policy in place.

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

2.7 Periodically Report on the stewardship activities

In addition to the regular fulfilment of their stewardship activities, the Company 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.

3. Reporting

Respective department is responsible for reporting as per applicable regulations. The reporting should be as per the format/ template prescribed in applicable regulation, if available, else as per the format/ template prescribed internally.

4. Record keeping

All documents shall be preserved for a period as specified in the applicable regulations and as per Board approved Record Maintenance and Document Retention Policy.

5. Appendices

5.1 Detailed Version control sheet

Change in version no.	Section no.	Erstwhile section	New/Modified section	Reason for change
3.0	Across complete document	Across complete document	Across complete document	Realignment of policy (Adoption of Single Policy Framework)