

**Go Digit General Insurance Limited
Stewardship Policy**

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I. Introduction

Go Digit General Insurance Limited (Digit) may invest in equity securities issued by companies, in line with the regulations and guidelines issued by Insurance Regulatory and Development Authority of India (“IRDAI”). As a part of the investment function, the investment team is expected to monitor and at times engage with the investee companies on various issues ranging from business performance, future strategy, corporate governance and other issues. The investment team is also expected to exercise ‘voting rights in the Investee company’ in the best interest of the invested funds. This document sets out the principles and the policies to be followed by the investment team regarding the engagement with the management of the investee companies, voting on resolutions pertaining to the investee companies and disclosures relating thereto, in line with the IRDAI guidelines on the Stewardship code. This document shall be referred as the “Stewardship Policy” of Digit.

II. Effective Date

This Stewardship Policy will be effective from the date of its approval by the Board of Directors of the Company.

III. Responsibility matrix

The roles and responsibilities in respect of implementation of the Policy is as below:

a. Board Investment Committee

The Investment Committee of the Company shall ensure that there is effective oversight on the Company’s Stewardship activities. The Investment committee shall be responsible for monitoring implementation of the Stewardship code duly approved by the Board.

b. Investment Front Office

The Front Office will be responsible for overall implementation and execution of this Stewardship Policy. The team will be responsible for ongoing monitoring of the investee companies, engaging with the management of the investee companies and identifying situations which require engagement / intervention in the investee companies and also determine the nature of intervention required.

c. Investment Mid & Back Office

The Mid & Back Office team shall ensure that due records of voting activities are maintained and ensure necessary reporting requirements in line with the Policy.

IV. Key principles and related policies and procedures

IRDAI has prescribed the below listed ‘Stewardship Principles’ under its Stewardship code. The related policies and procedures to be followed along with responsibilities are listed below:

A. Discharge of stewardship responsibilities

1) Stewardship activities of the Company shall be undertaken by the Investment Team

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within the guidelines set out by the Investment Committee.

- 2) The Investment Committee will set a threshold level beyond which will help in determining the level of engagement and intervention that the Company should have with the investee company. The Investment Committee can amend / change the threshold level from time to time.
- 3) The Investment team at Digit shall be responsible for monitoring and engaging with such investee companies falling beyond the threshold through interaction with management of investee companies and exercise vote for senior management appointment, remuneration, strategic decisions, appointment of auditors, etc. Interaction with all investee companies would be on a best effort basis. The Company may use the services of external service providers such as institutional advisors; however, the ultimate stewardship responsibilities shall be discharged by the Company.

B. Manage conflict of interests

The voting for company resolutions could result in some instances of conflict of interest between the best interests of the Shareholders of Digit and the policyholders.

Conflict of interest could arise in case of the following situations:

- a. if the investee company is of the same promoter group
- b. if the investee company is a key business partner

Digit would look to avoid any conflicts of interests wherever possible. Investment mid office will prepare a list of the company's key business partners and promoter group companies and update the same on a regular basis.

Following shall be considered when an issue of conflict arises:

- (i) On the identified cases of conflict, the Company could put a blanket ban of investment in certain cases
- (ii) The voting decision needs to be in the best interest of the stakeholders with the interest of policyholders being paramount.
- (iii) The transaction which is the subject matter of the resolution needs to be in compliance with applicable regulations and at arm's length.
- (iv) Aspects of clear segregation between person exercising voting function vis-à-vis sales / client relations function
- (v) In the event that any person exercising the voting function has actual/potential in the transaction (by virtue relationship with promoter group/business partner), such person should recuse from decision making

Digit will maintain record of minutes of decisions taken to address such conflicts and the same shall be apprised to the Audit Committee.

C. Monitoring of Investee companies

- (i) There is no threshold limit for monitoring purpose. However, exposure beyond 3% of paid up capital of the investee company shall be considered meaningful and would be the threshold limit involving higher levels of monitoring. Investment team will however

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be responsible for monitoring all the companies in which Digit has invested. Level of monitoring will take cognizance of the size of the investment.

- (ii) Publicly available information, sell side research and industry information shall be some of the means to monitor the Investee companies.
- (iii) The Company will endeavor to participate, depending on the threshold level and the nature of the resolutions proposed in the voting of the resolutions of the investee company which could include but not be restricted to annual results, appointment of directors, remuneration, etc.
- (iv) Monitoring will focus on areas like:
 - a. Company strategy and performance – operational and functional
 - b. Industry level monitoring and possible impact on the investee companies
 - c. Quality of company management and Board, leadership
 - d. Corporate governance inclusive of remuneration, Board structure, and Related Party Transactions
 - e. Risks including Environmental, social and governance risks
 - f. Shareholder rights and grievances
- (v) The Company will not seek to nominate its representative on the Board of an investee company, unless such investment is significant and/or strategic in nature and / or the Investment Committee decides that a nominee is warranted.
The Investment Committee will place before the Board of Directors of the Company such recommendation of nomination to the Board of investee company. Once such approval is received, the Company will take up with the investee company, for nomination of its representative to be inducted as a Nominee Director on the Board of the investee company.

D. Intervention in the Investee companies

- (i) Intervention in Investee companies may be required to protect the value of the Investment while discharging its stewardship responsibility.
- (ii) The Company will look to intervene in Investee Company on a case-to-case basis depending on the observations noted as a part of the monitoring activity envisaged above and reproduced below:
 - a. Company strategy and performance – operational and functional
 - b. Industry level monitoring and possible impact on the investee companies
 - c. Quality of company management and Board, leadership
 - d. Corporate governance inclusive of remuneration, Board structure, and Related Party Transactions
 - e. Risks including Environmental, social and governance risks
 - f. Shareholder rights and grievances
- (iii) Intervention may be done at various levels in the Investee company.
 - (a) Initial Engagement: The concerns or apprehensions shall be discussed with the Investee company management

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- (b) Follow up Engagement: In case there is no response or no follow -up action by the Investee company to address the raised concern despite passage of a reasonable time, a follow up engagement would be done. An escalation to senior management of the company may also be explored at this stage
- (c) Escalation: In case there is no progress despite the first two steps, the matter would be further escalated to the Board of the Investee company
- (d) Collaboration with other institutional investors as specified under **Clause E** below
- (e) Drive interaction through the General Insurance Council in case of any industry level issues

(iv) Investment committee to consider and decide on mechanism to be opted and escalation of matters.

(v) Disclosure of interactions, if any, would not be compulsory due to confidential nature of the same.

E. Collaboration with other institutional investors, where required, to preserve the interests of the policyholders (ultimate investors)

- (i) In case of issues which are not routine and/or ordinary, the investment team may look to collaborate with other institutional investors.
- (ii) Collaborative engagement may be appropriate during times of extreme corporate stress or in wide economic distress (affecting the corporate), thus entailing risks of significant investment value reduction.
- (iii) Collaborative action would only be initiated if it is believed to be the only way for exercising effective / appropriate influence.
- (iv) As the nature of this interaction would be highly confidential and could affect the value of investments and, thereby Policyholders' detrimentally, the Company would not be disclosing such interactions.

F. Voting policy and disclosure of voting activity.

- (i) The voting policy is detailed separately in Annexure A.
- (ii) Investment team will be responsible to voting resolutions as per the Company's voting policy.
- (iii) The Company may choose to vote for or against any proposed resolution or abstain from voting on any resolution.
- (iv) The Company also has a Security Lending and Borrowing Policy as per Annexure B, which would be disclosed on the Company's website.

G. Periodical reporting/disclosure on stewardship activities

- (i) The Company shall ensure that this Stewardship Policy is disclosed on its website.
- (ii) Any change or modification to the policy shall also be disclosed at the time of updating the amended version of the Policy on the website.
- (iii) The Company will disclose stewardship activities on website on annual basis.
- (iv) The Company shall disclose Voting Report on its website, on a quarterly basis.

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- Voting disclosure will be in the following format:

Meeting date	Investee company name	Type of meeting (AGM/ EGM)	Management/ Shareholders proposal	Description of proposal	Management recommendation	Vote for / Against / Abstain	Reason supporting the voting decision
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V. Oversight by Board

The Board shall ensure that there is effective oversight on the stewardship activities and the Audit Committee of the Board shall exercise the same. Voting report in the format prescribed above shall be placed before the Audit Committee on quarterly basis.

VI. Reporting to IRDAI

The Company shall file an Annual Certificate of Compliance approved by the Board to the Authority as per prescribed format duly certified by Chief Executive Officer and Compliance Officer shall be submitted on or before 30th June every year.

VII. Review

The Chief Investment Officer and the Chief Executive Officer of the Company are authorized to make changes in the foregoing policy as may be required from time to time. The Board shall review changes made to the Policy on annual basis. Any changes in the applicable regulatory provisions shall automatically be deemed to be incorporated into this Policy.

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Annexure A

Voting Policy

Every shareholder in an Investee company is entitled to attend and /or vote at a meeting by either show of hand and/or by Poll and/or through online voting mechanism.

The Investment team at Digit may decide to vote or to abstain from voting on proposals of the Investee company in the best interests of the policyholders as well as shareholders of Digit. Any conflicts of interest therein shall be managed as per the rules laid out in the Stewardship policy.

Audit committee will monitor and have oversight on voting mechanism.

Chief Investment Officer (CIO) /Fund Manager would recommend appropriate voting action in the AGM/EGM of the Investee company.

Following Procedure would be followed:

1. The Custodian will mail the details of the meeting (date, agenda etc) to all analysts, fund managers, CIO and back office personnel.
2. The responsibility of recommending whether we vote for or against a resolution or abstain from voting will be that of the analyst tracking the stock or the Fund manager.
3. The company would compulsorily vote if its holding in the investee company is greater than or equal to 3% of the Investee company's paid up capital. Investment Back office team shall monitor the same and inform the Investment front office of any compulsory voting requirement.
4. Active participation and voting on resolutions/proposals of the investee companies shall be exercised only if such resolution/proposal is communicated to the shareholders at least ten working days prior to the voting period/date/deadline. This would give investors sufficient time to analyze the impact of proposed action and vote accordingly.
5. Once approved, the equity analyst /Fund manager will send the instructions to back office.
6. Back office will send the necessary instructions to custodian requesting them to carry out our instruction.
7. Mid office will monitor compliance in this regard etc.
8. Mid/back office shall maintain record of voting at various meetings of investee companies

The investment committee is authorized to approve any changes in the voting policy.

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Annexure B

Policy on Securities Lending and Borrowing

As per IRDAI guidelines on Securities Lending and Borrowing (SLB), an Insurer is allowed to lend only up to 10% of the quantity in a security on a fund wise basis OR 1% of the Marketwise Participant Limit (Marketwise participant limit is 10% of the number of shares held by non-promoters in the security).

Stocks lent in SLB is not treated as creating encumbrance, charge, hypothecation or lien on such securities. Ownership remains with us and portfolio allocation is not disturbed.

Lending fees against the stock is accounted for on an accrual basis.

We would have the provision to recall our lent stock in the case of corporate action or if we decide to sell the stock in the market.

SLB does not restrict our portfolio views/action and can be used SLB for enhancing returns.

The Stewardship policy of the Company will apply to securities which have been lent.