

PNB MetLife India Insurance Company Limited

Stewardship Policy

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Policy Owner	Investment Front Office
Prepared By	Investment Front Office
Reviewed By	Investment Mid-Office, Compliance & Legal
Approved By	Board of Directors

Revision History:

Version	Date	Author	Review/ Comments
1.0	August 10, 2017	Investment Front Office	New Policy
2.0	May 26,2020	Investment Front Office	Changes in accordance with revised guidelines issued by IRDAI dated February 7, 2020
2.1	May 2021	Investment front office	Annual Review of policy – No change
2.2	May 2022	Investment front office	Annual Review of policy – No change
2.3	May 3, 2023	Investment front office	Annual Review of policy – No change

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1. Objective

PNB MetLife India Insurance Company Limited (PMLI) is an institutional investor in the equity shares of listed companies (Investee Companies). It has been entrusted with the responsibility of acting in the best interest of policyholders. As such, making informed investment decisions is crucial to fulfil its obligations towards its policyholders. In this regard, the investment team of PMLI (Investment Team) is expected to monitor and engage with investee companies on an ongoing basis and intervene, as required. The Investment Team is also required to exercise their voting decisions on resolutions of investee companies, on behalf of PMLI.

This document provides key guidelines for the formulation and implementation of the Stewardship Policy (Policy) with regard to monitoring and engaging with investee companies, selective intervention, managing conflicts of interest and voting decisions. It also provides guidelines on making necessary disclosures and periodic reporting of stewardship and voting activities.

2. Effective Date of Policy

The Policy will be effective from the date of approval of the Board of Directors of PMLI (Board). Any change or modification to the Policy will be reviewed by the Board Investment Committee (IC) and presented to the Board for approval and implemented thereafter.

3. Disclosures

The Policy will be disclosed on the website of PMLI. All amendments to the Policy, duly approved by the board, will be updated on the website on a timely basis.

4. Key Principles of the Policy

- The Investment Team will be responsible for effectively discharging the stewardship responsibilities as per this Policy. This includes regular monitoring and engagement with investee companies on matters such as strategy, performance, risk, capital structure and corporate governance as well as voting on resolutions. The Investment Monitoring Committee (IMC; an executive level sub-committee of IC) will be responsible for monitoring the implementation of the Policy on a monthly basis. The IC will oversee the same on a quarterly basis.
- The IMC will decide on a framework to determine the level of engagement and intervention in the investee company. This will be based on a

threshold level of exposure to the investee company beyond which an engagement will be required. However, the Investment Team may decide to intervene in an investee company with exposure below the threshold level as well, if the subject matter is perceived as value destructive. The Investment Team may also decide to collaborate with other institutional investors, as appropriate.

- The Investment Team may either decide to intervene or reduce/exit the investment in an investee company, if an action of the company is found to be value destructive in a significant manner.
- The Investment Team may refrain from intervening if the subject matter pertaining to the investee company is insignificant and not value destructive. The reason for any non-intervention, which was warranted in accordance with the Policy, will be recorded and an update will be provided to the IC.
- The Company will engage with an external service provider for supplementing the stewardship activities and to provide unbiased independent third-party view on governance issues. The Company may avail external services like research reports, survey data, business valuation as per the need. However, the final stewardship responsibilities will be taken care of by the Investment Team.

Members of the Investment team and IMC will make themselves aware of their responsibility under the Code, as amended from time to time, either through internal presentations or through external agency.

5. Managing Conflicts of Interest

The Company shall undertake reasonable steps to avoid actual or potential conflict of interest scenarios / situations and ensure that the same are resolved in the best interests of policyholders.

The Company may be faced with a conflict of interest situation, while dealing with the investee companies, which may be in the form of following scenarios:

- a) Investee company is parent company or any group company of PMLI (as defined in the section 2(g) of Investment regulation, 2016),
- b) Personal interests of key managerial personnel or directors of PMLI, or where the nominee of the company has been appointed as director or KMP of investee company and

- c) Investee Company is an entity participating in the distribution of insurance products of PMLI.

The Board of Directors, and Key Managerial Persons should avoid conflict of interest wherever possible, and disclose any conflict of interest situation, if arises.

IMC will have the responsibility to advise the Company in the event of any doubt as to whether a particular transaction would create (or have the potential to create) a conflict of interest.

To manage conflict of interest, following procedures have been put in place:

- a) A conflict of interest in relation to an investee company shall be highlighted to IMC and get recorded. In case of any doubts on any conflict of interest scenario, the IMC shall advise on the matter, as referred earlier.
- b) Investment team will be responsible for voting on resolutions and will be guided by the voting policy for all resolutions. Rationale for voting will be recorded.
- c) Company may opt to abstain from voting if the Company and the investee company are part of the same group, unless the Company records rationale for voting on such resolutions.
- d) Employees of the investment team shall comply with the Code of Conduct for Prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations.

IMC may, if it deems fit, refer any matter to the Board Investment committee / Audit Committee for managing conflict of interest.

6. Monitoring of Investee Companies

- The Investment Team, as part of its day-to-day activities, shall be responsible for regular monitoring of all investee companies irrespective of the extent of exposure.
- The Investment Team will monitor the investee companies in respect of their strategy and performance - operational and financial, Industry level monitoring and possible impact on the investee companies, Quality of company management and Board, leadership, Corporate governance

including remuneration, structure of the Board (including Board diversity and independent directors) and related party transactions, Risks including Environmental, Social and Governance (ESG) risks., Shareholder rights and their grievances...

- The Investment team as part of its monitoring process may use: 1) publicly available information (press releases, quarterly and annual company reports), 2) broker research or other third-party research reports on investee companies and industries and 3) management meetings. The Investment Team may use other sources where access to the management of investee company is limited or ineffective.

7. Intervention in Investee Companies

- The need for intervention in any investee company may trigger from insufficient disclosures, non-compliances to regulations, performance parameters falling short of expectations, financial statements and audit report, poor financial performance of the company, corporate governance related practices, remuneration, strategy, Environmental, Social and Governance (ESG) risks, leadership issues and litigations.
- PMLI may intervene on case by case basis where, it is of the view that its intervention is required to protect value of its investment (which is sufficiently material) and effectively discharge its stewardship responsibilities. In most cases, need for intervention may not arise if proper disclosures are made. However, in cases where the Investment Team is not satisfied with the level of disclosures or not convinced with the explanation offered by the investee company in its communication to shareholders, it will intervene as per the Policy.
- Decision for intervention will be made by Investment Team, mainly guided by the threshold level of exposure as decided by the IMC and/or severity of impact of investee company's action on future growth prospects and value of PMLI's investment.
- Procedure for intervention entails the following steps:
 - a) The Investment Team shall define the major issues for intervention and prepare an intervention memo. The intervention will start by seeking engagement with the investee company either through telephone or in writing.

- b) Intervention with the investee company will be done in a confidential manner. Each team member will be sensitized to the fact that such an intervention may be deemed as price sensitive and any leakage may cause damage to the efforts of PMLI as well as result in regulatory breach.
- c) If the investee company is not accessible, the same will be recorded.
- d) If the response of investee company is dissatisfactory, PMLI may interact with the companies through the life insurance councils in case of any industry level issues, escalate the matter further or decide to divest the holding.
- e) PMLI will create a system to record such interventions and their outcomes, whether done orally or through written communication.

8. Collaboration with Other Institutional Investors

- Collective engagement may be required at times of significant corporate or wider economic stress, or when actions of the investee company pose significant risk to shareholders' value or the issue is related to a policy matter which may impact the entire industry. In such cases, collaboration with other institutional investors may be the most effective manner to engage with the investee company to achieve desired results in a cost-effective and efficient manner.
- In such matters, PMLI may collaborate with other institutional investors in order to exercise appropriate influence. PMLI may take assistance of the appointed proxy advisory firm for the same.

9. Voting and Disclosure of Voting Activity

- All resolutions are considered separately, and decisions are made in accordance with the Proxy Voting Policy (will be made available on the website of PMLI) in exercise of the independent judgment of PMLI. The decisions shall be aimed at promoting the overall growth of investee companies, thereby enhancing the value for their investors.
- PMLI will mandatory undertake voting activity if holding of the paid-up capital of the investee company is 1% and above or more than 2% of PMLI total AUM whichever is lower. This limit will increase to 5% when the PMLI's AUM cross 2,50,000 crores.

- The disclosures shall form part of Public Disclosures on the PMLI's website and have to be made on quarterly basis as per the timelines prescribed for quarterly public disclosures in the given format at Annexure A. Audit Committee shall monitor oversight on voting mechanism on a quarterly basis
- Stock lending and recalling lent stock, if any, will be managed as per internal guidelines for the purpose of exercising voting rights where appropriate and in the best interest of policyholders.

10. Disclosure and Reporting

- The Investment Team will submit a report of its stewardship activities to the IC and Audit Committee, which will be subsequently reviewed by the Board on a quarterly basis. Such report to the Board shall, *inter alia*, indicate engagements undertaken by the Investment Team with investee companies in accordance with the Policy.
- At a quarterly frequency, PMLI will disclose all activities undertaken by the Investment Team regarding implementing the Policy and discharging its stewardship responsibilities, on its website, as part of public disclosures.
- Annual Report on the status of compliance will be submitted to IRDAI in the format prescribed under the Guidelines (Annexure B), on or before June 30th every year, i.e., within 90 days from the end of the financial year-end. The reporting should be done under the principle of “comply or explain”, the reasons for deviation or non-compliance with the Stewardship Principles should be provided in the report.

Annexure A

Disclosure of voting activities in general meetings of investee companies in which the PMLI have actively participated and voted:

Name of Insurer – PNB MetLife India Insurance Company Limited
 Period of Reporting

Meeting Date	Investee Company Name	Type of meeting (AGM/EGM)	Proposal of Management/ Shareholders	Description of the proposal	Management Recommendation	Vote (For/ Against /Abstain)	Reason supporting the vote decision

Place _____ Signature of Compliance Officer

Date _____ Name:

Annexure B

Annual Certificate of Compliance with regard to status of Stewardship Code principles

Name of the Insurer: _____ Date: _____

Period of Report (FY): _____

We hereby certify that the guidelines given on Stewardship Code for Insurers in India by Insurance Regulatory and Development Authority of India are duly followed, and all the principles detailed in the guidelines are duly complied with.

Compliance Officer
 (Name and Signature)

Chief Executive Officer
 (Name and Signature)