

Head Office, Mumbai

Insurance Regulatory Development Authority of India (IRDAI) vide reference no. IRDA/F&A/GDL/CMP/059/03/2017 has issued Guidelines on Stewardship Code for Insurers in India (Guidelines) on 22nd March, 2017.

“Stewardship Policy” of the ECGC Ltd. (“the Company”) is as under:

1. Policy of Company for discharge of its stewardship responsibilities:

a. The Policy shall be applicable for investments where the shareholding is above 1% of the equity in the investee company.

b. Wherever Company's investment in the equity of the Investee Company is below 2% of the equity in the investee company, Company may adopt a passive approach. No serious involvement in the meetings and or taking part in meetings envisaged unless any other public sector, financial institution is involved therein and interested in our representation/support.

c. Where Company's investments is between 2-5% of the equity in the investee company, Company shall participate to the extent possible in the meetings, express opinions and suggestions that are 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.

d. Where the company's investment is in between 5% to 10% of the equity in the investee company, we propose to have more active involvement in the working of the company. Company representative shall vote in favour or against any resolution after analysis of the topic and in the best interest of the shareholders.

e. Where company's share exceeds of the 10% of the equity in the investee company, we look for active participation, if possible with representation on the board, continuous monitoring of the performance of the company, and participation in all meeting. Collaboration with other institutional investors shall also be made to protect the shareholders interest in the long term.

Company does not look for engaging any external services providers for assisting us in the discharge of our Stewardship responsibilities.

2. Policy of Company for Managing Conflict of interest on fulfilling stewardship responsibilities:

The Company as part of its insurance business and support activities deals with various exporters, banks and service providers. Company may have investments as well in some of these companies. This may at times give rise to situations of apparent conflict.

The following shall be considered when an issue of conflict arises

a) The transaction which is the subject matter of the resolution is in compliance with applicable regulations and is at arms' length.

b) The voting decision is in the best interest of the stakeholders with the interest of policyholders being paramount.

c) Any conflict is disclosed to the Investment Committee.

3. Policy of Company for monitoring its investee companies:

As part of its activities Investment department will monitor companies in which Company invests in on periodic basis. Regular monitoring of working of the investee companies will be carried out where our investment exceeds 5% of the equity of the Investee Company. This may be by way of monitoring the news coverage and or regularly studying their financial reports etc.

4. Policy of Company on intervention in its investee companies:

Company prefers not to intervene in the internal management of investee companies in normal course of business. However where our stake is more than 5% we 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.

Company shall move in confidential and constructive manner to reach positive solutions. Unless unavoidable the matter shall not be escalated to outside the company forums. This may however be done in extreme situation duly recording the reasons thereof and with the specific approval of the Chairman-cum-Managing Director or if required with the approval of Board of Directors.

5. Policy of Company for collaboration with other institutional investors:

The Company, as a manager of policyholder funds & shareholders fund, is responsible for discharging its obligations in the best interests of the Policyholders' and Shareholder' respectively.

Where the issues are not ordinary or routine, the investment department with the approval of the Chairman-cum-Managing Director or if required with the approval of Board of Directors may also look at engaging with the larger Shareholders' of the investee company in formulating a strategy on the such matters in the interest of the company and its policyholders and shareholders. As such interactions may affect the value of investments, nature of such interaction would be highly confidential.

6. Policy of Company on voting and disclosure of voting activity:

Investment team will be responsible to voting resolutions as per the Company's voting policy. The Company may choose to vote for or against any proposed resolution or abstain from voting on any resolution. In deciding this, the Company may consider ordinary business, special business and items requiring special resolutions as different categories requiring different levels of diligence. Decisions shall in turn aim at promoting growth of Investee Company, thereby enhancing the value of all the investors. Our voting shall be open except where it is mandatory through secret ballot.

Presently, Company does not propose to lend our stock as a business operation and does not have a policy of stock lending.

7. Policy of Company for periodic reporting of its stewardship activities:

The Company will report the status of compliance with the Stewardship Principles in the prescribed format issued by IRDAI as per the prescribed time frame. Additionally, Company will also disclose stewardship activities on annual basis along with Public Disclosures. Investment Committee of the company shall be responsible to keep an oversight on the stewardship related decisions and activities.