

ECGC Ltd.
Head Office, Mumbai

Insurance Regulatory Development Authority of India (IRDAI) vide reference no. IRDAI/F&I/CIR/MISC/82/5/2024 has issued Master Circular on Corporate Governance for Insurers, 2024 with Clause 12 containing the Stewardship Principles and thereby repealing the Guidelines on Stewardship Code for Insurers in India (Guidelines) issued vide reference no IRDAI/F&A/GDL/CPM/045/02/2020 dated 07/02/2020.

The Authority has specified 7 Stewardship Principles based on which each Insurer is required to formulate a Stewardship Policy.

“Stewardship Policy” of the ECGC Ltd. (“the Company”) based on the 7 Principles laid down by the Authority 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 3% 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 investment is beyond 3% to 5% of the equity in the investee company, Company shall participate in the meetings, express opinions and suggestions that are in the long-term interest of the Investee Company. Additionally, 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 beyond 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.
- f. Company does not look for engaging any external services providers for assisting us in the discharge of our Stewardship responsibilities.

- g. The company will continue to impart relevant training to the officials in the Investment Department.

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. In case of any conflict of interest further exposure in the investee company will not be taken and the matter will be disclosed to the Audit Committee.
- d. In case of any conflict of interest related persons will not be involved in decision making.
- e. Records of minutes of decisions taken will be maintained to address such conflicts in future.

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 various aspects such as financial reports, Industry level monitoring, management of the company, corporate governance, Environmental, Social and Governance (ESG) risks, Shareholder rights and their grievances etc.

The company will also monitor that procedure are adopted by investee company to ensure SEBI (Prohibition of Insider Trading) Regulations, 2015 for insider information.

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 poor financial performance of the company, corporate governance related practices, remuneration, strategy, Environmental, Social and Governance (ESG) risks, leadership issues and litigations.

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 Investment Committee.

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. The Company will mandatorily undertake active participation and voting on resolutions/proposals of the investee companies where holding of the paid up capital of investee company is 3% and above and the Audit Committee will monitor oversight on voting mechanism.

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

Related regulatory quarterly Public Disclosures will be made on the website within the prescribed timelines.

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. The Audit Committee of the Board will ensure there is an effective oversight on the Company's stewardship decisions and activities.