

ANNEXURE ‘C’

LIFE INSURANCE CORPORATION OF INDIA

Voting Policy

(Approved by the Board on 20th March 2020)

March
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1. Introduction

Life Insurance Corporation of India (LICI) has a fiduciary responsibility to act in the best interest of the policyholders. As one of investment best practices and in line with the Stewardship Code adopted by the Corporation, the investment department will exercise voting rights attached to securities of investee companies through online voting mechanism or at the general meetings of the investee companies in the best interest of the policy holders. This document sets out the principles and guidelines to be followed by the investment function for exercising the voting rights. This voting policy shall be applicable to the equity holdings of LICI where in we have exposure of 5% and above of the paid up capital of investee company or in cases where we may voluntarily participate and vote if such resolutions/proposals are considered significant and may have an impact on the value of our investments.

2. Guidelines

The investment department shall review all voting proposals routine as well as non routine items and shall ensure that non routine items like change in the state of incorporation, merger and other corporate restructuring, changes in capital structure, stock options, divestment of promoter, appointment and removal of directors, etc. are examined in greater detail.

LICI may choose not to vote in some of these non-routine matters if there is conflict of interest or there is lack of transparency in the proposal.

Chief (INVM) shall be the authority to decide upon exercise of votes in cases where the investment of the Corporation is up to Rs 1000 crore. Executive Director (INVM) shall be the authority to decide in all other cases.

The Investment Department may obtain recommendations/feedback/opinion/views from Research Analysts or Proxy Advisory firms as may be felt necessary.

The Investment Department may decide to vote, or to abstain from voting on proposals of the investee companies taking into account the possible implications of the voting or abstention and decisions shall be taken in the best interest of policy holders of the Corporation. Any conflicts of interest will be managed as per the rules laid down in the Stewardship Code.

Executive Director / Chief (INVM) shall authorize any official of the Corporation to act as a representative to implement the decisions taken by the Committee and take any necessary action as may be required.

Voting Guidelines:

Corporate governance issues are diverse and constantly evolving. Whilst it is difficult to

provide an exhaustive list of such issues, the following guidelines reflect what LICl believes to be good corporate governance measures and the stance it may generally take with respect to the said issues.

- a. **Corporate Governance matters:** LICl will support resolutions like change in state of incorporation, merger and corporate restructuring etc. which are favorable to the interest of the policyholders. An analysis of various economic and strategic factors in making the final decision on a merger, acquisition or any other corporate restructuring proposal will be done. However, LICl will not support the resolutions relating to takeover by an acquirer or otherwise, which are against the interest of the policyholders. LICl will consider, on a case to case basis, proposals to rotate auditors, and will vote against the ratification of auditors when there is convincing evidence of accounting irregularities or negligence, and the same auditor prevails in the group companies and auditor are related to the promoters or in the Board of the company
- b. **Change in capital structure:** Changes in capital structure will generally be supported where a reasonable need for the change is demonstrated. LICl will review on case to case basis, proposals by companies to increase authorized shares and the purpose for the increase. LICl believes that a company's decision pertaining to financing has a material impact on its shareholders, in particular when it involves the issuance of additional shares or the assumption of additional debt. However changes resulting in excessive dilution of existing shareholder value and adverse impact on minority shareholder will not be supported.
- c. **Stock option plans and other proposals pertaining to management remuneration:** LICl would support such remuneration proposals, which are tied to achieving long term performance and enhancing shareholder value. Stock option plans that are excessively generous or dilute other shareholder value will be not be supported.
- d. **Social and corporate responsibility:** In light of the increasing need for fair disclosure, a growing need for social and corporate responsibility, the responsibility of LICl as an investor increases. LICl shall vote in favor of such matters which are believed to have significant socio-economic benefits.
- e. **Board of Directors:** LICl believes in the philosophy of having an independent board of directors as the same is key to complying with good corporate governance norms. LICl would support an independent board of directors and the key committees such as audit, nomination and remuneration committees etc. are to be comprised of independent members as laid down in Companies Act 2013.
- f. **Financial Discipline:** LICl, known for its sound financial management and discipline expects the same from its investee companies. Resolution regarding adoption of accounts which has been qualified by the auditors and has doubtful related party transactions shall not be supported.

3. Review and Control

The proceedings of the meetings and the exercise of voting decisions shall be recorded and reported to the Audit Committee on a quarterly basis.

This policy shall come into effect from the date of approval by the Board. The Board shall approve any change in the voting policy. Chairman is empowered to issue operating instructions for implementation of the voting policy.