

**Magma HDI General Insurance  
Company Limited**

This document defines the  
Stewardship code for Magma HDI  
General Insurance Co. Ltd

**Policy on Stewardship Activities>**

Effective Date: 04.05.2017

Approval Date: 04.05.2017

Version No.: 1.0

Approved By: Board of Directors

Policy Owner: Chief Investment Officer

This document is confidential and supersedes any other Policy defining Stewardship Activities in the Company and should be read in conjunction with the most recent policies, procedures and regulations adopted/issued from time to time.

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	Revision Dates: NA	Policy Version: 1.0

## Magma HDI General Insurance Company Limited

### Policy on Stewardship activities

<b>Base Document</b>	:	<b>Guidelines on Stewardship Code for Insurers in India issued by IRDAI vide Ref No. IRDA/F&amp;A/GDL/CMP/059/03/2017 on March 20, 2017</b>
<b>Initial Document Prepared by</b>	:	<b>Mr. Jinesh Shah</b>
<b>Functional aspects Checked by</b>	:	<b>Mr. Jinesh Shah</b>
<b>Governing Guideline/Policy</b>	:	<b>Guidelines on Stewardship Code for Insurers in India issued by IRDAI vide Ref No. IRDA/F&amp;A/GDL/CMP/059/03/2017 on March 20, 2017</b>
<b>Compliance and Legal aspects checked by</b>	:	<b>Mr. Anand Roop Choudhary</b>

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**Preamble:**

Magma HDI General Insurance Co Ltd (MHDI), a JV between Magma Fincorp Ltd. a leading Indian NBFC and HDI Global SE, Germany. IRDAI published Guidelines on Stewardship Code for Insurers in India vide reference number IRDA/F&A/GDL/CMP/059/03/2017. The Stewardship code sets out good practice on engagement with investee companies. These principles and guidelines are prepared to assist the investment team in fulfilling its governance and stewardship responsibilities.

**Objective:**

Stewardship policy and guidelines shall enhance the quality of the communication between the company and investees, to help improve and protect stakeholders’ interests and ensure exercise of governance responsibilities by investee companies.

**Scope & Applicability of the policy:**

MHDI currently restricts its investments to the fixed income and therefore the scope of the policy is restricted to the rights as investor in the fixed income instruments issued by various category of companies including the Sovereign, PSUs, and Private companies. This Principals and Policy Guidelines will be reviewed annually and approved by the board.

This policy on Stewardship shall be based on the following principles

**Principle 1 – Discharge of stewardship responsibilities:**

The policy provides flexible but robust framework in guiding investment team in fulfilling stewardship responsibilities. The investment team shall endeavour to have cordial relationship with investee companies. Regular information shall be sought, the investee company’s progress and prospects shall be regularly monitored. The right as a debenture of debt holder is exercised by engaging interested parties like rating agencies, debenture trustees, Stock exchanges and the investee company.

**Principle 2: Conflict of interest:**

The approach to any conflict of interest shall be managed with no compromise in integrity, transparency and in a manner that does not compromise any stakeholders’ interests. Total and elaborative compliance shall be maintained during any investment decision where potential of conflict of interest shall arise. The entire process shall be ensured of arm’s length principle and shall follow detailed processes of approvals at highest levels.

**Principle 3: Monitoring of Investee Companies:**

Thorough research, analysis and proactive action allows us to understand and keep updated with the investee company’s performance. Company shall undertake a detailed credit analysis of the companies and the same shall be presented to and discussed by the Investment Committee. Any deviations or issues / exceptions shall be highlighted and Investment committee basis the discussion and representation by the Investment team, shall approve the companies in which we can invest in.

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**Principle 4: Intervention with Investee Companies:**

The method of intervention depends on the nature of the issue. The cases shall be discussed internally at the highest level and any required escalation of a particular issue shall be taken to the required authority including but not limited to, custodian, investee company, debenture trustee, stock exchange, other institutional investors and appropriate authority. In exceptional cases the company shall devise an exit plan for the investments as per the best interest of the stake holders’.

**Principle 5: Collaboration with institutional investors:**

In order to protect and enhance company’s stakeholders’ interest, collective engagement with other institutional investors shall be undertaken not only for any specific issues but also to understand, research and analyse the company and potential credits.

**Principle 6: Voting and disclosure of voting policy:-**

Limited to company’s investments in debt and fixed income securities any voting as per debt holders right shall be undertaken with proper compliance.

**Principle 7: Reporting of Stewardship rights:**

The stewardship activities shall be transparently accounted and fully complied with the stewardship principles. A periodic report on the fulfilment of the stewardship activities shall be published in company’s website

**Disclosure and Reporting:**

1. The Board through the Investment Committee shall ensure that there is effective oversight on the company’s stewardship activities and compliance with the codes
2. The Policy shall be updated on the company’s website and will be fully complied with the code and regulatory compliance.
3. An annual report on the status of compliance with the Stewardship code, endorsed by Compliance Officer and approved by the Board shall be filed with the Authority before 30<sup>th</sup> June every year

**Change Control Record:**

Version No.	Change Request by	Memorandum of Change	Approval date

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