

RELIANCE

**NIPPON LIFE
INSURANCE**

A RELIANCE CAPITAL COMPANY

Reliance Nippon Life Insurance Company Limited

VOTING POLICY

April 2021

History Sheet		
Date	Particulars	Approved By
29/01/2015	Ver 1.0	Board
22/04/2016	Ver 2.0	Board
19/07/2017	Ver 3.0	Board
26/10/2018	Ver 4.0	Board
24/04/2019	Ver 5.0	Board
30/04/2020	Ver 6.0	Board

1. Background:

By virtue of holding shares in a number of listed companies, Reliance Nippon Life Insurance Company (RNLIC) become part of the companies' minority shareholders group. As a corporate shareholder, representing the financial interest of our stakeholders, including vast number of our policyholders, we are required to act responsibly regarding exercise of our rights as a shareholder. The principal right of a shareholder is the right to cast votes, in proportion to the shareholdings, at the AGMs/ EGMs. The issues which may require our intervention would include corporate governance issues, transparency, strategic shifts, risk management, changes in the promoter groups etc. Our policy on proxy voting should ideally incorporate our views on each of these issues; lay down processes to arrive at a conclusion on issues involved, collaboration with other minority shareholders etc.

2. Voting Policy Philosophy:

Proxy voting is the paramount, fiduciary duty of an Insurance company on behalf of the policy holder.

- RNLIC will take decision as to how to vote on a particular proposal in a manner that is in the best interests of the policy holders.
- This Policy is designed to ensure that proxies are voted in an appropriate manner and should complement the RNLIC's investment policies and procedures regarding its general responsibility to monitor the performance and/or corporate events of companies which are issuers of securities held by schemes of the Fund.
- The RNLIC's guiding principles in deciding on voting are to make decisions that:
 - (i) Favour proposals that will tend to maximize the issuer company's shareholder value; and
 - (ii) Are not influenced by conflicts of interest.

RNLIC will generally vote with the issuer company's management on routine matters. With respect to non-routine matters such as proposed anti-takeover provisions or mergers, the financial impact will be analyzed and the proxy will be voted on a case-by-case basis, in the best interest of the unit-holders. While arriving at the decision to vote, views of the Fund Managers, Research Analysts and other executives and sources may be considered.

3. Voting Policy Guidelines:

Corporate governance issues are diverse and continually evolving. Whilst it is difficult to provide an exhaustive list of such issues, the following guidelines/policies reflect what the Fund Manager believes to be good corporate governance measures and the stance it may generally take with respect to the below matters:

4. Routine Matters:

(i) Corporate Social Responsibilities:

Fund Manager would generally support proposals on social issues that have demonstrable economic benefit to the issuer and long-term economic value of the securities held in the scheme on case-by-case basis.

(ii) Appointment and Removal of Directors:

The foundation of good corporate governance is in the selection of responsible and qualified, Independent Directors who are likely to diligently represent the interest of the shareholders and oversee management of the Company in the manner that will seek to maximize shareholder value over time. Hence RNLIC would generally support the Board's nominees in the election of Directors and generally support proposals that strengthen the independence of Board of Directors. However, each such proposal shall be evaluated on a case-by-case basis.

There may be circumstances where RNLIC believes it is in the best interests of a Fund to vote differently than the manner contemplated by the Guidelines. The ultimate decision as to the manner in which RNLIC representatives/proxies will vote rests with Proxy Voting Committee.

- (iii) Reappointment for any independent director who has attended meetings less than 75% of meetings in any FY
- (iv) Reappointment for any independent director who has attained the age of 75 yrs
- (v) Reappointment for any independent director who has a long association (10 years) with the company
- (vi) Reappointment for any independent director having any political association
- (vii) Remuneration of Directors
- (viii) Stock option plans and other management compensation issues

3.2 Non-Routine Matters

RNLIC will consider opinion of proxy advisory firms such as IAS etc. but the ultimate decision as to the manner in which RNLIC representatives/proxies will vote rests with Proxy Voting Committee

- (i) Corporate Governance matters_(including changes in the state of incorporation, merger and other corporate restructuring and anti-takeover provisions):

Fund manager supports resolutions like change in state of incorporation, merger and other corporate restructuring, which are in the interest of the policy holders of the fund. RNLIC will analyze various economic and strategic factors in making the final decision on a merger, acquisition or any other corporate restructuring proposals. However, RNLIC will vote against resolutions pertaining to takeover by an acquirer, etc which are against the interest of the policy holders.

- (ii) Changes to capital structure, (including increases or decreases of capital and preferred stock issuances):

The proposals for approval to alter the capital structure of the company, such as an increase in authorized capital will generally be supported. However, each proposal shall be evaluated on a case-by-case basis, to determine whether the proposed changes are in the best interest of the shareholders.

- (iii) Sale of unit, segment or subsidiary of a company materially affecting a major chunk of sales of the company or its day to day functioning
- (iv) Venturing into non - core business segments
- (v) Inter Corporate loans to a subsidiary or parent company

5. Procedure to be followed:

The following procedures would generally have followed by the Proxy Voting Committee, which is constituted by Board Investment Committee to look in to all proxy voting. –

- i) All the decisions regarding Proxy voting for non-routine item as per the principles set out in this policy would be taken by the Proxy Voting Committee, the quorum and the members would be same as ECI.
- ii) All notices for which a decision needs to be made regarding voting would be sourced from the Custodian or other specialized agencies providing this service.
- iii) The Committee would meet as envisaged in this policy and decide whether to vote for / against / abstain on each of the resolutions.

- iv) The committee may if it considers it necessary take note of the views of any third party or any member of RNLIC Investment team before taking any decision.
- v) For all above mentioned **routine matters**, approval of the proxy voting committee is not required. The Fund manager can vote on those issues directly. However, the Head - Investments (Equity) needs to place the same to the Proxy Voting Committee for noting.

For all other **non-routine matters**, approval of the Proxy Voting Committee needs to be taken,

- vi) **Frequency:** As and when required.
- vii) The committee will generally Abstain from voting for the following reasons –
- The notices were received late from the investee Company or any service provider.
 - The information available in the notices is not sufficient to take any decision to vote for or against a resolution
 - The holding is in Group Companies Corporate
 - Governance standards, disclosure requirements, and voting mechanisms vary greatly among the markets outside India in which the schemes may invest. RNLIC will accordingly cast the vote in a manner believed to be consistent with the policy, while taking into account differing practices by market. In addition, there may be instances in which RNLIC may refrain from voting if, the cost of voting in foreign markets may be substantially higher.
 - The Schemes of RNLIC held the securities as on record date but these have been sold prior to the date of the meeting of the Proxy Voting committee.
 - It may also refrain from voting on the issues presented in the resolutions which the committee feels are unlikely to have a material impact on shareholder value and its policy holders.
 - Proxy voting service is not offered by the Service Provider for any reason in a particular security.

There may be circumstances where RNLIC believes it is in the best interests of the company to vote differently than the manner contemplated by the Guidelines. The ultimate decision as to the manner in which the company's representatives/proxies will vote rests with Proxy Voting Committee.

6. Conflict of Interest:

RNLIC recognizes that there may be a potential conflict of interest when it votes on an entity with which the company may have some relationship. However, RNLIC will ensure to vote in the interest of the policy holders. In case of group companies, it will abstain itself from voting.

7. Oversight, resolving issues, MIS and Review of this Policy:

- i) Proxy Voting Committee shall guide and oversee the application and implementation of this Policy.
- ii) In case of any doubt or any issue or matter arising hereunder including any conflict of interest, the same shall be resolved through the proxy voting committee.

- iii) MIS in respect of voting decisions shall be periodically provided to the Board Investment Committee. RNLIC may periodically review, but at-least once every 2 years, the Policy to ensure that it continues to be consistent with the insurer's guiding principles. Such review shall be placed before the Board Investment Committee of RNLIC.

8. Legal Liability:

- i) The principles and positions reflected in the Policy are designed to guide the RNLIC in voting, and not necessarily in making investment decisions.
- ii) RNLIC shall not be under any liability on account of anything done or suffered by it in good faith under this Policy or in accordance with or in pursuance of any request or advice of the Board or its duly authorized agent(s) or delegate(s).
