

AEGON LIFE INSURANCE COMPANY LIMITED

POLICY FOR EXERCISE OF VOTING RIGHTS AND SEEKING REPRESENTATION ON BOARD OF COMPANIES

Preamble:

Insurance companies, being a prominent investor in capital market, are expected to play an active role in ensuring better corporate governance of listed companies, where the Insurance Company holds securities as investment. Further, Technical Guide on Internal / Concurrent Audit of Investment Functions of Insurance Companies (2013) issued by The Institute of Chartered Accountants of India (ICAI) requires concurrent auditor to comment on a procedure for exercise of voting rights and seeking representation on Board of companies. To achieve the above objectives, this policy is drafted which provides general philosophy, broad guidelines and procedures for exercising voting rights and seeking board representation, if any in Companies where AEGON Life Insurance has made investments through one or more of its Investment Funds.

AEGON Life Insurance Company Limited (“ALIC”) is managing the funds of policyholders (both ULIP & Non - Ulip) and shareholders. As an investment manager, ALIC has fiduciary responsibility to act in the best interest of the policyholders of the Fund (shareholders in case of shareholders fund). This responsibility includes exercising voting rights attached to the securities of the companies in which ALIC invests. It will be ALIC’s endeavor to participate in the voting process (i.e. exercise voting rights) and seek board representation based on the philosophy enunciated in this policy.

Philosophy of Voting Policy:

Good corporate governance ensures that an investee company is managed keeping in mind the long-term interest of shareholders and other stakeholders. Promoting good corporate governance standards forms an integral part of corporate ownership responsibilities.

With this in the forefront, ALIC expects all companies, in which it invests in, to comply with high corporate governance standards. Accordingly, as the decision to invest is generally an endorsement of sound management practices, ALIC may generally vote with the management of these investee companies. However, when ALIC is of the view that the policyholders or the investee company will be prejudiced by any such proposal, then it may vote against such proposal to protect the interest of policyholders and other stakeholders of the investee company. Also in case of resolutions moved by the shareholders of the investee company, ALIC will exercise its voting rights in the best interest of its policyholders. In certain circumstances, ALIC may also decide to refrain from voting where it has insufficient information or there is conflict of interest or it does not have a clear stance on the proposal under consideration.

ALIC, as an investment manager, will generally vote in accordance with this voting policy which should be read as Appendix VII to the Investment Policy of company. However, it may deviate from the policy if there are particular facts and/or circumstances that warrant for such deviation to protect the interests of policyholders of the Fund with the prior approval of investment committee.

Conflict of Interest in Exercising Voting Rights:

ALIC may invest in the securities of associate/group companies (to the extent permitted under Insurance Regulatory and Development Authority (Investment) Regulations (‘Regulation’) applicable from time to time). Further, ALIC is an affiliate of a diverse financial services organization consisting of many affiliates. Such scenarios may lead to a situation creating conflict of interest. ALIC will exercise adequate safeguards to address any such conflict of interest with regard to any individual investment. ALIC will attempt to avoid conflict of interest and will exercise its voting rights in the best interest of the policyholders. Voting decisions in such cases will be based on merits without any bias and the same parameters will be applied for taking voting decisions as are applied for other companies.

The Voting Committee (VC) and/or the Compliance department may be consulted when any such conflict of interest arises.

Voting Policy Guidelines:

The matters regarding, but not limited to, where ALIC may exercise the voting rights in the Annual General Meeting (AGMs) /Extra Ordinary General Meeting (EGMs)/ Court convened meetings or any other meetings of shareholders/creditors/preference shareholders of the investee companies are as follows:

- Corporate governance, including changes in the state of incorporation, merger and other corporate restructuring and anti takeover provisions.
- Changes to capital structure, including increase and decrease of capital and preferred stock issuances.
- Stock option plans and other management compensation issues.
- Social and corporate responsibility issues.
- Appointment and Removal of Directors.
- Any other resolution that may affect the interest of the shareholders in general and interest of the policyholders in particular.

ALIC will exercise voting rights keeping in mind the need to improve economic value of the Investee Company and importance of protecting the interests of the policyholders but subject to importance of the matter and cost/time implications. The analysts in equity team will make recommendations on key voting issues and same will be approved by the Equity Fund Manager or in his absence by Chief Investment Officer (CIO). Such recommendations / discussion will form part of weekly Equity Market Review (EMR) Meeting of Investment Front Office and will be duly documented. In case of conflicts or need for a clearer direction, the matter may be referred to the Voting Committee (VC) for its guidance.

Voting Committee:

As a guiding principle, ALIC shall exercise voting rights solely in the interest of policyholders of the Fund. For the purpose of the voting policy the VC is proposed to be constituted with the following as members:

- Chief Investment Officer (CIO),
- Chief Financial Officer (CFO),
- Head of Compliance or Member of compliance team,
- Any other representative as the Committee may co-opt from time to time.

Head of Equity or Fund Managers, Head of Fixed Income or Fund Managers, Company Secretary or any other person may be invited to the meeting of VC, if required.

The Committee is empowered to provide guidance on the voting matters referred to it, establish voting guidelines and procedures as it may consider necessary and is responsible to ensure that these

guidelines and procedures are adhered to and also make changes in the policy as may be required from time to time.

Broad Guidelines for functioning of VC are:

- VC may record its decisions by circulation including decisions/guidance on voting matters that have been referred to it.
- It may consult with outside experts and other investors on issues as it may deem fit.
- Decisions of VC should be documented.
- Details of voting decisions taken by the Fund Management team (fund managers and research analysts) / VC will be presented to the IC on a quarterly basis or such other frequency as may be considered appropriate.
- VC may review this policy from time to time and propose for changes to IC.

Steps (Procedure) in Exercising Voting Rights:

The following points outline the key steps in exercising Voting rights:

- Custodian will send ballots and or other relevant papers (notice of meeting, proxy form, attendance slips etc.) to ALIC relating to AGM/EGM or other meetings as soon as it receives. IBO will ensure that all such documents / emails are sent to Fund Management Team.
- Notification of company AGMs / EGMs/Court convened meetings and relevant voting items to Fund Management Team.
- ALIC shall endeavor to vote for all holdings of the Fund, but subject to the importance of the matter and the cost/time implications. The voting will cover all holding across all funds of ALIC.
- The fund management team is authorized to decide on voting decisions but may refer decisions to the VC for its guidance/direction.
- Based on internal discussion within the fund management team, a decision would be arrived at as to whether ALIC should attend the meeting and/or vote on the proposed resolution. Moreover routine matters and ordinary resolutions like adoption of financials (unless there are significant auditor qualifications), dividend declaration, general updating/corrective amendments to the Articles of Association would be ignored for voting purpose. However, ALIC may on a case to case basis, vote on such resolutions, if it deems fit to do so.
- Proposed resolutions which screen through the above criteria would be discussed within the fund management team and decision would be taken on whether to vote (“for”/“against”) or “abstain” from voting. ALIC may abstain from voting on proposals that do not have a readily determinable financial impact on shareholder value and/or matters for which disclosure is inadequate. For the remaining proposals, ALIC would vote either “for” or “against” based on overall merits and demerits of the proposed resolution. ALIC will generally support and vote “for” proposals which are likely to result in maximizing long-term investment returns for policyholders. ALIC would not support and vote “against” proposals that appear to be detrimental to the company financials / interest of the minority shareholders, which would adversely impact shareholders value.

- ALIC may authorize either its own executives/authorized representative to attend the AGM/EGM or other meetings to exercise the voting rights or may instruct the Custodian to exercise voting rights in accordance with the instructions of ALIC. Proof of such authorization will be maintained by Investment Back Office (IBO).
- Record of matters on which voting rights were exercised will be maintained by IBO and will be subject to internal audit.
- Requisite disclosure will be placed before the Investment Committee (IC) on a quarterly basis or such other frequency as the VC may consider appropriate.
- Currently ALIC does not have substantial holding to seek board representation on any investee company. However in future if such circumstances arise, the VC will take appropriate decision with prior approval of IC to nominate a representative on the board of Investee Company. The board representative will be adequately empowered to take decision affecting day to day operation of the investee company. However, matters having strategic impact such as valuations / reputation / governance will be decided by the VC. The procedure relating to this (strategic impact) will be decided with the prior approval of IC as and when such situation arises.