



HDFC Life Insurance Company Limited

Policy for Exercising Voting Rights

HDFC Life Insurance Company Limited

Policy for Exercising Voting Rights

INDEX

- 1.0 INTRODUCTION
- 2.0 SCOPE
- 3.0 POLICY STATEMENT
 - 3.1 Guiding principles for Voting
 - 3.2 Key Proposals for Voting
- 4.0 EFFECTIVE DATE
- 5.0 APPROVALS

Version Control

Version #	Prepared /Modified by	Effective From	Date of Approval by Board	Nature of Change
1.0	Investment Front & Mid Office Team	03-May-2017	03-May-2017	New Policy

1.0 INTRODUCTION

HDFC Life Insurance Company Limited (HDFC Life) is a registered insurance company and as a part of its regular business activities invests in equity securities issued by companies (Investee Company). As one of investment best practices and in line with the Stewardship Policy adopted by the company, the investment team will exercise voting rights attached to these securities 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.

2.0 SCOPE

This note covers the policy framework and principles that need to be followed for exercising Voting rights. Reference may be made to the Stewardship Policy adopted by the company for further details regarding the other principles for oversight and engagement with the investee companies.

3.0 POLICY STATEMENT

3.1 Guiding Principles for voting:

Every Share Holder (entitlement may differ for holding in DVR shares) of the company is entitled to attend and vote at a meeting by show of hand or/and by Poll or/and through online voting mechanism.

The investment team 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, appointment and removal of directors, etc. are examined in greater detail.

The Investment team 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 HDFC Life. Any conflicts of interest will be managed as per the rules laid down in the Stewardship Policy.

3.2 Key Proposals for voting and Guiding Principles:

In general the matters coming up for voting by shareholders of the investee companies are on the following points:

- a)** Corporate Governance matters (including changes in the state of incorporation, merger, acquisition, other corporate restructuring and anti-takeover proposals)

Principle: All proposals will be reviewed to verify if they are value accretive to the shareholders of the investee company and in the best interests of the policyholders.

- b)** Changes in Capital Structure

Principle: 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 of the investee company.

- c)** Compensation and Benefits (including proposals on stock options to directors & executives)

Principle: HDFC Life will support such resolution that incentivizes the investee company management towards long-term shareholder value creation.

- d)** Social and Corporate Social Responsibilities

Principle: HDFC Life will support measures that have a positive impact on the economy, society and the environment.

- e)** Board of Directors

Principle: HDFC Life will support the investee company in following good corporate governance norms. A largely independent Board with members having the expertise and qualifications will be supported.

- f)** Other issues

- i.** Appointment & remuneration of Auditors

- ii.** Any other issues that may affect the interests as an investee company shareholders

Principle: Auditors' independence, role, proposals relating to non audit relationship, non audit fees and rotation to be considered while voting for auditors.

Proxy Voting

Considering that e-voting/online voting is made mandatory under Companies Act, 2013 for all listed companies, with recent extension being effective 31st Dec 2014, proxy voting would not be an adopted voting process by companies. Internally at HDFC Life as well, proxy voting as a process would be exercised with prudence and in discussion with the CIO as and when necessary.

4.0 EFFECTIVE DATE

The Policy Effective date will be from the date of its approval in the Board Meeting.

5.0 APPROVALS

The Investment Committee will be authorized to approve any change in the Voting Policy. The Investment Committee will also have an oversight over the voting decisions of the company.