
Stewardship Code for

Axis Max Life Insurance Limited

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1. Introduction

A Stewardship Code has the following principal elements:

- i. Monitoring of and engagement with investee companies;
- ii. Voting on shareholder resolutions;
- iii. Managing conflict of interest situations; and
- iii. Disclosures on voting and engagement.

IRDAI, vide its Circular dated 20th March 2017 (“Stewardship Guidelines” or “Guidelines”), prescribed that Indian insurance companies need to adopt a stewardship code for engagement with their investee companies. IRDAI issued revised Guidelines on 7th February 2020 based on the experience in implementation, compliance by the insurers and recent developments in this regard.

The Guidelines describe seven principles to be covered by the Stewardship Code for insurers as follows:

Principle 1: Insurers should formulate a policy on the discharge of their stewardship responsibilities and publicly disclose it.

Principle 2: Insurers should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Principle 3: Insurers should monitor their investee companies.

Principle 4: Insurers should have a clear policy on intervention in their investee companies.

Principle 5: Insurers should have a clear policy for collaboration with other institutional investors, where required, to preserve the interests of the policyholders (ultimate investors), which should be disclosed.

Principle 6: Insurers should have a clear policy on voting and disclosure of voting activity.

Principle 7: Insurers should report periodically on their stewardship activities.

This stewardship code (“Code”) describes the approach of Axis Max Life Insurance (“AMLI” or “the Company”) to the stewardship responsibilities as set out under each principle and how its Code and procedures meet the requirements of the Guidelines.

This Code is also available on our Company’s website (www.axismaxlife.com).

2. Stewardship Code

In accordance with the Guidelines, this Code summarizes AMLI's policy and procedures adopted for monitoring and engagement with its investee companies and for voting.

The key purpose of implementing this Code is to further enhance and protect the long-term benefits of AMLI's policyholders by engaging with its investee companies on issues such as strategy, performance, corporate governance, environmental and social issues that may materially affect the future sustainability of companies and shareholder value.

AMLI's philosophy is to ensure that it does not expose its policyholders to any undue risks. AMLI's fiduciary responsibility towards its policyholders guides all its investments. AMLI appraises each investment with integrity and focuses on an investment's long-term benefits. Stewardship activities are aimed at monitoring our investments and guiding the investee companies with a view to protect our rights as shareholders and to improve corporate governance in investee companies and thus helping to enhance the long-term value for our policyholders.

It is clarified that compliance with these principles does not constitute an invitation to manage the affairs of a company or preclude a decision to buy or sell securities of any of the investee companies when this is considered in the best interest of clients or beneficiaries.

At least once in three years, the Code will be reviewed based on emerging practices and regulatory developments. The revised Code will be tabled at the Audit Committee and the Investment Committee for review and for their recommendation to the Board for approval.

On a half-yearly basis, the Audit Committee and the Investment Committee will provide an oversight on the insurer's stewardship activities and monitor compliance to this Code.

3. Axis Max Life Insurance's Approach to the Stewardship Principles

Principle 1: Insurers should formulate a policy on the discharge of their stewardship responsibilities and publicly disclose it.

Guidance provided by the Guidelines

Stewardship activities include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration.

The Stewardship policy should identify and define the stewardship responsibilities that the insurer wishes to undertake and how it intends to fulfill the same to enhance the wealth of its clients. The policy should address all aspects relating to stewardship activity like managing conflict of interest, training of personnel, monitoring of investee companies, intervention in investee companies, collaboration with other institutional investor and voting activities. The policy should be approved by the Board of the insurer and should bring out how the insurer applies stewardship with the aim of enhancing and protecting the value for the ultimate beneficiary or client.

While the Boards of an insurer could decide to engage in all cases, it may also decide to selectively intervene based on its extent or level of investment. In such case, the policy should clearly identify the threshold (level of investment or any other criteria as may be determined by the Board) for intervention.

The policy should clearly state whether the insurer intends to use the services of external service providers such as institutional advisors. In case services of any external service provider are used, the policy should provide for mechanism to ensure that in such cases, Stewardship responsibilities are exercised diligently. Though core function of investment cannot be outsourced, professional advice to arrive at voting decision and research report like market survey data, industry wide analysis, business valuation, etc. may be sought from external agencies. The policy should clearly provide that the ultimate stewardship responsibilities shall be discharged by the insurer.

The policy should be reviewed and updated periodically and the updated policy should be publicly disclosed on the insurer's website.

Axis Max Life's approach to the Stewardship Responsibilities

- All investments by AMLI are made after adequate research and analysis, including preparation of an investment note supporting the investment decisions prior to any new investment. The note describes the investee's business and governance standards and analysis of the financials and valuations (including qualitative and quantitative data). Investments are monitored on an ongoing basis by face-to-face meetings, site visits, conference calls, etc.
- In line with our investment philosophy, we look to invest in fundamentally good quality businesses at attractive valuations, and we are active managers of our portfolios.
- Although Stewardship activities include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration, AMLI will selectively pursue Stewardship activities since all matters may not always be relevant to all investee companies, depending on the evaluation of individual situation.
- Since Stewardship activities have most relevance for equity investments, our efforts as shareholders are likely to be concentrated on this asset class. However, when required, AMLI will also apply these principles to other asset classes like fixed income investments.
- As a general policy, AMLI will not seek to nominate a representative on the Board of an investee

company. However, AMLI may decide to do so in case of certain situations (e.g. strategic investments. etc.).

- AMLI may engage with external service providers for providing professional advice to arrive at voting decisions, research reports and analyses, proxy advisory services, market survey data, industry-wide analysis, business valuation etc., as inputs for decision-making. However, the final decision and responsibility for stewardship activities rest with AMLI and will be discharged by AMLI.
- On an annual basis for existing personnel and during onboarding of new personnel, AMLI will provide adequate training to such personnel involved in the area of Stewardship so that stewardship activities can be discharged effectively.

Principle 2: Insurers should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Guidance provided by the Guidelines

Insurers should put in place, maintain and publicly disclose a policy for identifying and managing conflicts of interest with the aim of taking all reasonable steps to put the interests of their client or beneficiary first. The policy should identify scenarios of likely conflict of interest as envisaged by the Board and should also address how matters are handled when the interests of clients or beneficiaries diverge from each other.

Aspects covered in the stewardship policy with regard to conflict of interest may, amongst other issues, address the following:

1. Identifying possible situations where conflict of interest may arise. E.g., in case of investee companies being associates of the entity.
2. Procedures put in place by the entity in case such conflict of interest situations arise which may, inter alia, include:
 - a. Blanket bans on investments in certain cases.
 - b. Referring such matters to the Audit Committee.
 - c. Clear segregation of voting function and client relations / sales functions.
 - d. Policy for persons to recuse from decision-making in case of the person having any actual/potential conflict of interest in the transaction.
 - e. Maintenance of records of minutes of decisions taken to address such conflicts.

Axis Max Life's approach to the Stewardship Responsibilities

AMLI has various stakeholders, multiple funds and multiple sets of policyholders with differing expectations. This may lead to instances of potential conflicts of interest amongst different classes of products, different policyholder sub-sets, business relationships, etc. In resolving such conflicts, the long-term interest of the policyholders will be kept in mind.

As a rule, in all cases of conflict of interests, the voting decisions of AMLI will be based on the best interests of the policyholders.

Situations where conflicts of interest could arise in the context of Stewardship include:

- Conflicts involving policyholders of different funds – For a given corporate action, AMLI may vote separately for each investee company or take a holistic view of the transaction in the overall interest of policyholders.
- Conflicts involving holdings in different asset classes - AMLI may vote separately for each asset class or take a holistic view if the holdings are in the same fund.

- Potential conflicts involving business relationships of AMLI - A Conflict Resolution Team comprising the Chief Investment Officer, Chief Financial Officer, Appointed Actuary, Head of Legal & Compliance and the head of the function to which the potential conflict pertains, shall decide on how to manage the conflict of interest in the interest of policyholders.
- Conflict of interest situation involving Key Managerial Personnel (KMP) of AMLI – KMP of AMLI holding a directorship or a KMP position in the investee company – will be referred to the Conflict Resolution Team.
- Conflict of interest situation involving Directors of Investment Committee of AMLI – Directors of Investment Committee holding a directorship or a KMP position in the investee company – will be referred to the Conflict Resolution Team.
- When voting required on resolutions of companies which are AMLI’s corporate agents, aggregators and distributors, such resolutions will be referred to Conflict of Resolution team voting for voting decisions
- Promoter versus policyholder relationships – Decision to vote or abstain will be made keeping in mind the interest of the policyholders and will be subject to a decision by the Conflict Resolution Team.
- Investments in promoter group company or related party - AMLI shall not make any investment in the securities of a promoter group company or related party of the Company.
- Composition of voting function- The voting function of the Company shall be distinct from the sales function.
- A personnel shall recuse himself / herself from decision-making on any voting item in case he/she has any actual / potential conflict of interest in the voting decision by virtue of being a part of such decision-making process or being a part of the Conflict Resolution Team or otherwise.
- Voting decision in case where Axis Max Life holding in related party investee company is less than regulatory threshold will be decided by the Conflict Resolution Team. Voting decision in case where Axis Max Life holding in related party investee company is more than or equal to regulatory threshold will be decided by Audit Committee.
- The records of minutes of decision(s) taken by the Conflict Resolution Team shall be duly maintained by it.

Principle 3: Insurers should monitor their investee companies.

Guidance provided by the Guidelines

Insurers should have mechanisms for regular monitoring of their investee companies in respect of their performance, leadership effectiveness, succession planning, corporate governance, reporting and other parameters they consider important.

Insurers may or may not wish to have more participation through nominations on the Board for active involvement with the investee companies. An insurer who may be willing to have nominations on the Board of an investee company should indicate in its Stewardship statement the willingness to do so, and the mechanism by which this could be done.

Aspects covered in the Stewardship Policy with regard to the monitoring shall address the following:

1. Different levels of monitoring in different investee companies. E.g., companies where larger investments are made may involve higher levels of monitoring vis-a-vis companies where amount invested is insignificant from the point of view of its assets under management (AUM).
2. Areas of monitoring which shall, inter-alia, include:
 - a. Company strategy and performance - operational and financial.
 - b. Industry level monitoring and possible impact on the investee companies.

- c. Quality of company management and Board, leadership.
 - d. Corporate governance including remuneration, structure of the Board (including Board diversity and independent directors) and related party transactions,
 - e. Risks including Environmental, Social and Governance (ESG) risks.
 - f. Shareholder rights and their grievances.
3. Identification of situations which may trigger communication of insider information and the procedures adopted to ensure SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended time to time, are complied with in such cases.

Axis Max Life's approach to the Stewardship Responsibilities

As a responsible investor, post-investment, AMLI monitors the investee companies on a regular basis with at least one annual interaction. AMLI monitors the financial performance as well the governance practices with a view to safeguard its investments and for the promotion of good practices in these areas.

When monitoring companies, AMLI seeks to:

- Keep abreast of the company's performance and strategy, both operational and financial, including the future direction and strategy of the investee company, growth opportunities, cost structures versus competition, return ratios, capital structure, key risks, and compare financial parameters to peers as applicable to the sector.
- Keep abreast of developments, both internal and external to the company, that drives the company's value and risks.
- Check that the company's leadership, management and board, succession planning and corporate governance is effective. Corporate governance will include remuneration, structure of the Board (including Board diversity and independent directors) and related party transactions.
- Monitor the quality of the company's reporting.
- Maintain records of the companies we invest in and our related engagement and voting activities.
- Monitor industry level monitoring and possible impact on the investee companies.
- Monitor risk including Environmental, Social and Governance (ESG) risks.
- Monitor shareholder rights and their grievances.
- Connect with the company at appropriate forums, e.g., investor meetings, analyst meetings, conference calls, general meetings, one-on-one meetings, etc., to better understand the ground reality. In case a meeting is not feasible but an interaction would be deemed valuable, monitoring of their business would be done using others channels (e.g., competition, trade channels, etc.).

AMLI has adopted a model code of conduct in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) to prevent insider/personal trading by any officer or employee of the Company who directly or indirectly, has access to unpublished price sensitive information or is reasonably expected to have such access.

Principle 4: Insurers should have a clear policy on intervention in their investee companies.

Guidance provided by the Guidelines

Insurers may decide their own engagement strategy and the policy should clearly set out the criteria/circumstances in which they will actively intervene. The policy should provide for regular assessment of the outcomes of intervention by the insurer. Intervention should be considered regardless of whether an active or passive investment policy is followed.

Circumstances for intervention may, inter alia, include but not limited to, poor financial performance of the company, corporate governance related practices, remuneration, strategy, Environmental, Social and Governance (ESG) risks, leadership issues and litigations.

The mechanisms for intervention may include meetings / discussions with the management for constructive resolution of the issue and in case of escalation thereof, meetings with the Boards, collaboration with other investors and voting against decisions. Various levels of intervention and circumstances in which escalation is required may be identified and disclosed in the Stewardship Policy. This may also include interaction with the companies through the insurance councils in case of any industry level issues. Investment Committee of the insurer has to consider which mechanism to be opted and escalation of matters in specified cases.

Axis Max Life's approach to the Stewardship Responsibilities

- AMLI's focus is on the long-term value creation for its policyholders. Various fora of interaction with managements of investee companies may be used to provide constructive feedback to guide AMLI investee companies towards long-term value creation
- Circumstances for intervention may, inter alia, include but not limited to, poor financial performance of a company, corporate governance related practices, remuneration, strategy, Environmental, Social and Governance (ESG) risks, leadership issues and litigations. Inputs received from interactions or via public news-flow, management comments, exchange disclosure, etc., may be considered before an intervention if it is felt that it could adversely impact the investee company's future. AMLI would attempt to gain understanding from the investee company on the rationale for any such action. If the action does not appear to be in the interest of AMLI policyholders, engagement with the company would be undertaken and the concerns may be voiced. AMLI shall intervene basis threshold levels of investment as per its internal guidelines.
- The proposed terms of engagement with investee companies are as follows:
 - i) In its regular course of business, AMLI meets its investee companies in various forums, in face-to-face meetings, group conference calls, public investor meets, etc. These forums may be used to give constructive feedback on raising the overall standard of governance, strategy, performance, risk-management, etc. and raise any concerns that AMLI may have on the same.
 - ii) Long term shareholder wealth creation requires a harmony with the environmental and social causes. Any action that compromises these would be raised with the company to seek clarifications and voice AMLI's concerns
 - iii) In cases where the investee company is pursuing developments which are potentially negative, AMLI may engage with that company's investor relations department to voice its concerns and impress upon the company to re-consider its decision or may suggest suitable safeguards to make the decision more favorable to minority shareholders
 - iv) If an investment is earmarked for divestment or the event is post planned divestment, intervention may not be considered
 - v) If AMLI efforts do not seem to be bearing fruit and / or the company is not open to feedback, AMLI may escalate the efforts. Escalation may be in the form of
 - a. Coordination with other investors;
 - b. Voting against the proposal;
 - c. Engage with the investee company board; or
 - d. In rare cases, raise the issue with Life Insurance Council, relevant regulators or pursue legal

action. Such escalation will be done on a case-to-case basis with the approval of the Investment Committee.

- In case a company continues to pursue a path that AMLI believes is not in the best interest of its policyholders, AMLI may choose to exit the investment.

Principle 5: Insurers should have a clear policy for collaboration with other institutional investors, where required, to preserve the interests of the policyholders (ultimate investors), which should be disclosed.

Guidance provided by the Guidelines

For issues that require larger engagement with the investee company, insurers may choose to act collectively with other institutional investors in order to safeguard the interests of their investors. For such situations, the insurers should have a policy to guide their actions and extent of engagement.

Axis Max Life's approach to the Stewardship Responsibilities

- AMLI's approach is to raise issues with the management of investee companies on a "one-to-one" basis.
- If AMLI feels that responses are not forthcoming or the investee company is unable to provide sufficient rationale for its actions, AMLI may collaborate with other institutional shareholders to collectively convey the concerns and feedback. Collaboration would normally be taken up if individual efforts do not yield necessary responses.
- The collaboration could be used for conveying concerns, collectively voting against a proposal, raising issues with regulators or for legal recourse. In case a company is not willing to receive feedback and continues to pursue a path that AMLI believes is not in the best interest of its policyholders, AMLI may choose to exit the investment.
- All our engagement activities are undertaken in the best interests of our policyholders.

Principle 6: Insurers should have a clear policy on voting and disclosure of voting activity.

Guidance provided by the Guidelines

Insurers should exercise their own independent judgment as regards voting decisions on resolutions and should not automatically support the proposals of the Board of the investee company. The decisions should be aimed at promoting the overall growth of the investee companies and, in turn, enhance the value of their investors.

The Stewardship Policy should cover the aspects of voting activity. Audit Committee will maintain oversight on the voting mechanism. Insurers should disclose their approach to stock lending and recalling lent stock in their Stewardship Policy.

Insurers should mandatorily undertake active participation and voting on resolutions / proposals of the investee companies under the following circumstances:

Size of the AUM of the Insurer (Rs. Cr.)	Compulsory voting required, if the insurer's holding of the paid up capital of investee company (in percentage) is
Up to 2,50,000	3% and above
Above 2,50,000	5% and above

In other cases, insurers may voluntarily participate and vote if such resolutions/proposals are considered significant and may have an impact on the value of investments of the insurer.

Disclosures have to be made by the insurers regarding the voting activity in the investee companies in which the insurers have actively participated and voted on resolutions/proposals. The disclosures will form part of Public Disclosures on the website and have to be made on a quarterly basis as per the timelines prescribed for quarterly public disclosures on website, in the given format as Annexure A.

Axis Max Life's approach to the Stewardship Responsibilities

- AMLI will use its influence as an investor by exercising its right to vote on company matters.
- AMLI's investment team will assess shareholder resolutions and decide to cast vote on the same. The voting shall be done keeping in mind the interests of AMLI's policyholders and long-term value creation for them.
- AMLI will mandatorily exercise its decision to vote if its holding of the paid up capital of the investee company is as per limits prescribed by IRDAI or lower limits as may be decided by the management. In other cases, AMLI may voluntarily vote, as decided by the management, if such resolutions/proposals are considered significant and may have an impact on the value of investments held by it.
- The decision to vote, where AMLI may voluntarily vote, is governed by the principles of a) materiality of the holding and b) significance of the issue at hand, as defined by its internal guidelines. Many resolutions are routine resolutions towards the purposes of general continuity of the business such as re-appointment of key management personnel, re-appointment of auditors, adoption of accounts, managerial remuneration, etc. AMLI will therefore evaluate resolutions of investee companies and is likely to vote only for non-routine resolutions with an objective to protect and enhance value for policyholders. However, each resolution, including routine resolutions, will be checked for red-flags. If red-flags are found, AMLI is likely to vote even if the resolution is a routine one. In matters where there is insufficient information or AMLI does not have a clear stance on the proposal, AMLI may choose to abstain.
- Examples of non-routine resolutions for which AMLI is likely to vote (for, against or abstain) are:
 - 1) Changes to business / capital structure
 - a. Amendments to Memorandum of Association, Articles of Association
 - b. Changes in capital structure
 - c. Share Buy-back
 - d. For changing objectives for which money was raised through prospectus
 - e. Stock option plans
 - 2) Acquisition/Divestitures, business reorganizations
 - a. Creditor approvals
 - b. Shareholder approvals
 - c. Related party transactions
 - 3) Royalty arrangements (parent to subsidiary, licensing etc.)
 - a. Inter-group loans
 - b. Related party sourcing/distribution arrangements

We have a robust stock lending framework and have strict procedures in place that allow us only to lend

shares up to agreed thresholds. We also recall shares for the purposes of exercising voting rights where there is good reason to do so and is in the best interests of our policyholders.

The Audit Committee shall maintain oversight on the voting mechanism.

Disclosures shall be made by AMLI quarterly in its website, regarding the voting activity in the investee companies in which it has actively participated and voted on resolutions/proposals.

Principle 7: Insurers should report periodically on their stewardship activities.

Guidance provided by the Guidelines

In addition to the regular fulfillment of their stewardship activities, insurers should also provide a periodic report to their ultimate beneficiaries (policyholders) of how they have discharged their responsibilities, in a format which is easy to understand, as a part of public disclosures.

Compliance and Reporting

Guidance provided by the Guidelines

The compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a company or preclude a decision to sell a holding when this is considered in the best interest of clients or beneficiaries. The Board shall ensure that there is effective oversight on the insurer's stewardship activities and the Audit Committee of the Board shall exercise the same.

All insurers shall comply with all the principles given in the guidelines and submit an Annual Certificate of Compliance approved by the Board to the Authority as per Annexure B, duly certified by CEO and Compliance Officer on or before 30th June every year.

Axis Max Life's approach to the Stewardship Responsibilities

- AMLI will disclose the fulfillment of its Stewardship responsibilities as part of its public disclosures published on its website on a quarterly basis.
- The Audit Committee and Investment Committee shall monitor AMLI's adherence to this Code and its stewardship activities on a periodic basis.
- AMLI shall furnish annual disclosures to the IRDAI in the prescribed format with respect to its conformance to the Code, post approval by its Board, duly certified by CEO and Compliance Officer by 30th June every year.

** End of Document **

Annexure A

Disclosure of voting activities in general meetings of investee companies in which the insurers have actively participated and voted:

Name of the Insurer:

Period of Reporting:

Meeting Date	Investee Company Name	Type of Meeting (AGM / EGM)	Proposal of Management / Shareholders	Description of the proposal	Management Recommendation	Vote (For / Against / Abstain)	Reason supporting the vote decision

Place:

Signature of Compliance Officer

Date:

Name:

Annexure B

Annual Certificate of Compliance with regard to status of Stewardship Code principles

Name of the Insurer:

Date:

Period of Report (FY):

We hereby certify that the guidelines given on Stewardship Code for Insurers in India by Insurance Regulatory and Development Authority of India are duly followed and all the principles detailed in the guidelines are duly complied with,

Compliance Officer

Chief Executive Officer

(Name and Signature)

(Name and Signature)