



# **STEWARDSHIP POLICY**

## **(February 2024)**

## Table of Contents

	<b>Page No.</b>
1. Introduction	2
2. Scope	2
3. Objective	2
4. Guiding Principles of the policy	2
5. Roles and responsibilities	2
6. Periodic Reporting	3
7. Approval	3
8. Limitations	3
9 Key Stewardship Principles	4
9.1 Voting Policy and Disclosure	4
9.2. Monitoring Investee Companies	5
9.3 Policy on Engagement with Investee Companies	6
9.4 Managing Conflict of Interest	7
9.5 Incorporating Sustainability Considerations	8

## 1. Introduction

The Stewardship Policy ("Policy") outlines the framework and guidelines for Jubilee Life Insurance Company Limited ("the Company" or "JLICL") in fulfilling its stewardship obligations, aligning with the Stewardship Guidelines for Institutional Investors issued by The Security and Exchange Commission of Pakistan (SECP).

The Policy defines the stewardship responsibilities to be undertaken by the Company and the processes that the Company intends to follow to safeguard the interests of its Policyholders.

## 2. Scope

JLICL is dedicated to prioritizing the interests of policyholders by actively pursuing the objectives set forth in the stewardship principles. Monitoring of the stewardship policy principles shall apply to all investments under management where shareholding is five (5) percent or above in the paid-up capital of the investee Company. The Investment Management Committee may determine a lesser percentage of share ownership for applicability of the Stewardship Policy.

## 3. Objective

The Stewardship Policy aims to achieve compliance with the SECP issued Stewardship Guidelines for Institutional Investors dated 1<sup>st</sup> June 2022 and to create value for the Company's policyholders through monitoring of investee companies where ownership has been secured utilizing assets from policyholder funds.

## 4. Guiding Principle(s) of the Policy

Stewardship policy is based on the following principles:

- (i) A comprehensive policy and guiding principles to fulfill stewardship responsibilities.
- (ii) A clear policy on proxy voting and disclosure of voting activity.
- (iii) Monitoring of investee companies to protect the interest of policyholders.
- (iv) A clear policy for engagement with the investee companies.
- (v) A clear guideline on identifying and managing conflict of interest in fulfilling the stewardship responsibilities; and
- (vi) Alignment with corporate governance and sustainability considerations including environmental, social, and governance (ESG) factors.

## 5. Roles and Responsibilities

### 5.1. Board Finance and Investment Committee (BFIC)

The BFIC of the company shall maintain an effective oversight of the stewardship activities in line with the Policy and shall also recommend changes to the Policy for approval from the Board of Directors (BOD) as and when necessary.

### 5.2. Investment Management Committee (IMC)

Investment Management Committee (IMC) shall be responsible for the implementation, execution, and compliance of this policy. IMC shall regularly review the Policy and recommend changes for approval from the BF&IC and thereafter from Board of Directors to maintain alignment with Regulatory requirements.

## **6. Periodic Reporting**

The Company shall compile a report to verify compliance with the Policy on an annual basis.

## **7. Approval**

The Board of Directors shall approve the Policy on the recommendation of Board Finance & Investment Committee.

## **8. Limitations**

In case of changes in any applicable Laws, Rules and Regulations which may contradict with any of the requirements of this Policy, the provision of such law and regulation shall supersede and prevail.

## 9. Key Stewardship Principles

### 9.1. Voting Policy and Disclosure

#### 9.1.1. Policy on Voting Activities:

Through the exercise of voting rights in a faithful manner, JLICL intends to enhance the value of investments made on behalf of its policyholders. JLICL has an active and informed voting policy implemented in the best interest of policyholders.

#### 9.1.2. Proxy Voting Guidelines:

- (i) The procedures for voting on resolutions of investee companies shall be approved by the IMC. The Company shall keep in mind the interests of the policyholders while exercising voting rights. The key areas that the Company may seek to vote upon are:
  - Election of directors.
  - Appointment of auditors.
  - Change in legal and capital structure and proposals affecting shareholder's rights.
  - Corporate Restructuring; and
  - Merger and Acquisitions
- (ii) In case of any conflict of interest in any proposal of voting proxies under consideration, it is the responsibility of members of the IMC to disclose such details. Any members of the IMC that are in conflict will abstain from voting on such matters.
- (iii) Board Finance and Investment Committee (BF&IC) shall review the proxy report on an annual basis.

#### 9.1.3. Record Maintenance:

The investment department at a minimum maintains the following records in relation to proxy voting decisions:

- Name of the investee.
- Number of shares held.
- Date of which proxy was voted; and
- Agenda of the meeting

## **9.2. Monitoring Investee Companies**

While monitoring investee companies on a regular basis, JLICL shall consider financial and other factors (environmental, social, governance, etc.).

### **9.2.1. Monitoring of Investee Companies:**

The Investment team is responsible for the monitoring of the investee companies' performance. The frequency and process to monitor the activities of the investee company shall be quarterly or when needed. Once an investment is made, the Investment team shall continue to monitor each investee company.

- (i) The mechanism adopted for monitoring purpose involves the following but is not limited to:
  - Publicly available information.
  - Quarterly and annual reports of the listed investee companies.
  - Management interaction through meetings/ conference calls.
  - External research and inputs.
  - Industry information; and
  - Data portals such as Bloomberg, Reuters, etc.
  
- (ii) Key areas for monitoring include the following:
  - Company strategy and performance - operational, financial etc.
  - Environmental, Social, and Governance (ESG) framework
  - Industry-level monitoring and possible impact on the investee companies.
  - Quality of company management, board, leadership etc.
  - Corporate governance including remuneration, the structure of the board (including board diversity, independent directors, etc.) related party transactions, etc.
  - Key risks to the company or industry
  - Shareholder rights, their grievances etc.

### **9.3. Policy on Engagement with Investee Companies**

#### **9.3.1. Engagement Strategy:**

JLICL shall decide on an engagement strategy with the management of the listed investee company. All communications and discussions will be conducted in a private and confidential manner and to be reported to IMC. The objective of the interactions is to play a constructive role in enhancing the value of the asset under management to benefit the policyholders of JLICL. Examples include JLICL engaging with investee companies on guidance on reported performance, ESG or other strategic matters.

#### **9.3.2. Active intervention in the Investee companies:**

JLICL shall intervene if, in its opinion, any act/omission of the investee company is considered material, including but not limited to insufficient disclosures, inequitable treatment of shareholders, non-compliance with regulations, performance parameters, governance issues, related party transactions, corporate plans/ strategy, environment, social & governance risks, leadership issues & litigation or any other related matters. JLICL shall intervene as and when any of the above concerns come to light as part of the Company's review of investees or based on any other publicly available information. To note, the company shall only intervene in investee companies where JLIC cumulative exposure will be 10% or more (5% or more in the case of a banking company) of the paid-up capital of the investee company.

#### **9.3.3. Forms of engagement**

##### **(i) Active individual engagement**

The Company shall communicate and engage with the investee company's management to obtain feedback on any matters/concerns in an individual capacity.

##### **(ii) Collective platform-based engagement**

If the concerns raised by the company are not resolved within a reasonable timeframe, the Company may consider collaboration with other institutional investors, professional associations, regulators, and any other entities to ensure a resolution is arrived at in line with applicable laws and regulations.

## **9.4. Managing Conflict of Interest**

### **9.4.1. Identifying Conflict of Interest:**

While dealing with investee companies, the Company may face a conflict of interest. In the event of any doubt as to whether a particular transaction may create (or have the potential to create) a conflict of interest, it shall be highlighted in the IMC.

Given below are a few instances where a potential conflict of interest may arise:

- JLICL and the investee company are related party.
- The investee company is an associate of JLICL.
- The investee company is also an institutional client of JLICL.
- Officials of the investment department or any member of IMC have a personal interest in the investee company.

### **9.4.2. Managing Conflict of Interest:**

To manage the above potential conflicts of interest, the Company shall ensure that:

- The investment team conducts thorough due diligence before making investment decisions to avoid any conflict of interest.
- JLICL shall seek to ensure it acts in the best interest of its policyholders.
- There is an Employees Personal Trading Policy in place for all key personnel to avoid any personal conflict of interest while making investment decisions.
- The rationale for voting on each shareholder resolution is recorded by the Company.
- JLICL shall ensure the segregation of proxy voting functions from other business functions.
- Any person having any actual/potential conflict of interest recuses themselves from the decision-making process. Employees are responsible for disclosure of conflicts of interest.
- If conflicts of interest still arise in relation to investments under management, the IMC is referred to for the guidance and decision making.



## **9.5. Incorporating Sustainability Considerations**

Environmental, social & governance (ESG) factors can impact the sustainability of companies' financial returns. The company shall integrate ESG into the investment process by considering these factors alongside others:

- Diversity, inclusion, race, and gender
- Human rights
- Health and safety of employees and stakeholders
- Biodiversity implication
- Green building
- Renewable energy focus
- Pollution and waste management
- Board Composition and Refreshment
- Director and Auditor Independence
- Accountability of Board/Committee/Management
- Functional Risk Management Framework

### **9.5.1 Monitoring investee companies ESG activities:**

Engagement with investee companies is an important element in both our ESG integration and our stewardship oversight. Regular meetings with management often cover performance, strategy, capital structure and other key agenda including ESG factors.