

# **Star Health and Allied Insurance Company Limited**

## **CONFLICT OF INTEREST POLICY**

**Version 1.0**

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## Document Summary

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| <b>Document Name:</b>           | Conflict of Interest Policy |
| <b>Current Version:</b>         | 1.0                         |
| <b>Document classification:</b> | Internal                    |

## Revision History

| Version No | Date                      | Description                 | Author          | Reviewed by          | Approved by |
|------------|---------------------------|-----------------------------|-----------------|----------------------|-------------|
| 1.0        | Sep 22 <sup>nd</sup> 2023 | Conflict of Interest Policy | Risk Management | CHRO, EX-COM Members |             |
| 1.0        | Apr 30 <sup>th</sup> 2024 | Conflict of Interest Policy | Risk Management | CHRO, EX-COM Members |             |
| 1.0        | Apr 29 <sup>th</sup> 2025 | Conflict of Interest Policy | Risk Management | CHRO, EX-COM Members |             |

## Revision Details

| Change reference | Change details                  | Date           |
|------------------|---------------------------------|----------------|
| 1.0              | New Policy Created              | Sept 22, 2023  |
| 1.0              | Implementation for FY 2024 - 25 | April 30, 2024 |
| 1.0              | Implementation for FY 2025 - 26 | April 29, 2024 |

## A. INTRODUCTION

At Star Health and Allied Insurance Co. Ltd (here after can be read as Star Health), we prioritize transparency, fairness, and ethical conduct in all aspects of our operations. This policy articulates our commitment to transparency, integrity, and fair business practices.

Star Health recognizes that conflicts of interest have the potential to compromise the trust placed in us by our clients, partners, and stakeholders. Therefore, it is essential that clear defined guidelines and procedures are established to proactively identify, disclose, and appropriately address any conflicts of interest that may arise among our employees, board members, and other individuals associated with our company in various capacities.

By adhering to this policy, we aim to maintain a culture of ethical conduct, ensuring the best interests of our stakeholders, and upholding our reputation as a trusted and responsible corporate entity. Policy also ensure the necessary regulatory compliances as defined under Companies Act, 2013.

## B. DEFINITION

- **Conflict of Interest** in context to this policy refers to a situation where the interests of the company, its employees, or its agents potentially conflict with the best interests of the policyholders or clients. It involves circumstances where there is a risk that the company's financial or personal interests could compromise its duty to act in a fair, unbiased, and ethical manner towards policyholders. This encompasses situations where an employee refrains from providing impartial opinions or services, as well as carrying out their responsibilities in a manner that serves the policyholder and the company's best interests.
- **Employee** means any person employed by Star Health. This policy is applicable to all the employees, including full-time, part-time, temporary, and contractual employees, as well as interns, officers, directors, managers of Star Health.
- **Designated authority** in this policy can be considered as Head of Compliance, HR, Risk or Legal on case to case based on the disclosure / matter.

## C. EXPECTATIONS FROM EMPLOYEES

- i. Employees shall at all times engage in business decisions while prioritizing the best interests of the current or prospective policyholder and/or the Company. Avoid making decisions based on personal choices, close relationships, or attempts to gain financial or other benefits, directly or indirectly, or to seek favours.
- ii. Utilize sound judgment to proactively prevent situations that could lead to potential conflicts of interest, which might adversely impact the interest of the policyholder and/or the Company.
- iii. Conduct all actions with a high degree of transparency, ensuring that actions and decisions are clearly visible and understandable to relevant stakeholders.
- iv. Employees responsible for developing, selling, and servicing the Company's products to prospective/existing policyholders must adhere to the Company's ethical sales principles. Steer clear of situations where personal interests in a sale/service outcome conflict with the policyholder's interests.

- v. Prioritize the interests of policyholders and the Company over personal gain or self-interest in all professional matters.
- vi. Whenever a conflicting situation arises that deviates from this Policy or the ethical sales principles, promptly disclose such situations in writing, ensuring transparency and accountability.
- vii. Instances where a conflict of interest is present, employee shall abstain from participating in the decision-making process. If avoiding participation is not feasible, seek prior approval from HR Head before proceeding. HR Business Head will report such instances to the Chief Human Resource Officer and Chief Risk Officer.
- viii. Do not utilize company assets, facilities, or premises for any political purposes. Engaging in or promoting political activities during office hours, is strictly prohibited.
- ix. Encourage employees to report any observed or potential violations of the Policy without fearing retaliation or victimization. Uphold a culture where reporting unethical behaviour is valued and protected.
- x. Employees seeking to attend seminars or training sponsored by third parties that are prospective or existing vendors/business partners, must obtain written approval from the relevant Business Head, CHRO and CRO. These employees should abstain from participating in any decision-making process related to the selection of such vendors/business partners for a period of six months from the event date, unless approved by the CHRO and CRO. Exceptions can be made in exceptional circumstances, with reasons recorded in writing.
- xi. Star Health employees desiring to serve as a Director, Trustee, Officer, Owner, or Partner of a 'Not-For-Profit' organization as a volunteer and without compensation (for example, on the Board of a school, hospital, co-operative, or social organization) need not obtain prior approval if there are no actual, potential, or perceived conflicts of interest.

#### **D. DISCLOSURE REQUIREMENTS**

- All employees of the company are expected to disclose any actual or potential conflicts of interest promptly and in writing to the designated authority as soon as the individual becomes aware of the conflict or potential conflict. The disclosure should include all relevant facts and details about the conflict, including the nature of the conflict, the parties involved, and any existing or proposed business relationships or transactions that may give rise to the conflict.
- In addition to disclosing conflicts at the time of their occurrence, employees are also expected to provide updates to their disclosure if there are any material changes or developments in the conflict. This includes changes in the parties involved, the scope of the conflict, or any new business relationships or transactions that may impact the conflict of interest.
- All disclosures will be treated confidentially, and the designated authority will review each disclosure on a case-by-case basis.

## E. EVALUATION AND MANAGEMENT

- Upon receipt of such disclosure, a thorough evaluation of the situation will be conducted. The company shall evaluate such conflicts, which may involve reviewing relevant facts, investigation, or assessment to determine the seriousness and potential impact of the conflict on the company and on the individual's ability to perform his/her duties objectively.
- During the review process, relevant information and documentation related to the conflict will be collected and examined. This may include financial statements, contracts, or any other pertinent records. Based on the information and documents collected, a decision will be taken.

## F. GOVERNANCE AND INTERNAL CONTROLS

- Department heads bear the duty of ensuring the enforcement of the Conflict of Interest Policy in their respective functions and ensuring that employees within their functions, are fully informed about the Policy's stipulations and adhere to them without any deviations.
- Department heads are required to take reasonable steps to identify and address situations involving Conflict of Interest and its governance to avoid any conflicting situation.
- If there is any uncertainty in identifying potential conflicts, reference may be made to relevant regulatory guidelines and/or the Company's ethical principles. Whenever an employee seeks clarification, they should consult HR Head.
- Upon encountering a Conflict of Interest scenario, the individuals involved must formally inform their functional head and HR Head in writing.

## G. DECISION MAKING PROCESS

During the decision-making process, steps will be taken to minimize or eliminate the conflict of interest, whenever feasible and appropriate. This may involve recusal, where the individual with the conflict voluntarily removes himself/herself from the decision-making process or refrains from participating in discussions or voting related to the conflict. Alternatively, mitigation measures such as the establishment of safeguards, independent reviews, or third-party assessments shall be implemented to ensure the fairness and objectivity of the decision-making process and that the decisions are made in the best interests of the company and stakeholders.

## H. TRAINING AND COMMUNICATION

The company is committed towards providing training and education to its employees regarding conflicts of interest. The primary purpose of this training is to ensure that all employees understand what constitutes a conflict of interest, how to identify potential conflicts, and how to appropriately address and disclose them.

## I. ENFORCEMENT AND CONSEQUENCES

If the investigation reveals that an undisclosed / unapproved conflict of interest exists, appropriate actions will be taken to address the situation. These actions may include, but are not limited to:

- a) **Mitigation Measures:** The company may implement measures to minimize or eliminate the conflict of interest, such as transferring the employee to a different department or role, reassigning responsibilities, or modifying reporting lines.
- b) **Disciplinary Actions:** Depending on the severity and nature of the conflict, disciplinary actions may be taken. These actions may range from verbal or written warnings to suspension, termination, or legal action, as deemed necessary.

- c) **Financial Consequences:** In cases where an employee's conflict of interest has resulted in financial harm or loss to the company, the employee may be held liable for restitution or damages, as determined under applicable laws and regulations.

It is important to note that the consequences for violating the Conflict of Interest policy will be applied consistently and in a fair manner across all employees, regardless of their position or seniority within the organization. By doing so, we aim to uphold our commitment to a culture of trust, fairness, and ethical conduct.

Employees are strongly encouraged to familiarize themselves with the Conflict of Interest policy and seek guidance from the appropriate channels whenever they have questions or concerns.

## J. PERIODIC REVIEW

The policy shall be reviewed at least once annually and more frequently, where required, to ensure it remains up to date, relevant and aligned with current definitions / understanding of conflict of interest situations.

### Annexure 1: Some illustrative examples of Conflict of Interest

- a) **Agent or broker relationships:** When insurance agents or brokers receive commissions or other financial incentives that could influence their recommendations or choices of insurance products, potentially compromising the best interests of policyholders.
- b) **Dual roles:** When individuals within the company have conflicting responsibilities or roles that may create a bias or compromise their ability to act in the best interests of policyholders.
- c) **Due Diligence Process:** When individuals conflicting responsibilities where he/she is involved in decision making as well as due diligence process, which may influence his/her decision. For example, an employee who is responsible for both claims adjustment and underwriting decisions may face conflict of interest pressures OR person responsible for appointment / empanelment of hospital is also part of due diligence process or claim investigating process.
- d) **Financial relationships:** When the company or its employees have financial relationships, investments, or affiliations that could influence their decision-making and potentially impact policyholders. When individuals within the company have conflicting responsibilities or roles that may create a bias or compromise their ability to act in the best interests of policyholders
- e) **Insider trading:** When individuals within the company use non-public information for personal gain or to the detriment of other stakeholders
- f) **Reporting Relationships:** A manager or supervisor might show favouritism toward their friends or family members in the workplace, leading to unequal treatment or biased decisions that affect team dynamics and morale. Romantic or close personal relationships between colleagues or supervisors can lead to favouritism, biased decisions, and conflicts of interest.
- g) **Conflict in Decision Making:** When employees within a company have personal interests that conflict with the best interests of the organization, they might make decisions that benefit them personally but harm the company's overall goals and other employees.

- h) **Misuse of Resources:** Allocate company resources (funds, personnel, time) to projects that benefit them directly, rather than aligning with the company's strategic goals or the needs of the broader team.
- i) **Procurement Decisions:** Intentionally steering business towards suppliers or vendors owned, controlled, or managed by a family member, or any other person, with the purpose of personal gain, whether monetarily or for personal reasons. Additionally, employees should refrain from direct or indirect involvement in creating or managing outsourced activities for the outsourced entity.
- j) **Performance / Incentive Conflicts:** Manipulate performance metrics or financial data or favours decision to inflate their own bonuses or compensation at the expense of accurate reporting or equitable rewards for the broader team. Conflict may be perceived if the decisions are made to benefit any or certain set of individuals.
- k) **Moonlighting:** When an employee indulges in dual employment / engages in outside activities that competes with their primary job or company, it can compromise their commitment and focus.
- l) **Non-Disclosure of Relationships:** Failing to disclose relevant relationships or interests that could influence decision-making creates a lack of transparency and ethical concerns.
- m) **Personal Projects:** Using company time, resources, or information to work on personal projects that conflict with the company's interests can create ethical dilemmas.
- n) **Proprietary Information:** Utilizing confidential information or any Company asset for personal or relative gain, or sharing such information with entities in which the employee holds an interest. It's important to note that employees should avoid using confidential or proprietary information from other entities for the Company's initiatives, as this could result in legal implications for the Company.