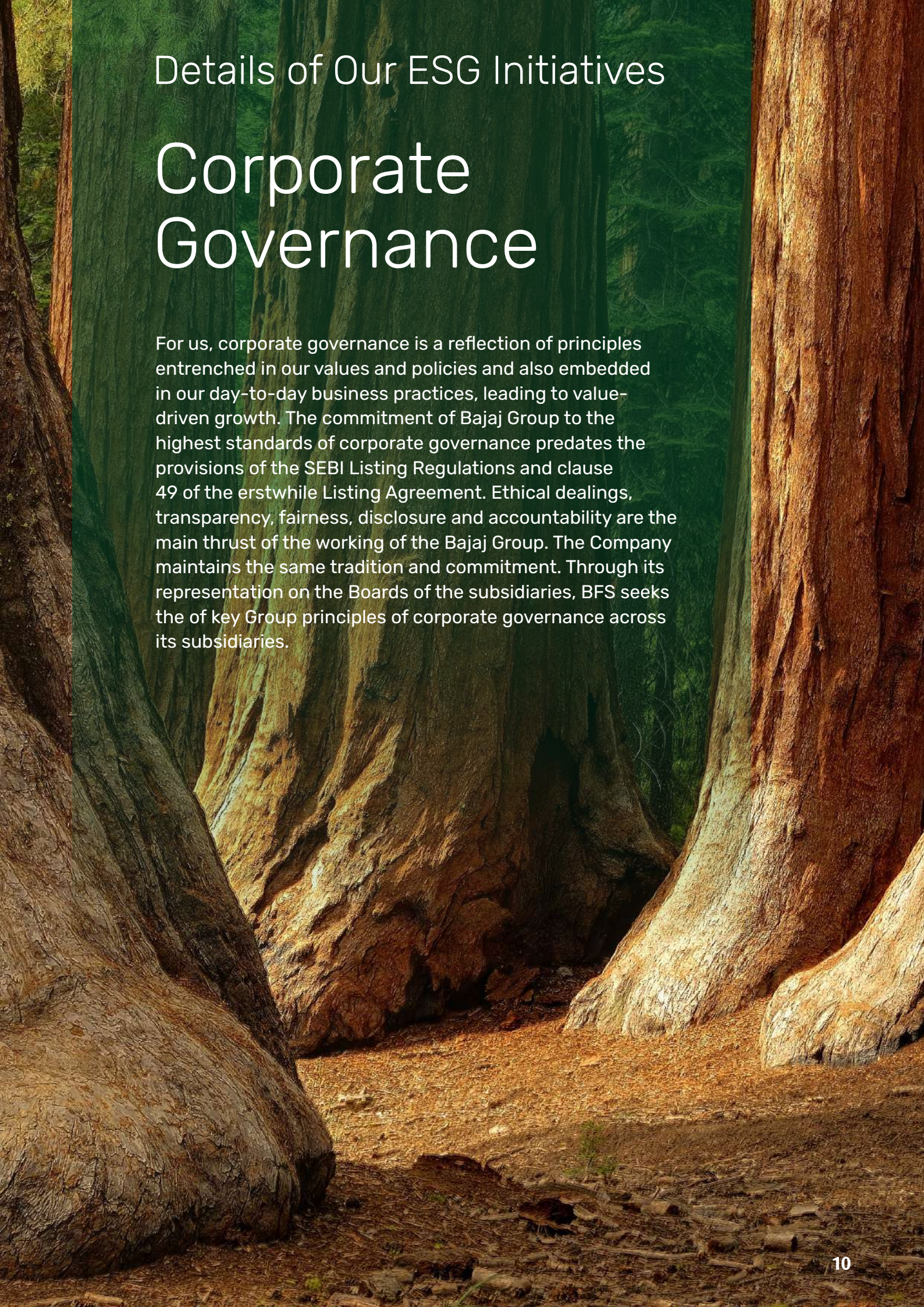


The background of the page is a photograph of a forest floor. Several large, thick tree trunks are visible, with rough, textured bark. The ground is covered in brown leaves and twigs. A semi-transparent green rectangular overlay covers the upper portion of the image, where the text is placed.

Details of Our ESG Initiatives

Corporate Governance

For us, corporate governance is a reflection of principles entrenched in our values and policies and also embedded in our day-to-day business practices, leading to value-driven growth. The commitment of Bajaj Group to the highest standards of corporate governance predates the provisions of the SEBI Listing Regulations and clause 49 of the erstwhile Listing Agreement. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust of the working of the Bajaj Group. The Company maintains the same tradition and commitment. Through its representation on the Boards of the subsidiaries, BFS seeks the of key Group principles of corporate governance across its subsidiaries.



Building on Corporate Governance

Key governance practices are as follows:

- ◆ Compliance with applicable law
- ◆ Number of Board and Committee meetings more than the statutory requirement, including meetings dedicated for discussing strategy, operating plans and risks
- ◆ Board comprises of Director, from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management as required
- ◆ Panel of independent directors with outstanding track record and reputation
- ◆ Pre-Audit Committee meetings of the Committee's Chair with statutory auditors, internal auditor and members of executive management
- ◆ Separate meeting of independent Directors without presence of non-independent directors or executive management
- ◆ Confidential Board evaluation process where each Board member evaluates the performance of every Director, Committees of the Board, the Chairman of the Board and the Board as a whole
- ◆ Presentations by key senior management team members of the Company and its subsidiaries to familiarise the Directors with key elements of each of the businesses
- ◆ Complete and detailed information provided to Board members in advance to enable them to evaluate matters carefully for meaningful discussions
- ◆ Representation of the Company via non-executive and independent Director, on the Board of its material subsidiaries which ensures an institutionalised structure of control over subsidiaries
- ◆ Half-yearly communication from the Chairman to all shareholders of the Company giving an update on the Company's performance
- ◆ Adoption of key governance policies and codes by the Board in line with best practices, which are made available to stakeholders for downloading/viewing from the Company's website
- ◆ Half-yearly letter from the Chairman to all shareholders of the Company giving an update on the Company's performance
- ◆ Apart from BFS and its listed subsidiaries, which carry out familiarisation programmes for its Directors, as required under the SEBI Listing Regulations, even unlisted material subsidiaries on an ongoing basis keep their respective Directors abreast of matters relating to the industry, business models, risk metrics, mitigation and management, governing regulations, ESG, information technology including cyber security, their roles, rights and responsibilities, major developments and updates on the Company, etc.
- ◆ The Company has indicated material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to businesses in the Statutory reporting section of this Report

Full details of the Company's Corporate Governance are presented separately in the Report on Corporate Governance of the Annual Report

Nurturing Ethics and Integrity

The value of ethics and integrity are deeply ingrained and practised in day-to-day operations across the BFS Group. Some of the key elements of its policies and practices in this regard include:

Six meetings of ESG Committee members were held across the BFS Group along with an update presentation to Board of Directors of Group companies on overall ESG strategy.

- ◆ The Group's [Code of Ethics and Personal Conduct \(CoEPC\)](#) covers good working, cultural and integrity norms. The '[disciplinary actions and grievance redressal policy](#)' and '[Whistle Blower Policy/vigil mechanism](#)', allow employees to consult on issues, anonymously report and/or escalate grievances of any nature. Including harassment, fraud / suspected fraud, unethical behaviour, instances a leak or suspected leak of unpublished price sensitive information, etc. which are detrimental to our Company's interest or/and is a process/policy violation. Further, with the entire BFS Group embracing a consistent CoEPC, we have taken another futuristic step towards being a more responsible and ethical organisation.
- ◆ A framework of policies and processes is in place to safeguard employees who report any unethical behaviour against discrimination, harassment, victimisation or other unfair employment practices. BFS and its material subsidiaries also accord employees direct access to the Chairman of their Audit Committee
- ◆ BFS and its listed subsidiaries have a separate [Code of Conduct for its Directors and Senior Management](#). They shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement. The Annual Report carries Directors' and Senior Management's affirmation as communicated to all stakeholders by the Chairman & Managing Director





◆ The Company, through its Chairman & Managing Director, has signed the following charters of Confederation of Indian Industry ('CII'):

- ◆ Model code of conduct for ethical business practices,
- ◆ Charter on fair and responsible workplace guidelines for collaborative employee relations, and
- ◆ Charter on fair and responsible workplace guidelines for contract labour.

◆ Led by its zero-tolerance towards unethical business practices, the BFS Group ensures adherence to necessary policies with respect to anti-fraud, anti-bribery, conflict of interest, prevention of insider trading, prevention of money laundering, prevention of sexual harassment and related party transactions. Depending on the nature of severity of misconduct/non-compliance of CoEPC/policies, appropriate action ranging from counselling, warning, suspension, and pay deduction to termination are taken.

Zero tolerance towards unethical business practices.

- ◆ Transparency and fairness in dealings with customers is followed across the Group. None of the products withholds any relevant information needed by the customers to make informed decisions.



Awards and Recognition

The successful milestones of the Company, its subsidiaries and key personnel, found appreciation in various prestigious awards during the year. Some of those are listed below:

BFS

- ◆ Late Rahul Bajaj, Chairman Emeritus of Bajaj Group, was conferred with the 'Hall of Fame' honour at the CNBC-TV18 India Business Leader Awards, 2022 for his extraordinary leadership over the years.
- ◆ S. Sreenivasan, Chief Financial Officer of Bajaj Finserv, was conferred with the 'CFO of the Year BFSI & Fintech' Award in 2021 by CII.

BFL

- ◆ Rajeev Jain, Managing Director, was conferred with the 'Champion of Champions' honour in the prestigious Business Today-PwC India's Best CEOs rankings in March 2022.
- ◆ Sandeep Jain, Chief Financial Officer, was conferred with the Best Financial Minds in India INC - Financial Express CFO Awards 2022.

BAGIC

- ◆ Conferred with 'General Insurance Company of the Year' at India Insurance Summit and Awards 2022.
- ◆ Received the 'Gold Award in the Non-Life Insurance Provider of the Year' at the 20th edition of the Outlook Money Awards.

BALIC

- ◆ Awarded for the 'Highest Growth' category at the ASSOCHAM 13th Global Insurance E-Summit and Awards.
- ◆ Won accolades for revolutionary digital platform Smart Assist, including ET BFSI Excellence Awards 2021 under 'Best Digital Customer Experience Initiative [Insurance]'.





Engaging in prudent and responsible business conduct

Imbued in BFS Group is a strong culture of responsible business conduct for building long-term businesses and providing sustainable growth, and meeting the interests of its stakeholders. Besides adopting high standards of governance, the Group remains committed to prudent business practices in order to ensure that businesses are not exposed to undue risks.

Some of the prudent business practices we follow are enumerated below:

- ◆ Recognising the risks that our businesses carry and keeping the interest of our stakeholders into consideration, all material subsidiaries maintain liquidity / solvency in excess of the norms laid down by the relevant regulators:

	Subsidiary	As of 31 March 2022		As of 31 March 2021		As of 31 March 2020	
		Regulatory requirement	Company ratio	Regulatory requirement	Company ratio	Regulatory requirement	Company ratio
Capital to Risk-weighted Assets ratio (CRAR)	BFL	15% (RBI)	27.2%	15% (RBI)	28.3%	15% (RBI)	25%
	BHFL	15% (RBI)	19.7%	14% (RBI)	21.3%	13% (RBI)	25%
Solvency ratio	BAGIC	150% (IRDAI)	344%	150% (IRDAI)	345%	150% (RBI)	254%
	BALIC	150% (IRDAI)	581%	150% (IRDAI)	666%	150% (RBI)	745%

- ◆ BFL maintains low leverage levels and has always raised equity capital upon reaching 6 to 7 times, much more conservative than the regulatory stipulation and most other NBFCs.

- ◆ More than 98% of the fixed income portfolio of our insurance subsidiaries comprises the highest credit-rated securities (sovereign / AAA or equivalent).

- ◆ The company and its material subsidiaries have a Risk Management framework duly approved by their Boards, more details about which are available in the Annual Report the respective company. Risk management systems are well structured and robustly developed across our businesses as manifested in the fact that:

- BFL ended the year with improved stage two assets of 1.97%, gross NPA of 1.60% and net NPA of 0.68% on a consolidated basis, representing pre-Covid metrics. The Company's macro and management overlay provision was ₹1,060 crore as of 31 March 2022 compared to ₹840 crore as of 31 March 2021. BFL has entered FY2023 with portfolio quality better than pre-Covid.

- During FY2022, BALIC won the 'Best Risk Management Initiative' Award InsureNext, 'Anti-Fraud Team of the Year' award by Achromic Point, and 'Best Fraud Prevention Platform' by FinTech India Innovation Awards, recognising its risk management, fraud prevention and mitigation initiatives.
- During FY2022, BAGIC received 'Fraud Intelligence Insurance company of the year' at Quantic BFSI excellence awards 2021, Best Risk Management Initiative award (Non-Life insurance) for project Anveshak at InsureNext Summit and Best Risk Management strategy award at the 3rd emerging Asia Insurance award 2021.

- ◆ BAGIC industry-leading combined ratios consistent over time - Combined Ratio stood at 99.6% in FY2022.
- ◆ Long-term sustainable businesses can only be run by empowered professionals. BFS Group strongly believes empowerment and accountability to be inexorably linked and has identified 'Accountable Empowerment' as one of its core principles. Driven by this principle, all the Companies in the Group are

In April 2022, the Boards of our insurance subsidiaries have approved Responsible Investment principles as part of their respective investment policies, which shall be implemented in a structured manner.

managed by competent professionals, while being overseen by their respective Boards. The remuneration of senior management across BFS Group is benchmarked with appropriate peer groups, and it comprises fixed pay, variable pay and long-term incentive (including stock options).

Making Responsible Investment

Cognisant of our duty to act in the best long-term interests of our investors, shareholders and policyholders, we believe that ESG issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). Thus, we are consistent with our fiduciary responsibilities, we have adopted Responsible Investment principles.





Striving for Women Empowerment

Women empowerment is one of the key priorities for sustainable and inclusive development of the society. We have several initiatives for empowerment of women, within the Group and outside, which steers women empowerment agenda.

Nurturing the growth of women employees

- ◆ To support women colleagues, BFS and its subsidiaries have put in place robust women-centric policies such as women safety, cab facility, women travel policy, flexible working hours (specially post maternity), preferential transfers and so on.
- ◆ The women workforce to the total workforce has been increasing over the last few years from 11% as of 31 March 2019 to 16% as of 31 March 2022.
- ◆ Over the last three years, the gender mix of the total employees hired during the year witnessed an increase in the female ratio from 12% in FY2020 to 21% in FY2022.
- ◆ Further, BAGIC has received 'Best Organisations for Women' award 2022 by The Economic Times.

Empowering women customers/ value chain partners

- ◆ BAGIC offers women-specific critical illness insurance plan for protection against eight life-threatening conditions. Till date more than 45,000 women have been insured under this plan.
- ◆ Provided financing access, amounting to over ₹ 49,000 crore, to more than 8.7 million women borrowers during the last 3 years.
- ◆ Insurance subsidiaries provide significant entrepreneurship opportunities to women – 40,164 women insurance agents represent 26.9% of our total insurance agents as of 31 March 2022.

Empowering women through society

- ◆ We strive to empower women (including young girls) through our various CSR programmes in areas of healthcare, education and livelihood (refer to 'Empowering Society' section).
- ◆ Female student enrolment in CPBFI is 67% – our flagship programme to equip fresh graduates and final-year undergraduate students for the BFSI sector.
- ◆ More than 0.2 million women reached through women focussed CSR projects active as of 31 March 2022.

