



**RESPONSIBLE  
GOVERNANCE**

## GOVERNANCE OVERVIEW

At Edelweiss, Governance is a way of life. It enables us to support our stakeholders by creating a strong foundation to grow our business and realise our purpose. Our policies and procedures consider all applicable laws and regulations, both national and global, providing clear guidelines on expected professionalism and behaviour.

Senior executives across the group play a large role in the development, approval, and updation of the organisation’s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.

## GOVERNANCE STRUCTURE

### BOARD OF DIRECTORS

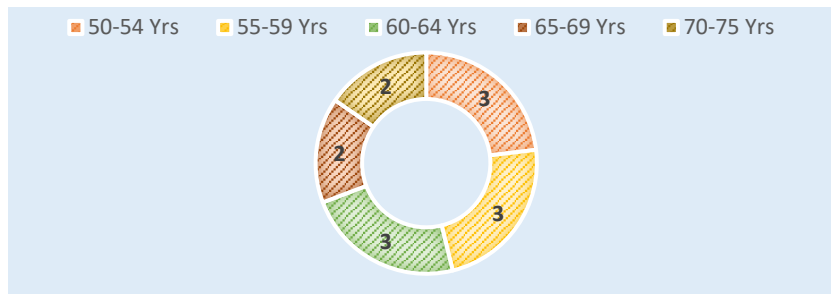
Our 13-member [Board of Directors](#) come from diverse backgrounds bringing over 350 man-years of rich experience to Edelweiss. This diversity of thought, background, skill sets, experience and expertise enable us to operate optimally.

#### Board Composition (As on March 31, 2020)

Executive Directors	Non-Executive Directors	Independent Directors
<p><b>Rashesh Shah</b> <i>(Chairman &amp; CEO)</i></p> <p><b>Venkatchalam Ramaswamy</b> <i>(Vice Chairman)</i></p> <p><b>Himanshu Kaji</b> <i>(COO)</i></p> <p><b>Rujan Panjwani</b> <i>(Executive Director)</i></p>	<p><b>Vidya Shah</b></p> <p><b>Anita Marangoly George</b></p>	<p><b>P N Venkatachalam</b></p> <p><b>Berjis Desai</b></p> <p><b>Navtej S Nandra</b></p> <p><b>Kunnasagaran Chinniah</b></p> <p><b>Biswamohan Mahapatra</b></p> <p><b>Ashok Kini</b></p> <p><b>Dr. Ashima Goyal</b></p>

As on March 31, 2020, the Board of Directors consist of thirteen (13) Directors, out which seven (7) are Independent Directors (one Woman Independent Director), two (2) Non-Executive Non-Independent Women Director and four (4) Executive Directors. The Board has majority Independent Directors, with all major committees dominated and chaired by them. All Board members strive for 100% attendance and active participation in Board and Board Committee meetings.

### AGE COMPOSITION OF BOARD OF DIRECTORS



### BOARD ELECTION, EVALUATION & REMUNERATION PROCESS

The Board of Directors has constituted the Nomination and Remuneration Committee to:

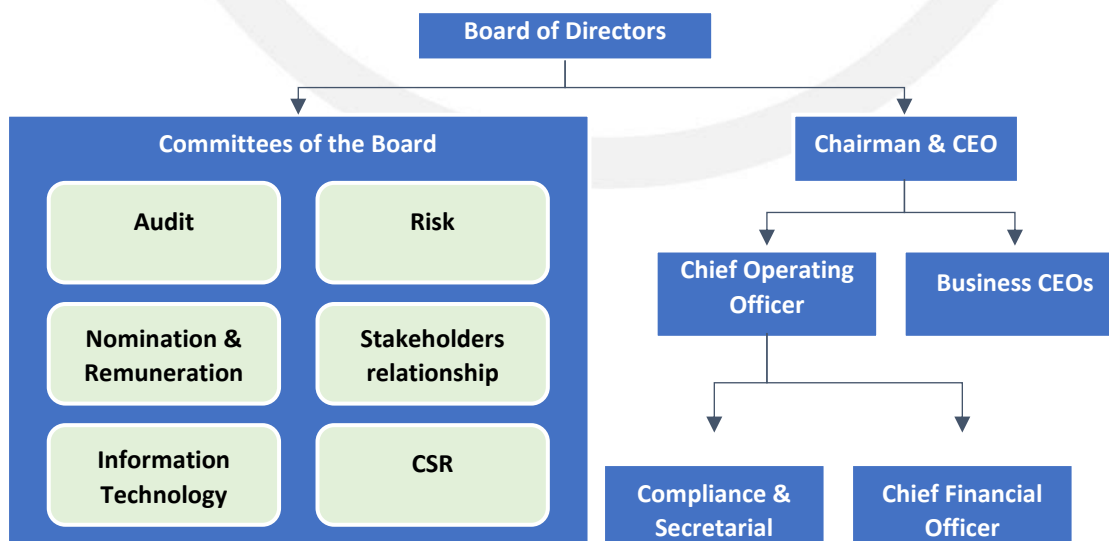
- Identify the persons who can become Directors;
- Ensure 'fit and proper' status and credentials of proposed/existing Directors;
- Formulate criteria for determining the qualifications, positive attributes and Independence of a Director

The Nomination and Remuneration Committee (NRC) of the Board, while recommending the appointment of Directors may consider the desirable qualifications which may amongst other things include professional qualifications, skill sets, industry experience, background, value addition to the Company and the criteria of independence as prescribed under the Companies Act, 2013.

A [Board Evaluation Policy](#) for evaluating the performance of the Board, its Committees, the Chairman, the Executive Directors, the Non-Executive Directors and the Independent Directors has been adopted by the Company.

### BOARD COMMITTEES & ORGANISATION

The Board of Directors has constituted various Committees comprising both Executive Directors and Independent Directors to assist it in taking better decisions. The organisation structure is as follows:



Details of the [composition of the Board Committees and their Terms of Reference](#) are available on our website.

	Director Name	Audit	Risk	NRC <sup>1</sup>	CSR <sup>1</sup>	SR <sup>1</sup>	IT <sup>1</sup>
Independent	P N Venkatachalam	★	★		✓		
	Berjis Desai	✓		★		★	
	Navtej S Nandra		✓	✓			★
	Kunnasagaran Chinniah	✓	✓	✓		✓	✓
	Biswamohan Mahapatra	✓	✓				✓
	Ashok Kini						
	Dr. Ashima Goyal						
Non-Executive	Vidya Shah						
	Anita Marangoly George						
Executive	Rashesh Shah						✓
	Venkatchalam Ramaswamy				★	✓	
	Himanshu Kaji		✓		✓		
	Rujan Panjwani				✓		

★ Chairman    ✓ Member

Details of the attendance of the Board and Board Committees during the year are as follows.

Board Meetings in FY 2020	Independent Directors	Total Attendance
May 2019	7/7	13/13
Aug 2019	6/7	11/13
Nov 2019	7/7	13/13
Feb 2020	7/7	13/13

Committee Meetings in FY 2020	Audit	Risk	NRC <sup>1</sup>	CSR <sup>1</sup>	SR <sup>1</sup>	IT <sup>1</sup>
May 2019	4/4	5/5	3/3	4/4	3/3	-
Aug 2019	3/4	4/5	-	-	-	4/4
Nov 2019	4/4	5/5	3/3	4/4	3/3	4/4
Feb 2020	4/4	5/5	-	-	-	4/4

## ESG GOVERNANCE AT EDELWEISS

Edelweiss has formed an ESG Council in FY 2020 to provide effective governance for addressing Environmental, Social and Governance (ESG) issues. The Council is comprised of heads of various Enterprise Units including Human Resources, Admin, Compliance and Governance, Marketing and Corporate Development & Investor Relations. This women majority Council meets on a quarterly basis and oversees the Company's ESG strategy, policies, reviews research documents and rating agencies' reports with the aim to embed sustainability across Edelweiss. The Council members bring together rich and varied professional experience of managing key stakeholder relationships. Supporting the Council is a team of sustainability champions from the various enterprise units who monitor and track performance on various identified ESG parameters.

Our Corporate Social Responsibility program ("CSR") is an important foundation of our business reputation and is carried out through our philanthropic arm, EdelGive Foundation ("EdelGive"). EdelGive seeks to build a strong, efficient and high impact social sector by being the bridge between the users and providers of philanthropic capital and knowledge, by catalysing the exchange of ideas, skills, talents and resources among civil society, philanthropists, businesses and government. The Corporate Social Responsibility Committee ('CSR Committee') is primarily responsible for making decisions with respect to economic, environmental, and social topics. Ms. Vidya Shah, Non-Executive Director of the Company has been appointed as the person responsible for the ESG activities. The Board is apprised about the developments and progress on ESG activities of the Company on a periodical basis.

## LEGAL AND REGULATORY COMPLIANCE

All Edelweiss businesses operate in highly regulated sectors with a strong culture of compliance, regulatory standards, and remediation of escalations. We seek ways to enhance and embed governance and regulatory oversight of our control environment across Edelweiss. Some of them include:

- Each business within Edelweiss has an independent compliance function headed by a chief compliance officers who is responsible for identifying and addressing the risks presented by their respective businesses and operating within a sound control environment
- Adoption of a 'Group Compliance' approach ensuring alignment in objectives of each business entity within Edelweiss
- Compliance ownership rests with independent Compliance Officers for each business entity who are responsible for identifying and addressing the risks presented by their businesses and operating within a sound control environment
- Automation of regulatory compliance through technology-based applications
- Periodic review of regulatory compliances, directives of sectoral regulators and the SEBI LODR by the Audit and the Board Committees
- Creation of e-learning modules on Anti Money Laundering, Prevention of Insider Trading, Cyber Security, and others for all employees across the group
- Expertise on compliance, governance and legal issues provided to the teams by organising monthly Knowledge Series sessions where law firms, ex - RBI and SEBI consultants, Big 4 audit firms are invited to provide their views on matters such as new regulations, Industry practices, regulator's views, benchmarking of our practices versus industry practices.

## POLICY ADVOCACY

The financial services industry is subject to significant regulations and we believe it is important to contribute our views and experience to consultation papers and exposure drafts which may impact issues on public policy and directly affect our customers, employees and the general public. To this end, we:

- Actively participate in policy discussions to highlight and address concerns on financial and economic growth, sustainable development, and climate change
- Actively engage with regulators and governments to share our views
- Represent the voice of the industry by sharing our opinions through our participation in industry bodies and associations. We have been part of industry associations like FICCI and CII in the past
- Part of AIMA (Alternative Investment Management Association) APAC ESG working group

## FRAMEWORKS AND POLICIES

### CODE OF CONDUCT FOR EMPLOYEES

At the heart of our approach to good governance is our Code of Conduct. The Edelweiss Code of Conduct is designed to sensitize all employees about our philosophy, values, practices, culture, and governing relations between the Edelweiss Group companies and its employees. The Code outlines our commitment to each of our Employees and sets out an ethical roadmap for conduct of business.

All employees are required to familiarise themselves and comply with the Code on joining Edelweiss and thereafter adhere to the same on an annual basis. Employees are expected to take personal responsibility for observing the highest standards of integrity and conduct, and to report any violations without hesitation or fear of reprisal.

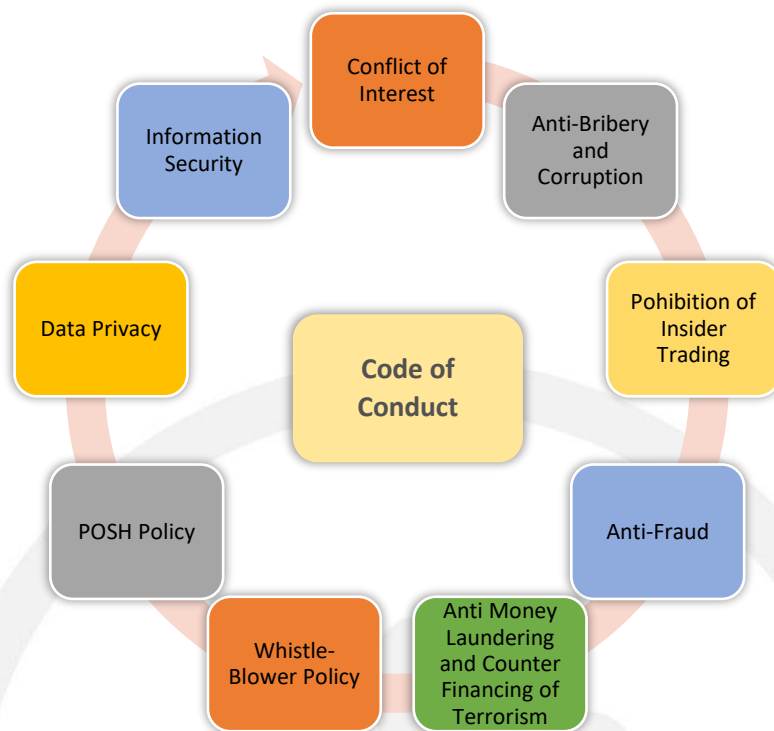
Non-compliance with the Code is subject to disciplinary action, which may include dismissal.

### CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

Edelweiss conforms to a cardinal principle of integrity, transparency and trust which has been the continuing basis of its growth and all-round development.

Directors and senior management individually and collectively help shape the growth of the Company as they are individually and collectively responsible to ensure that the Company operates with the highest degree of personal and professional integrity, honesty, and ethical conduct.

The Edelweiss Code of Conduct for Directors and Senior Management is an overarching statement setting out an ethical roadmap for conduct of business. This is an all-encompassing document for all Edelweiss's policies.



## CONFLICT OF INTEREST

Our Conflict of Interest frameworks facilitate businesses in achieving the best interests for our clients and ensures that our personal interests do not, at any time conflict with our duty to clients. Edelweiss has implemented measures such as Chinese Walls / information barriers, process of appropriate disclosures to clients, employee trading restrictions, etc., to ensure conflicts are managed appropriately. We are one of the few organizations in the Indian business landscape that has made applicable a Conflict of Interest policy to its senior employees and directors, in addition to the Employees' Code of Conduct.

- Conflict of Interest (COIN):** As a diversified financial services company, Edelweiss has created a centralised and automated framework for conflict clearance and business selection at an organisation level. We have a two-tier conflict management framework comprising of a Control Room (operated and guided by the Centre Compliance team on the prospective deal) and a Conflict Resolution Committee (CRC) comprising of senior management. Each business before undertaking any mandate, forwards the deal information to the central repository. The CRC advises on ways and means for managing and mitigating potential conflicts including rejecting the transaction, if necessary. Employees, Directors, Committee members are all required to comply with the Policy.
- Personal Conflict of Interest:** Conflict at a personal level is deemed to arise when an employee's interest, whether directly or indirectly, is perceived to be inconsistent with or is in conflict with the business interest of Edelweiss, including but not limited to personal dealing with clients, developers, vendors, suppliers, promoters, borrowers, connected parties, associates, counter-parties, competitors, etc. We take declarations from senior level employees (SVP and above) on a quarterly basis.

## **ANTI BRIBERY & CORRUPTION**

Our Anti Bribery & Corruption and Gifts & Entertainment Policy safeguards and promotes legitimate business throughout Edelweiss and prevents and prohibits corruption, bribery, and similar acts in connection with Edelweiss and its businesses. It also establishes principles and guidelines as to what would constitute normal and acceptable behaviour in relations to bribery and corrupt practices, and what would be regarded as unethical, criminal, or contrary to good corporate governance and behaviour. The Gifts and Entertainments register provides a consistent way to record, notify, approve, and monitor gifts and entertainment received/given by employees. Communication and trainings are tailored for directors and employees. Edelweiss business entities are responsible for implementing controls to reduce the risk of bribery and corruption and ensure compliance. Legal contracts with third party services providers and vendors have the necessary provisions to mandate disclosure of any violation to the policy. We conduct annual assessments to monitor compliance with this policy.

## **PROHIBITION OF INSIDER TRADING**

Edelweiss endeavours to preserve the confidentiality of Unpublished Price Sensitive Information ('UPSI') and to prevent misuse of such information. Every promoter, director and employee who deals with UPSI has a duty to safeguard the confidentiality of all such information obtained in the course of their work at Edelweiss. Edelweiss aims to ensure that there shall be no selective disclosure of UPSI and every promoter, Director and employee of Edelweiss shall endeavour to ensure equal accessibility of information to all the stakeholders associated with it and shall not use his or her position or knowledge of the information to gain personal benefit or to provide benefit to any third party. All employees are trained on the requirements of the Code at the time of onboarding and thereafter on an annual basis.

## **ANTI-FRAUD**

Edelweiss is committed to the high ethical standards outlined in the Code of Conduct and espouses a zero-tolerance approach towards fraud. Our Anti-Fraud Policy sets out standards for managing the risk of fraud, including training as well as preventive and detective measures. Our businesses implement procedures to prevent and facilitate early detection of fraudulent practices to protect customer interests and those of Edelweiss. Incidents and allegations or suspicions of fraud are assessed and investigated. Edelweiss takes a fair and proportionate approach in administering disciplinary actions in instances of fraudulent behaviour.

## **ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM**

Edelweiss is committed to combat any effort of laundering money earned through drug trafficking, terrorist financing and any other means of organized and serious crimes by any individual or entity. The Edelweiss Group AML/CTF Policy sets out the detailed requirements of the Group AML/CTF programme. This programme includes a risk-based approach to conducting customer due diligence, client screening, ongoing monitoring, suspicious activity reporting, training and record keeping. Edelweiss uses a comprehensive AML/CTF monitoring software or online tool to screen, risk profile and monitor customer activity. Edelweiss ensures that all its employees adhere to its AML/CTF Policy framework and applicable laws, rules and regulations in relation thereto. All employees at the time of



joining Edelweiss and thereafter on an annual basis, are required to complete AML/CTF training. Sales Team members are also provided appropriate AML/ CTF training wherever required.

### **WHISTLE BLOWER POLICY**

The Whistle Blower Policy/Vigil Mechanism of Edelweiss aims to provide the employees, contractors, vendors, suppliers, customers of Edelweiss and other persons associated with Edelweiss, an opportunity to raise genuine concerns about violation of laws, of the Edelweiss Code of Conduct, unethical practices or gross misconduct by any of Edelweiss' employees or any persons associated with Edelweiss that can lead to either financial loss or reputational risk to Edelweiss. Employees and other stakeholders can report their concerns without fear of punishment or unfair treatment. Our policy prohibits any form of victimisation or retaliation against any employee providing a good faith report of an actual or suspected violation of the Code.

The Whistle Blower programme is overseen by the Board's Audit Committee, which receives regular reports from Group Internal Audit and Group Compliance on the number and nature of issues raised and the progress of all material investigations. Edelweiss provides multiple channels to raise issues, including telephone hotline, online portal, and email. A broad range of cases, covering a range of severity levels, are dealt with each year.

During the current financial year, we have received 6 complaints via different modes – CWI portal, email, post and after detailed investigations, we concluded 'zero' incident of Whistle Blower case.

### **POSH POLICY**

Edelweiss is committed to establishing and maintaining a congenial, safe, and fair work environment that is free from discrimination, intimidation, and sexual harassment of women at workplace. This policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace (POSH Policy) is formulated on the aforesaid principles which are part of the cornerstone of the Edelweiss Group's philosophy and ensures compliance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (Act) and the Rules notified thereunder.

In line with our focus towards being 100% compliant, we at Edelweiss proactively define our POSH processes. We conduct multiple sessions to build awareness through classroom sessions and interactive and engaging role plays. To strengthen our Internal Complaints Committee (IC), we focus on training the IC members on regular basis. We have introduced a one of its kind certification – 'IC Certification' whereby IC members undergo a robust workshop of two full days with training on technical parameters and behavioural skills through intensive activities and experiential learning. Post the sessions they undergo an assessment and on clearing the same, they are certified and on-boarded as our IC Members.

## POSH Synopsis – FY 20

No. of POSH cases	8
Total no. of trained IC Members	60+
Total no. of escalations (Social media or court)	None
IC Workshop & Training	IC Members covered – 60 Training hours invested – 960
IC Awareness & Training for Employees	Mandatory Online learning module for all employees while they are on boarded POSH awareness session via theatre workshop

## TRAINING

Edelweiss conforms to a cardinal principle of positive discipline, which prompts an Employee or a Group company to observe all the rules, regulations and procedures that are deemed necessary for its smooth working. Edelweiss aims to ensure that its employees treat all stakeholders, customers and third parties fairly and without bias or discrimination. Edelweiss has a robust Disciplinary Mechanism which helps it to set and maintain satisfactory standards of conduct within Edelweiss, and in doing so, ensure that all Employees are treated fairly and consistently. All employees are expected to comply with the rules – not from the fear of retaliation but from the desire to work, accept responsibility, and be capable of controlling and directing themselves for achieving common organizational objectives.

- Mandatory On-boarding Courses** - All employees at the time of joining Edelweiss and thereafter on an annual basis, are required to complete trainings on Anti Money Laundering and Counter Financing of Terrorism (AML/CFT), Prevention of Sexual Harassment, Prohibition of Insider Training, Whistle Blower Policy through the SHIELD module.

## RISK MANAGEMENT

### RISK MANAGEMENT PHILOSOPHY

The risk landscape for businesses around the world is evolving rapidly. As a large financial services organization operating in a complex industry, Edelweiss is exposed to various risks. To showcase our commitment to risk management, we have included risk in our [13 guiding principles](#), making it a part of our culture.

We follow a philosophy of “individual and collective responsibility” in risk management, ensuring that every individual at Edelweiss “owns the risk”. Risk education and awareness programmes also help improve and maintain our risk culture.

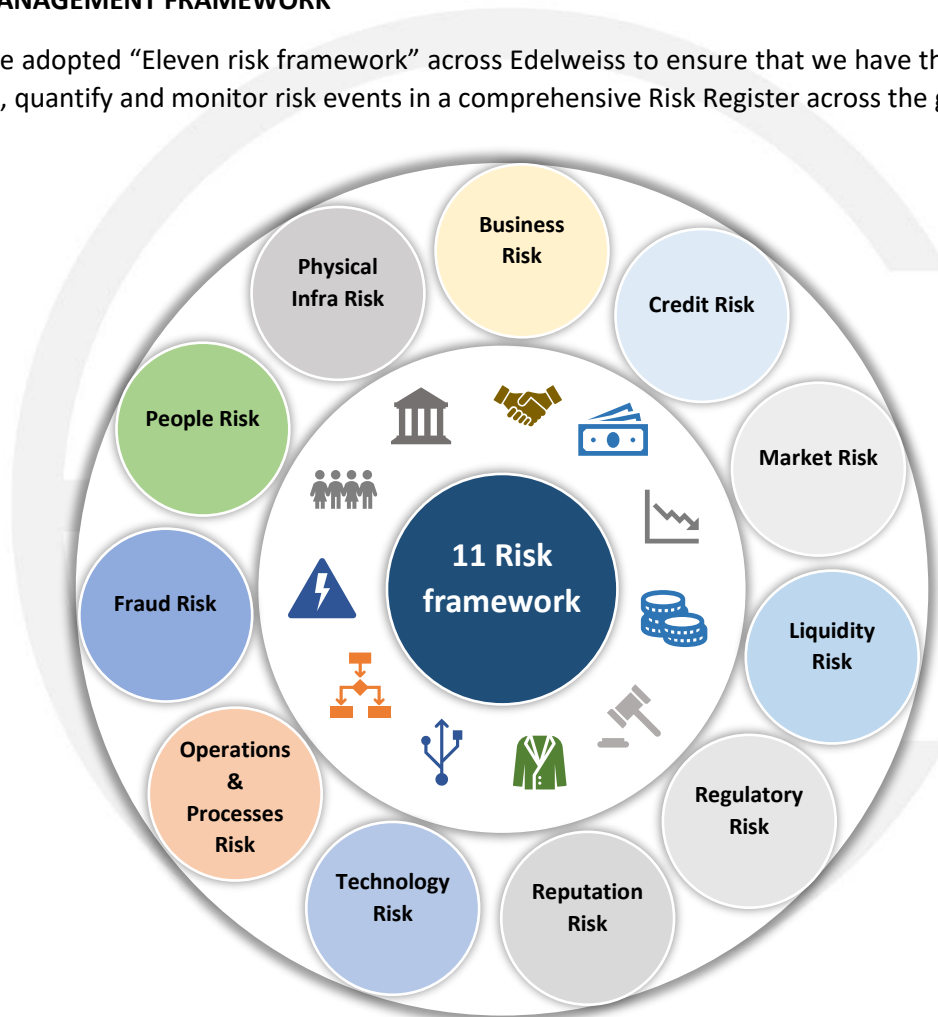
We convene annual Risk and Compliance Awards to felicitate the employees and businesses for their contribution towards effective risk management.

## RISK MANAGEMENT STRUCTURE

Our Board has formulated a Risk Management Policy to manage risks. The Board has delegated the responsibility of risk management to the Risk Management Committee, which meets on a quarterly basis. The Committee devises risk management frameworks and plans for identification, evaluation and assessment of risks. The Risk Management Frameworks along with our comprehensive policies, prescribe a comprehensive set of protocols for conducting our business activities.

## RISK MANAGEMENT FRAMEWORK

We have adopted “Eleven risk framework” across Edelweiss to ensure that we have the capability to identify, quantify and monitor risk events in a comprehensive Risk Register across the group.



Each risk event is mapped to the risk category, sub-category and primary risk vector and passes through the risk management lifecycle (1. Assess, 2. Avoid, 3. Mitigate and 4. Manage).

We follow incident/exception reporting mechanism to ensure that any deviations to the policies and processes are reported in a timely manner. Incidents reported are classified as high, medium, and low. High risk exceptions are reported to the Enterprise Risk Management Council and Key Exceptions also get reported to the Board. Our internal audit team provides independent assurance on the effectiveness of the risk framework and recommends control improvements. Our enhanced enterprise-wide mandatory training programme ensures that employees are “risk ready”, by giving them the knowledge and tools to protect our brand and mitigate the risks that could affect our business.

## **DATA PRIVACY**

At Edelweiss, our commitment to data privacy and security is the foundation of trust that our customers, employees, and partners place in us. We keep this trust going through several initiatives.

- Having a Data Privacy Policy and processes to ensure adequate safeguards for collection, receipt, possession, storage, dealing, handling, processing and protection of the personal information/data and sensitive information/data of our customers and third parties
- Enabling firewalls, intrusion detection systems, network monitoring, encryption, and other tools to prevent and detect cyber security attacks
- Institutionalized information technology standards to ensure that the existence of operational controls meet our information security objectives.
- Reviewing and assessing data security standards and controls of third-party vendors, including data security and encryption
- Embedding Privacy related provisions in contracts with third party vendors that handle customer data
- Educating employees on data security responsibilities through security awareness sessions, security alerts, bulletins, and trainings for specific teams such as IT and System Administrators
- In the process of embedding the Data Privacy program in the enterprise-wide risk management framework
- We are in the process of ensuring that customers' personal information remains private and confidential by employing 'Privacy by Design' in our product development.
- Privacy Training sessions for employees will be undertaken to understand their commitments towards privacy of personal information

## **INFORMATION SECURITY**

We are committed to protecting the interests of our customers, partners, employees, and stakeholders by providing a world-class Information Security environment. The Edelweiss Group's Information Security Policy is aligned to industry standards to ensure that our systems, processes, and information are secured.

Edelweiss focuses on Zero Trust security architecture and Advance Threat Protection modelling techniques with components including:

- Identities: Verification and security of each identity with strong authentication
- Devices: Gaining visibility into devices accessing the network and ensure compliance and health status before granting access
- Applications: Segmented Access to applications based on user role/ profile and Conditional Access (CA) i.e, authentication of Device identity and Posture is implemented. We have AI based Access Risk Monitoring platform in place to prevent against brute force attack
- Data: Shift from perimeter-based data protection to data-driven protection by use of intelligence to classify and label data

Our information security and information technology governance teams oversee the quality and consistency of cybersecurity across Edelweiss businesses. The teams maintain a focus on protecting

Edelweiss from the latest cyber threats by detecting any anomalies, effectively responding to cybersecurity issues, enhancing defensive controls and investing in security analytics. The cyber security issues are handled by the Information Security Governance team which reports directly to the Head of Group Chief Information Officer. Edelweiss believes that cybersecurity is the responsibility of every employee. Therefore, we educate our employees about how to protect themselves and Edelweiss from cyber threats through web-based awareness and readiness training and conducting regular cyber-defence assessments including incident management drills.

**No cases of loss of customer data and breaches of customer privacy were reported in FY 2020.**

## RESPONSIBLE INVESTMENT

Edelweiss Alternative Asset Advisors (EAAA) is a market leader in the Alternative Assets Management space. As on March 31, 2020 the business managed a total AUM of INR 21,700 Cr. EAAA is the largest player in Private Debt in India with a range of yield strategies spanning distressed credit, structured debt, real estate credit and operating infrastructure assets.

EAAA is committed to advancing the ESG agenda through a Responsible Investing approach and has adopted an ESG policy which is anchored to Principles of Responsible Investment (PRI) and UN Global Compact's 10 principles. Using the UN Global Compact and the Principles of Responsible Investing as guiding lights in the areas of human rights, labour, environment and anti-corruption, EAAA seeks to incorporate these principles into strategies, policies and procedures and it believes this will be a key component of sustainable long-term business growth.

During the investment process, EAAA takes material ESG issues into consideration. EAAA has drawn up a list of exclusionary sectors that the funds will refrain from investing. In order to bolster the efforts on the ESG front, we are in the process of strengthening our ESG frameworks and processes and seek to introduce ESG reporting to bring in more transparency to our investors and stakeholders.

## SUPPLIER RELATIONSHIPS MANAGEMENT

Edelweiss works with a diverse chain of suppliers and vendors at all levels of the workflow ecosystem. Our supply-chain partners primarily include ITES & ITES-centric products and service providers, human resource services, providers for various outsourced services such as physical security, utilities services, and vendors involved in the maintenance and/or expansion of our physical infrastructure. We have framed comprehensive Enterprise Procurement Guidelines that incorporate important Environment Social and Governance issues and mandate the procurement teams to carry out procurement in accordance with these Guidelines. These Guidelines are currently in the implementation phase.

As a leading corporate citizen, Edelweiss Group emphasizes the importance of environmental sustainability, human rights and labour laws, safety, and adherence to standardized environmental norms by vendors and partners at all stages. We have a mandatory vendor sign-off on a Supplier Code of Conduct that specifically enumerates vendor compliance with all applicable environmental laws, regulations, and standards with respect to the conduct of business. All acts of omission and commission by vendors and suppliers are covered under this undertaking obtained from each vendor partner.

All vendors are required to be registered on our vendor platform, subsequent to an in-depth Know Your Vendor (KYV) checks. Procurement-requestors are required to prepare a Green Procurement plan that will identify the products, equipment, and criteria to which the plan will be applied. The requestor teams also evaluate the feasibility of implementation, regulatory and legal compliance requirements, cost of ownership under various options, and the benefits to the environment.

The KYV norms adopted by Edelweiss cover all stages of the vendor lifecycle, from onboarding to contract management to performance evaluation, and even exit.

In FY 2019-20, we made rapid strides on the roll-out, expansion, and reach of the KYV initiative. For the current financial year, we aim to drive this even further, ensuring that we strive for complete coverage and adherence to green ideals and practices.





[www.edelweissfin.com](http://www.edelweissfin.com)