



# **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

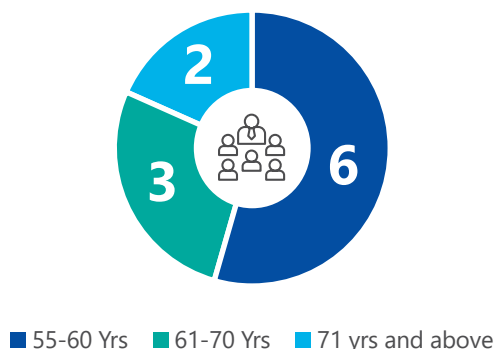
### BOARD OF DIRECTORS

Our 11-member Board of Directors come from diverse backgrounds bringing over 390 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, 2022)		
Executive Directors	Non-Executive Directors	Independent Directors
<p><b>Mr. Rashesh Shah</b> (Chairman &amp; MD)</p> <hr/> <p><b>Mr. Venkatchalam Ramaswamy</b> (Vice Chairman &amp; Executive Director)</p> <hr/> <p><b>Mr. Himanshu Kaji</b> (Executive Director)</p> <hr/> <p><b>Mr. Rujan Panjwani</b> (Executive Director)</p>	<p><b>Ms. Vidya Shah</b> (Non-Independent Director &amp; Chairperson, Edelweiss ESG Council)</p>	<p><b>Mr. P.N. Venkatachalam</b></p> <hr/> <p><b>Mr. Navtej S. Nandra</b></p> <hr/> <p><b>Mr. Kunnasagan Chinniah</b></p> <hr/> <p><b>Mr. Biswamohan Mahapatra</b></p> <hr/> <p><b>Mr. Ashok Kini</b></p> <hr/> <p><b>Dr. Ashima Goyal</b></p>

As on March 31, 2022, the Board of Directors consist of eleven (11) Directors, out which six (6) are Independent Directors (one Woman Independent Director), one (1) 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





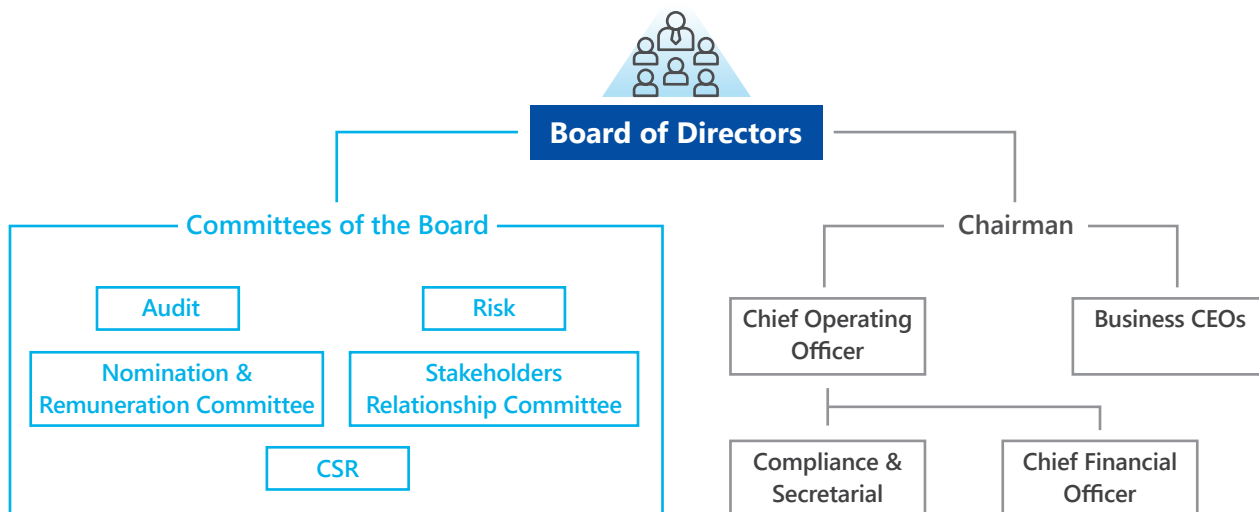
## BOARD SELECTION, EVALUATION & REMUNERATION PROCESS

Board is very mindful of everchanging dynamic business environment and the continuous need to have right skill set at the Board level and to evaluate performance of the Board on continuous basis. The Board has constituted Nomination and Remuneration Committee whose responsibility is to guide Board on:

- ▶ Formulating the policy on criteria for determining qualifications, positive attributes and independence of a director and for performance evaluation of directors
- ▶ Assessing the diversity in skills required at the Board and devise policy on procedures to be adopted while appointing Board members
- ▶ Evaluating and approving the adequacy of the compensation plans, policies, programs and succession plans for Company's key positions.
- ▶ Developing and maintaining corporate governance policies applicable to 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:



## ESG GOVERNANCE AT EDELWEISS

Edelweiss has formed an ESG Council in FY 20 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 officer 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
- ▶ 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 engaged with Policy makers on Women entrepreneurship ecosystem - EdelGive Foundation launched the #UdyamStree Campaign as an initiative to boost the entrepreneurial spirit in women and gradually create a conducive ecosystem for women to thrive. Under this campaign, a ‘Landscape study on Women Entrepreneurship’, was launched by Shri Ram Mohan Mishra, Secretary, Ministry of Women & Child Development in April 2021. Shri Amitabh Kant, CEO NITI Aayog delivered the keynote address highlighting the importance of the initiative
- ▶ Engaged with NITI Aayog on Investment in Infrastructure Sector in India. Ms. Alpna Jain, Senior Specialist (PPP and Infra) participated in The Global Investors Summit of Edelweiss Alternative Assets Advisors and shared the perspectives on the economy and alternative investment opportunities with a special focus on ESG in National Monetisation Pipeline to global investors
- ▶ As a thought leader in Financial Services space, actively participated with Government of India on policy matters
- ▶ Provided IPOs related insights which was part of the cumulative analysis of the Economic Survey of India for FY22



## 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 sensitise 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.

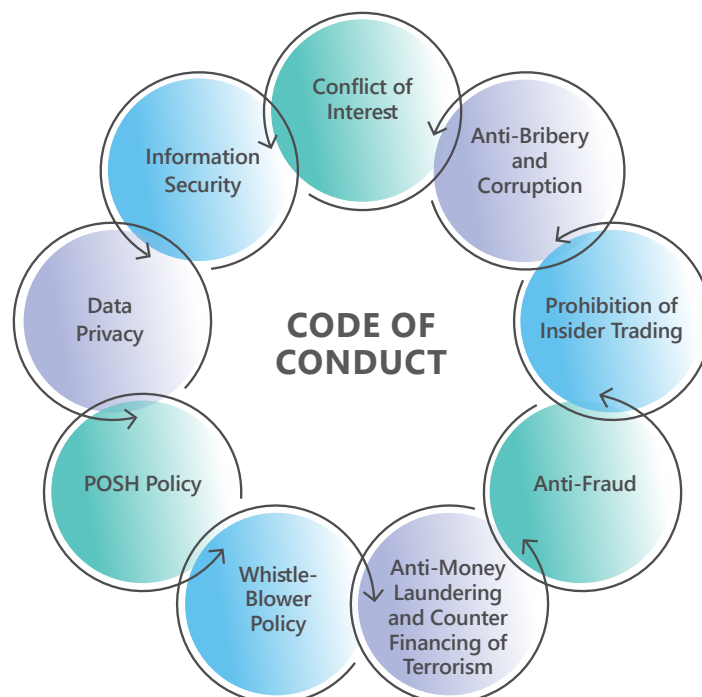
Non-compliance with the Code is subject to disciplinary action, which may include dismissal.

### 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' policies.



### CONFLICT OF INTEREST

Edelweiss conforms to a cardinal principle of integrity, transparency and trust which has been the continuing basis of its growth. 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 organisations 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 service 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 organised 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, 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.



## WHISTLE BLOWER POLICY

Edelweiss is committed to adhering to the highest standards of ethical, moral and legal conduct of business operations. Edelweiss believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour.

To create enduring value for all its stakeholders and in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated this Whistle-blower Policy in addition to the existing Employee Code of Conduct that governs the actions of its employee. This financial year, we have received 2 complaints via different modes – CWI portal/email.

## 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 by adopting a zero-tolerance policy against sexual harassment.

This policy of Edelweiss Group on prevention of sexual harassment of women at workplace viz. 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 to ensure 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 and zero tolerance towards sexual harassment, we, at Edelweiss, proactively define our POSH processes. We conduct multiple sessions to build awareness through classroom sessions and interactive and engaging role plays.

We, at Edelweiss, bring about awareness among the employee groups to reach out to the Internal Complaints Committee (IC) / HR/People Manager by defining and emphasising on non-retaliation and maintenance on confidentiality.

To strengthen our IC, we focus on regularly training the IC members.

## POSH Synopsis – FY22

<b>No. of POSH cases</b>	0
<b>Total no. of certified IC Members</b>	99
<b>Total no. of escalations (Social media or court)</b>	None
<b>IC Awareness &amp; Training for Employees</b>	<p>Mandatory Online learning module for all employees during their onboarding. Digital learning – Employees have been trained on POSH awareness via digital medium. The core module helps an employee be compliant. This module ensures awareness amongst employees with respect to their rights and obligations in accordance with law.</p> <p>All employees at the time of joining Edelweiss and thereafter on an annual basis, are required to complete online trainings on Prevention of Sexual Harassment.</p> <p>Training hours – 1,036</p>



## 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 organisational 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 our internal learning module.

## AML

Edelweiss is fully committed to combat any effort of laundering money earned through drug trafficking, terrorism (terrorist financing) and any other means of organised and serious crimes by any individual or entity. Towards this, Edelweiss has put in place all such processes and procedures of internal control aimed at preventing and impeding any attempt of money laundering and terrorist financing using the services offered by the Edelweiss.

New Joiners are assigned this as a mandatory course –

- ▶ Nearly 73.9% of our total employees have completed this course in the previous financial year (Excluding LI)
- ▶ Nearly 75.8% of our total employees have completed this course in the previous financial year (Including LI)

## Mandatory Compliance Course - SHIELD

Shield is a mandatory compliance course which covers ABC framework, prohibition of insider training, information technology policy. This is an e-learning module to ensure awareness of compliance policies of the Organisation.

- ▶ New Joiners are assigned this as a mandatory course – nearly 68.5% of employees have completed this course in the previous financial year (Excluding LI)
- ▶ New Joiners are assigned this as a mandatory course – nearly 83.5% of employees have completed this course in the previous financial year (Including LI)

## RISK MANAGEMENT

### RISK MANAGEMENT PHILOSOPHY

The risk landscape for businesses around the world is evolving rapidly. As a large financial services organisation 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.

### 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.



Each risk event is mapped to one or more of these 11 risk vectors. Businesses 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. Key exceptions across all the businesses gets reported to the Board. Our internal audit team provides independent assurance on the effectiveness of the risk framework and recommends control improvements.

## 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
- ▶ Institutionalised 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

## SECURITY & IT GOVERNANCE

During the height of the COVID-19 global pandemic, the threat landscape reached a critical tipping point that will change cybersecurity forever. The new work-from-home reality brought about exponentially greater attack surfaces to introduce an untold number of new vectors and infinite opportunities for disruption. In order to cater to this changing landscape, we have moved away from the traditional castle-and-moat security model to zero trust security model. This new model requires strict identity verification for every person and device trying to access resources on a private corporate network, regardless of whether they are sitting within or outside of the corporate network perimeter.

Cloud-scale infrastructure and widely available attacker tools (PowerShell, Mimikatz and Cobalt Strike, all developed for legitimate use), combined with anonymous payment via Bitcoin, are tilting the playing field and arming threat actors of all sizes. Hence, enhancing the Cloud security framework and governance at Edelweiss Group will continue to be a priority area for the year.

Further, we have implemented state-of-the-art security solutions for data classification, data protection, data loss prevention, advanced threat protection, zero-day protection, etc. For customer data, we have gone the extra mile where all our customer data is well identified and encrypted at rest and in-motion (from storage to transmission). Data protection and privacy will continue to be the focus area for the year ahead.

Also on IT Governance, we will continue to focus on process standardisation and strengthen our governance practices to ensure the right balance of efficiency, risk and compliance.

**No cases of loss of customer data and breaches of customer privacy were reported in FY22.**

## 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 emphasises the importance of environmental sustainability, human rights and labour laws, safety, and adherence to standardised 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.



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