Double Materiality Assessment and Stakeholder Consultation

Our Approach

Bajaj Finserv (BFS), as a holding company, drives sustainable value creation through **strategic direction, governance oversight, and capital stewardship** across its financial services, wealth management, technology and insurance subsidiaries. While BFS has no significant direct operations, its strategic, policy, and capital allocation decisions influence Group-wide performance, risk management and sustainability outcomes.

BFS engages with a wide stakeholder ecosystem, including customers of Group entities, shareholders and investors, lenders, regulators, employees, value chain partners and society, to ensure that ESG considerations are embedded in **strategy, governance for long-term value creation**.

BFS adopts a **double materiality approach**, assessing ESG topics from two different perspectives:

- **Impact Materiality (Inside-out):** The effects of BFS's oversight and decisions on environmental and social outcomes as realised through subsidiaries and the value chain.
- **Financial Materiality (Outside-in):** ESG risks and opportunities with the potential to impact BFS's financial performance, resilience, and strategic direction.

The assessment process is aligned with **Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Business Responsibility and Sustainability Report (BRSR)** frameworks.

Materiality Assessment Methodology

1 Stakeholder Identification

Stakeholders were identified through a structured Group level process, including management consultations, value chain assessment, benchmarking against sector peers and regulatory review. Stakeholders were prioritised based on influence on BFS's strategic decisions and the extent of impact arising from the firm's stewardship role.

- **Internal:** Board of Directors, Senior Management, Employees
- **External:** Customers (via subsidiaries), Shareholders and Investors, Lenders, Value Chain Partners, Regulators, Society

2 Identification of Material ESG Topics, Impacts, Risks and Opportunities

A comprehensive set of ESG topics was developed through a review of Group disclosures, peer benchmarking, BRSR requirements and analysis of sector specific trends. Each topic was assessed for associated **impacts, risks, and opportunities (IROs)** at Group-level. Coverage spanned governance, climate and data risks, financial inclusion, responsible financing and sustainable growth.

3 Double Materiality Assessment

Stakeholder inputs and internal assessments were combined to evaluate each topic across dimensions:

- **Impact Materiality:** Assessed against scale, scope, likelihood, and irreversibility of environmental and social impacts
- **Financial Materiality:** Assessed across ESG risks, opportunities, regulatory developments, and reputational considerations across short, medium, and long-term horizons

4 Prioritisation and Governance

ESG topics were prioritised using a scoring framework that considered stakeholder concern, impact magnitude, financial relevance and strategic significance. Results were mapped on a **Double Materiality Matrix** and inform:

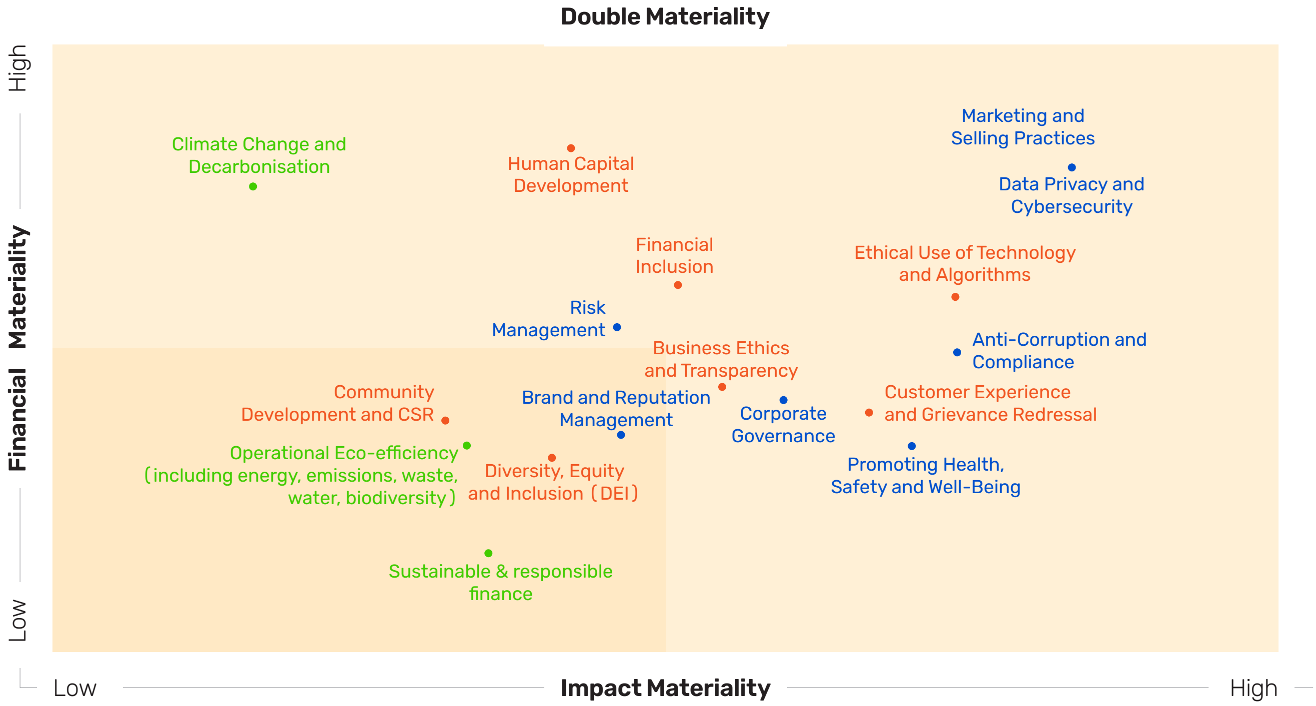
- The Group's sustainability strategy and capital allocation priorities
- ESG governance and structures and integration with the Enterprise Risk Management (ERM) framework
- BRSR and all Group sustainability disclosures

The materiality assessment is reviewed and conducted through an external consultant once every 2-3 years or earlier where material changes in the business environment, regulatory landscape, or stakeholder priorities require us to do so. It is approved by Senior Management, the ESG Committee, and the Board of Directors. The assessment was not independently assured during the reporting period.

Results of Double Materiality

Sr. No.	Proposed Material Topics	Impact Materiality - Scaled	Financial Materiality Score - Scaled	Double Materiality score	Rank
1	Data Privacy and Cybersecurity	5	4.81	**24.05**	**1**
2	Marketing and Selling Practices	5	4.81	**24.05**	**1**
3	Ethical Use of Technology and Algorithms	4.43	3.51	**15.55**	**3**
4	Anti-Corruption and Compliance	4.44	2.98	**13.23**	**4**
5	Human Capital Development	2.54	5	**12.70**	**5**
6	Financial Inclusion	3.07	3.65	**11.21**	**6**
7	Customer Experience and Grievance Redressal	4	2.4	**9.60**	**7**
8	Corporate Governance	3.59	2.51	**9.01**	**8**
9	Risk Management	2.78	3.23	**8.98**	**9**
10	Promoting Health, Safety and Well-Being	4.22	2.05	**8.65**	**10**
11	Business Ethics and Transparency	3.28	2.63	**8.63**	**11**
12	Brand and Reputation Management	2.79	2.16	**6.03**	**12**
13	Diversity, Equity and Inclusion (DEI)	2.46	1.93	**4.75**	**13**
14	Climate Change and Decarbonisation	1	4.63	**4.63**	**14**
15	Community Development and CSR	1.93	2.28	**4.40**	**15**
16	Operational Eco-efficiency (including energy, emissions, waste, water, biodiversity)	2.04	2.05	**4.18**	**16**
17	Sustainable and responsible finance	2.14	1	**2.14**	**17**

Environment Social Governance



Please refer BRSR for Risk and Opportunity [Page 143-149 of BFS FY2026 Annual Report](#):