Governance

“Our commitment to governance is anchored in transparency and accountability. An empowered and independent Board, fair treatment of customers, and disclosures that go beyond statutory requirements, have helped us earn the trust of our stakeholders and create long-term value. As we celebrate 100 years of trust, we remain committed to the principles of good governance on which enduring institutions are built.”

Rajeev Jain,
Vice Chairman and Managing Director, Bajaj Finance Ltd.

“Ethics and integrity guide how we conduct business at every level. Our Code of Ethics and Personal Conduct rests on a simple principle: always do the right thing. Strong whistleblower and grievance-redressal mechanisms, direct access to the Audit Committee, and our voluntary adoption of CII charters reflect standards that go beyond legal compliance and honour the trust placed in us.”

V. Rajagopalan,
President - Legal and Taxation, Bajaj Finserv Ltd.

For us, corporate governance reflects principles rooted in our values and policies, and embedded in our day-to-day business practices. The commitment of Bajaj Finserv to maintain the highest standards of corporate governance predates the provisions of the SEBI Listing Regulations. Ethical dealings, transparency, fairness, disclosure, and accountability form the core tenets of the Bajaj Group. The Company continues to maintain the same tradition and commitment.

UN SDGs Aligned

Transparency and Integrity in Everything We Do

At Bajaj Finserv, we are committed to:

Fairness **Accountability** **Transparency** **Ethical Conduct**

with stakeholder interests at the core of everything we do.

The Company's corporate governance practices and disclosures go well beyond complying with the statutory and regulatory requirements stipulated in the applicable laws.

Key Elements of Our Corporate Governance

- Compliance with all applicable laws/regulations and proactive adherence to the regulations and periodical engagement with the regulators.
- Promoting fairness, transparency, accountability, commitment to values, ethical business conduct and considering all stakeholders' interest while conducting business.
- Number of Board and Committee meetings exceeding statutory requirements including meetings dedicated to discussing strategy, operating plans, and risks.
- The Board comprises Directors from diverse background and substantial experience enabling them to provide appropriate guidance to the executive management as required.
- Panel of Independent Directors with outstanding track record and reputation.
- Rotation of key committee's chair and changes to its composition once in every few years, to provide broader exposure and have balanced responsibilities amongst Board members.
- Audit Committee comprising of Independent Board members.
- Independent Directors chairing all Committees of the Board.
- Independent Assurance on an arm's-length basis for Related Party Transaction(s).
- Pre-briefing sessions with Committee's Chair along with statutory auditors, internal auditor, chief risk officer, members of executive management who are the process owners and other relevant stakeholders as may be relevant to each such committee.
- Strategic Investment Committee with an Independent Director as the Committee's Chair to evaluate, scrutinise and recommend investment opportunities to the Board.
- Separate meetings of Independent Directors conducted without the presence of Non-Independent Directors or executive management.
- Discussions between Independent Directors with Chief Internal Auditor and Statutory auditors done in the absence of the 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 itself.
- 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 is provided to Board members well in advance to enable thorough evaluation of matters for meaningful discussions.
- Representation of the Company via Non-Executive and Independent Directors 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/debentures holders giving an update on the Company's performance.
- The Board has adopted key governance policies and codes aligned with industry best practices, which are available for stakeholders to download/view from the Company's website (refer to Annexure 1 – Codes and Policies).
- Board and Risk Management Committee (RMC) maintain oversight of ESG strategy and performance.
- An Executive-level ESG committee, also monitors performance on ESG across all Group Companies.
- Customer service/Policyholder Protection, Grievance Redressal and Claims Monitoring committee in all material subsidiaries.
- Implementation of comprehensive risk management framework, internal control systems and monitoring key risks across all subsidiaries by the Group Risk and Assurance team.
- Defining Customer Service protocols for businesses by the BFS strategy team.
- Review and standardisation of investment processes and monitoring investments related risks by the Group Investment team.
- Terms of reference of various Committees in line with best practices and governance guidelines.
- Adoption of key governance policies in line with the best practices, which are made available to stakeholders for downloading/viewing from the Company's website https://www.aboutbajajfinserv.com/investor-relations-policies-and-codes and attached hereto in Annexure 1 of this Report.

Board of Directors

The Board of Directors (BoD) and its Committees are crucial in promoting good governance, which includes ethical business practices, transparency, and accountability, creating long-term value for stakeholders. The Company ensures a balanced composition of Independent and Non-Independent Directors to maintain the Board's independence and separate governance from management functions.

The Board's responsibilities include:

Formulating the overall strategy for the Company	Ensuring compliance with applicable laws	Reviewing major action plans
Reviewing and approving financial results	Overseeing subsidiaries	Enhancing corporate governance practices
Establishing a Code of Conduct for Board members and senior management	Formulating policies and conducting performance reviews	Acting in the best interest of shareholders, the community, the environment and various stakeholders

The Board has constituted several Board sub-Committees. The remit of these Committees is governed by the regulations, operational requirements and such other matters requiring special and expert attention. Further, during the year, a review of terms of reference of various committees was carried out to align them with updated regulations, emerging technologies, best practices and various governance guidelines.

The Company follows structured post-meeting review processes to ensure effective execution of the decisions taken by the Board of Directors and its Committees. The key decisions, directions and recommendations arising from the meetings are promptly communicated to the concerned departments for execution. The status of implementation is captured through Action Taken Reports, which are reviewed by the Board and the Committees at subsequent meetings.

Board of Directors Composition (as on 31 March 2026)

In compliance with regulations, no Director of Bajaj Finserv Ltd. exceeds the prescribed limits for Directorships, Independent Directorships, or Committee memberships. This compliance is confirmed quarterly to SEBI through the Corporate Governance Report. Additionally, while Directors are common across Group entities, their participation in Committee and Board meetings is carefully considered. All Directors strive to attend all scheduled meetings, which are planned a year in advance, and their exemplary attendance is disclosed in the BFS FY2026 Annual Report of the Company.

Total Composition

9

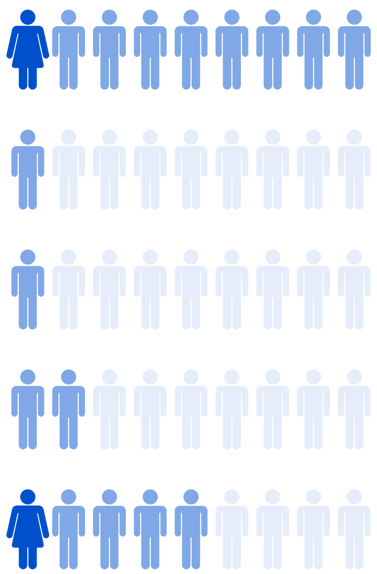
8 Male, 1 Female

Promoter and Executive Directors (EDs)

Promoter and Non-Executive Director

Non-Executive Non-Independent Directors (NDs)

Non-Executive Independent Directors (IDs)



Regulatory Compliance Note: BFS and its subsidiaries are compliant with Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)*. In fact, the composition of the Board is much above the statutory mandate under the SEBI Listing Regulations in terms of the number of IDs.

*Reg. 24. (1) At least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term 'material subsidiary' shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

Board Diversity and Average Tenure

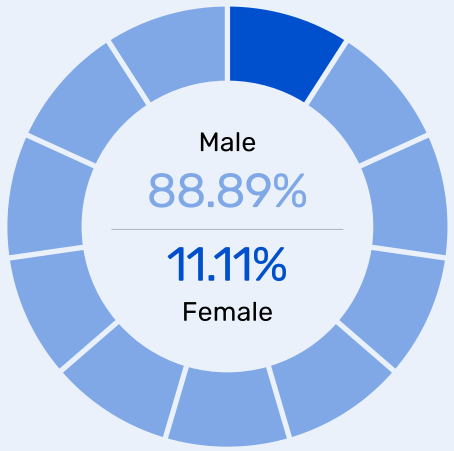
In compliance with the provisions of the SEBI Listing Regulations, the Board through Nomination and Remuneration Committee (NRC) has devised a policy on Board Diversity. The Board comprises adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The Directors are persons of eminence in areas of financial services, technology, banking, business transformation and strategy, audit and risk management, finance, law, administration, research and investment banking, etc. and bring with them experience/skills which add value to the performance of the Board. The Directors are selected purely on the basis of merit with no discrimination on race, colour, religion, gender or nationality.

NRC's Key Roles and Responsibilities

+ Identify and recommend qualified individuals for Directorship and senior management roles.
+ Evaluate and oversee Board and individual Director performance, potentially with external support.
+ Define the criteria for Director qualifications, attributes, and independence.
+ Formulate and recommend policies on Director and employee remuneration.
+ Ensure remuneration is balanced, performance-linked and aligned with Company goals.
+ Develop a policy on Board diversity and performance evaluation criteria.
+ Approve/modify remuneration for Whole-time Directors and senior management.
+ Decide on tenure extensions for Independent Directors based on evaluations.
+ Serve as the Compensation Committee for employee stock option schemes under SEBI regulations.

Note: Detailed terms of reference of the Committee can be accessed at https://cms-assets.bajajfinserv.in/is/content/bajajfinance/2.bfs-tor-consolidated-nrcpdfpdf?scl=1&fmt=pdf

Board Gender Diversity Metrics



The Group's Board Diversity is compliant with the current Government of India regulations.

Board Average Tenure (in years)

- Less than 5: (1 ND and 3 IDs)
- Between 5 and 10: (2 IDs and 1 ND)
- More than 10: (1 ED and 1ND)

Note: ID – Independent Director, ND – Non-Executive Director

Non-Executive Directors' Compensation

The Company believes that Non-Executive Directors' (NEDs) (including Independent Directors) compensation must reflect the time, effort, attendance and participation in Board and Committee meetings. The remuneration is proportionate to attendance and ensures directors' remuneration is commensurate with their time, effort, attendance and participation.

Expertise of Board of Directors

● Number of Directors with the relevant skill(s)

Management and Governance	9 of 9
Understanding of Accounting and Financial Statements	9 of 9
Risk, Assurance and Internal Controls	8 of 9
Financial Services	7 of 9
Technology and Innovation	7 of 9
Regulatory, Public Policy and Economics	7 of 9
Consumer Behaviour, Sales, Marketing, and Customer Experience	6 of 9
Human Resource	8 of 9
Business Transformation and Strategy	7 of 9

A brief profile of the Directors is available on the website of the Company at https://www.aboutbajajfinserv.com/people-and-committees-board-of-directors. As stipulated under Schedule V of the SEBI Listing Regulations, core skills/expertise/competencies as required in the context of the business and sector for it to function effectively and those actually available with the Board have been identified by the Board of Directors.

Information Access to the Board

The Board of Bajaj Finserv is provided with comprehensive and timely information on key matters concerning the Company and its subsidiaries, particularly those requiring strategic input. The senior management presents regular updates, and Directors have independent access to Company officers, fostering transparency and open communication. The information shared goes well beyond the mandates of the Companies Act and SEBI Listing Regulations in both depth and quality. Given the Group's diverse operations, sector-specific presentations are made to strengthen governance oversight and ensure strategic alignment. Since the Company operates through its subsidiaries in diverse businesses, special presentations are made on specific businesses and/or topics as part of governance oversight of subsidiaries.

In terms of quality and importance, the information supplied by Management to the Board is far ahead of the mandate under the Act and SEBI Listing Regulations. The independent directors of the Company met on 20 March 2026 and assessed especially from the perspective of whether these aided the Board and its Committees to effectively and reasonably perform their duties. The independent directors expressed their satisfaction on the quality, quantity and timeliness of flow of information between the Company's Management and the Board.

The Independent Directors of the Company are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

The familiarisation details can be accessed at: https://cms-assets.bajajfinserv.in/is/content/bajajfinance/familiarisation-programme-for-independent-directors-v3?scl=1&fmt=pdf

On an ongoing basis, the Company endeavours to keep the Board, including Independent Directors abreast of matters relating to the industry in which Company and its subsidiaries operate, their business model, long-range strategies, operating plans and business updates, key risks, Cyber Security and risk mitigation, Environmental, Social, and Governance (ESG) initiatives of the Company and the Group, their roles, rights and responsibilities and major developments and updates on the Company, its subsidiaries and Group, etc.

Independence of Board Committees

The Company ensures that its Board Committees operate independently, with most members being Non-Executive and Independent Directors. This structure supports objective oversight, transparent governance and alignment with stakeholder interests.

The Company through its strong governance framework ensures that over 60% of Board Committee members are Independent Directors.

Committee Independence

Audit Committee

100%

4 Independent Directors

Nomination and Remuneration Committee

75%

3 Independent Directors,
1 Non-Executive, Non-Independent Director

Risk Management Committee

60%

3 Independent Directors,
1 Executive Director, 1 member

Stakeholders Relationship Committee

67%

2 Independent Directors, 1 Executive Director

Strategic Investment Committee

75%

3 Independent Directors, 1 Executive Director

Corporate Social Responsibility Committee

67%

2 Independent Directors, 1 Executive Director

Further, information on changes in the Board, number of Board and Committee meetings held during the year, attendance data of Board members, remuneration details of Board, details of information placed before the Board during the year, Directors and Officers Liability Insurance cover, directorship details of Board Members and Directors' Qualifications are all available in the Company's BFS FY2026 Annual Report.

Our Leadership

Bajaj Finserv's leadership team comprises experienced professionals across Finance, Strategy, Investments, Human Resources, Legal, Risk, Assurance, Technology, Economics and Public Affairs, Corporate Social Responsibility and Sustainability. They drive sustainable growth, ethical governance, and a purpose-driven culture, aligning business functions with long-term goals and the Group's ESG agenda. While Bajaj Finserv, as a Core Investment Company (CIC), is not required to separate the roles of Chairman and Managing Director—given its limited operations apart from renewable energy—its subsidiaries maintain clear role separation, between the independent CEOs and Chairperson. BFS focuses on building institutional frameworks and fostering accountable, forward-thinking leadership.

More details are available on the website at: Bajaj Finserv People and Committees

ESG Governance

The Group places strong strategic focus on ESG governance to drive sustainable and responsible business practices. The Company proactively equips the Board and Independent Directors with regular updates on industry trends, business operations, risk management, regulations, cybersecurity, ESG initiatives and key developments across the Group. ESG implementation is overseen by the Board of Directors and a dedicated ESG Committee, ensuring alignment with regulatory requirements and long-term sustainability goals.

ESG Governance Structure

Board of Directors and Risk Management Committee

The Risk Management Committee and the Board periodically review ESG matters and are kept informed of the Company's sustainability strategy, targets, and metrics.

Executive ESG Committee

Led by the Chairman and Managing Director, comprising key stakeholders including the CEOs, Chief Financial Officer (CFO), and heads of Risk, Legal, Compliance, Human Resource, Corporate Secretarial and other representatives from BFS and its subsidiaries.

During the year, a meeting of the ESG Committee was held and a strategic roadmap with defined milestones and implementation frameworks was presented to the Board of Directors, covering the Group's holistic ESG strategy.

Dedicated ESG Team Working under CFO's Guidance for Monitoring and Tracking of ESG Initiatives

The Group ESG team oversees governance, monitoring and tracking of ESG initiatives across the BFS group subsidiaries.

All material subsidiaries within the Group now have Chief Financial Officers designated as the Chief Sustainability Officer to drive ESG initiatives.

Nurturing Ethics and Integrity – Our Governance Philosophy

BFS Group Ethos

BFS group companies are built on values derived from our heritage and founders' ethos, which the organisation aims to bring to life through exemplary conduct while engaging with multiple stakeholders and reflected in the way the Group works. The Group's commitment to this Ethos symbolises trust, integrity, transparency, excellence and commitment to stakeholders and society.

Core Values

- Trust
- Integrity
- Transparency
- Excellence
- Commitment

The Ethos as the Group's DNA

The Ethos serves as the Group's DNA and is defined by the following:

- Building institutions that are resilient and long-term oriented
- Building institutions that serve and contribute to the development of our nation and society
- Integrity and trust with all stakeholders
- Keeping customers at the centre
- Commitment to excellence

Integration and Conduct

This Ethos is embedded in our Code of Ethics and Personal Conduct which embodies our commitment and assurance to stakeholders that we will be responsible in all our actions and will always do the right thing as we grow and expand our businesses. The value of ethics and integrity is deeply ingrained and practiced in day-to-day operations across the Group.

Our Policies and Frameworks

To uphold our dedication to fostering an ethical culture within the Group, we have carefully developed a thorough set of Board approved policies and frameworks for the entire group of companies within BFS. We emphasise strict adherence to these guidelines, ensuring they form the foundation of our operations and decision-making processes across all our Group Companies.

Our Policies and Frameworks	Description
Code of Ethics and Personal Conduct for All Employees, Senior Management and Board	+ The Group maintains zero tolerance for unethical practices, strictly prohibiting bribery in any form across all business dealings. This commitment is embedded in the Code of Ethics and Personal Conduct (CoEPC), adopted across all Group companies, and is binding on employees, Directors, and Senior Management. + There is a separate Code of Conduct (CoC) for Directors and Senior Management. The CoC mandates that our top leadership shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement. All the Board members and Senior Management personnel have affirmed compliance with the Code for the year ended 31 March 2026. A declaration to this effect, signed by the Managing Director, forms a part of the BFS FY2026 Annual Report. + The CoEPC outlines expectations of integrity, culture and conduct, and is supported by a Whistle Blower Policy, grievance redressal mechanisms, and clear provisions for disciplinary action.
Whistle blower Policy	+ The Company has a whistle blower policy encompassing Vigil Mechanism pursuant to the requirements of Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations. + This mechanism enables directors and employees to report confidentially to the Management, without fear of victimisation, any unacceptable and/or unethical behaviour, suspected or actual fraud, violation of the Company's Code of Conduct or ethics policy and instances of leak or suspected leak of unpublished price sensitive information which are detrimental to the organisation's interest. It provides safeguards against victimisation of directors/employees who avail the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. + The policy has been appropriately communicated to the employees within the organisation and has also been hosted on the Company's website which can be accessed at: https://cms-assets.bajajfinserv.in/is/content/bajajfinance/whistle-blower-policy-v3-3?scl=1&fmt=pdf + During FY2026, no employee was denied access to the Audit Committee under this Policy. No complaints were received by the Company during FY2026. **The Policy essentially provides for the following:** + A thorough framework for receiving and resolving complaints or grievances from stakeholders. + Addresses various concerns, including instances of corruption, improper business practices, and behavioural issues. + Outlines a staircase methodology and specifies action to be taken by committees responsible. + The policy safeguard employees against victimisation for reporting under whistle blower, POSH, disciplinary action, insider trading policies. + The Board views any non-compliance seriously and initiates action commensurate with proven violations. Employees can report concerns, anonymously if needed, including harassment, fraud, or policy violations, and are protected from retaliation. + Bajaj Finserv and its subsidiaries also provide direct access to the Audit Committee Chair.
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)	+ Ensure Transparency and Equality: The policy aims to promote fair and transparent communication of material information, ensuring that all stakeholders receive equal access to price-sensitive data. + Prevent Selective Disclosure: It seeks to eliminate selective sharing of Unpublished Price Sensitive Information (UPSI), thereby upholding market integrity and investor trust.
Adherence to Confederation of Indian Industry ('CII') Charters/ Code of Conduct	+ Bajaj Finserv Ltd. (BFS) 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, – Charter on fair and responsible workplace guidelines for contract labour.
Know Your Customer Policy (KYC)	+ Establishes a unified framework to ensure regulatory compliance and mitigate financial crime risks across subsidiaries. It mandates standardised customer identification, a risk-based approach with enhanced due diligence for high-risk entities, and continuous transaction monitoring. + The policy outlines clear roles, robust record-keeping, mandatory employee training, and periodic reviews aligned with evolving regulations. + Each customer-facing subsidiary adopts a Board-approved KYC policy, tailored to its specific regulatory requirements reinforcing governance and enhancing the customer experience.
Cyber Security Policy	+ Provides a comprehensive framework to safeguard digital assets through proactive threat management, incident response, and a strong security culture. Key controls include network security, secure configurations, patching, DLP, VAPT, incident management and anti-phishing measures, supported by threat intelligence and employee training. + The policy mandates annual reviews, formal exception approvals, and is complemented by Company-specific policies aligned with regulatory requirements. Group companies have also secured cyber insurance appropriate to their business scale, ensuring resilient protection against evolving threats.
Responsible and Sustainable Business Conduct Policy	+ Our ESG strategy is anchored in the Board-approved, Group-level Responsible and Sustainable Business Conduct Policy, which serves as the overarching ESG framework for the entire Bajaj Finserv group. This policy outlines our strategic focus areas and guides all subsidiaries in shaping their individual ESG strategies in alignment with NGRBC principles. + It emphasises balanced stakeholder engagement, responsible environmental practices (including indirect impact), employee well-being and universal human rights. Subsidiaries are directed to develop tailored ESG approaches within this framework. + Key focus areas in the policy include: Strong governance; Customer centricity Financial inclusion; Employee development Environmental stewardship; Cyber security Societal empowerment through CSR; Stakeholder collaboration

Our Policies and Frameworks	Description
Information Security Policy	+ BFS group's Information Security Policy adopts a multi-layered approach to protect information assets. It covers governance, risk assessment, third-party oversight, audits, data privacy and employee awareness. + IT controls include access management, backups, patching, BCP/DR, and secure cloud practices. Security operations involve VAPT, SOC monitoring, incident response and endpoint protection (DLP, antivirus). + Physical and HR security are also integrated. The policy requires annual reviews and formal exception approvals to maintain a robust, adaptable security posture. + Each Group Company also maintains its own policy, aligned with this framework and relevant regulatory requirements.
Intragroup Investment Policy	+ Governs all intragroup investments across BFS group companies (excluding CIC and regulatory capital investments), with a focus on optimising returns and ensuring regulatory compliance. + Investments must be Board-approved, on an arm's-length basis, and in line with applicable laws. + Loans require Committee or Board approval, debt investments must treat group and external investors equitably, and private placements by listed entities follow SEBI norms. The policy is reviewed annually.
Anti-Money Laundering (AML) Policy	+ BFS group's AML Policy sets minimum standards for subsidiaries to prevent money laundering and terrorism financing, in line with applicable regulations. It mandates risk-based controls, KYC/due diligence, employee training, and clear reporting protocols. + The policy outlines the AML framework, defines laundering risks, and stages, and requires designated officers, record-keeping, secure information sharing, audits, and regular reviews. + All customer-facing subsidiaries also maintain their own AML policies tailored to their specific regulatory environments.
Related Party Transactions (RPTs)	+ All Related Party Transactions (RPTs) in FY2026 were conducted in the ordinary course of business, at arm's length, and were not material under the Companies Act and SEBI Listing Regulations. Each transaction received prior approval from the Audit Committee and was reviewed quarterly. + Disclosures as per Ind AS 24, including those involving promoters with 10% or more holdings, are provided in the BFS FY2026 Annual Report and filed biannually with stock exchanges. + Additionally, an independent assurance by Economic Laws Practice confirmed arm's-length pricing of FY2026 RPTs. No materially significant RPTs were identified that could pose a conflict of interest.

In addition to the Group level policies we also have several policies for BFS in specific which include:

- Dividend Distribution Policy
- Policy on Prevention of Sexual Harassment at Workplace
- Employee Charter and Human Rights Statement
- Remuneration Policy
- Corporate Social Responsibility Policy
- Disciplinary Actions and Grievance Redressal Policy
- Board Evaluation Criteria
- Fair Disclosure Code
- Policy for Determining Material Subsidiaries

2.3+ lakh Employees were provided training on Ethics and Compliance covering modules such as Anti-Bribery, Corruption and Fraud Prevention, Anti-Money Laundering, etc. that translates to approx. 98%* coverage across the BFS group in FY2026.

*This includes both our permanent and other than permanent employees

Culture of Transparency and Accountability

Bajaj Finserv fosters a strong culture of transparency and integrity, ensuring all business practices align with ethical governance. The Company regularly discloses information on its products, services, and financials in line with regulatory requirements, and maintains zero tolerance for unethical conduct through robust anti-fraud and anti-bribery policies. These policies are publicly accessible, and proactive stakeholder communication underscores the Group's commitment to accountability and trust.

Transparency in Action

Transparency and Fairness

We set high standards for transparency and fairness in dealings with customers and stakeholders.

Adherence to Policies

We implement and comply with the following policies on:

+ Anti-fraud and anti-bribery
+ Conflict of interest
+ Insider trading prevention
+ Money laundering prevention
+ Sexual harassment prevention
+ Related party transactions

Public Accessibility

Our policies and codes are available to the public on the Company's website.

Zero Tolerance for Unethical Practices

The Group maintains zero tolerance for unethical business practices.

Information Disclosure

We make product and service information available in accordance with regulatory requirements through various channels including individual company websites. Our financial disclosures are amongst the best in the industries we operate within.

Assessment for Related Party Transactions

Bajaj Finserv and its subsidiaries undergo independent third-party assurance to ensure transparency in all related party transactions within the Group.

Communication Protocols

We maintain clear and consistent communication channels, including publishing earnings, call transcripts, and prompt dissemination of price-sensitive information.

Material Subsidiaries

Material subsidiaries provide additional relevant policies and codes on their websites.

Upholding the Spirit of Accountability

With 'Accountable Empowerment' being a foundation pillar at the Group, we believe that empowerment, accountability and rewards are intrinsically linked. Bajaj Finserv companies are managed professionally by highly competitive and qualified professionals, while being effectively overseen by the Board of Directors.

Remuneration Benchmarking

The remuneration of senior management across Bajaj Finserv group is regularly benchmarked against appropriate peer groups and comprises fixed, and variable pay and long-term incentive (including stock options).

CEO Remuneration

The Chairman and Managing Director of Bajaj Finserv Ltd. is a part of the promoter group, the Company's remuneration framework does not include stock options for this position.

Clawback and Malus

To reinforce accountability and align executive compensation with long-term performance and ethical conduct, all material subsidiaries of BFS have implemented robust Clawback and Malus provisions. These provisions enable the Company to recover or withhold compensation in instances of material non-compliance, financial misstatements, or conduct detrimental to the organisation.

Exceeding Legal Requirements

All practices at the Company reflect our ongoing commitment to maintaining standards of governance, which in certain cases exceed legal requirements. Examples include:

+ Periodic meetings between Independent Directors and Senior Management.

- Framework of succession planning for management placed before the Board for its review.
- The Chairperson of the Audit Committee conducts quarterly pre-audit committee meetings with members of Senior Management, and internal as well as statutory auditors, to review the financial performance and observations of auditors.

Planning Process

All Group Companies follow a rigorous planning process that includes an Annual Operating Plan and a Long-Range Strategic Roadmap. These are the result of months of management-led performance reviews and benchmarking across business lines and functions, culminating in a dedicated Board-level review of the proposed plans. BFS drives strategy along with all subsidiaries and closely monitors execution of the same through monthly reviews.

Risk Management

Managing risk is fundamental to financial services industry and it is key to ensure sustained profitability and stability. In a rapidly changing economic, geopolitical, regulatory and financial environment, Bajaj Finserv Ltd. and its subsidiaries have continued to leverage on their strong risk management capabilities.

Risk to the Company stems largely from its subsidiaries. Hence, the primary approach of the Company's risk management is monitoring the risks of material subsidiaries, which individually or in aggregate could culminate into a key capital or reputational risk for the Company.

Risk Governance Structure

Step of Mitigation	Description
Risk Organisation	+ Effective risk management at Bajaj Finserv group companies is anchored in shared risk principles, clear organisational structures, and defined processes at the respective company level. + Our strategy addresses both internal and external risks across short- and long-term horizons, supported by a robust governance framework. + The structure includes active oversight by the Board of Directors, the Risk Management Committee (RMC), and the Executive Risk Management Committee (ERMC) of material subsidiaries, which ensures strategic implementation of the risk framework. The RMC and ERMC facilitates risk identification, assessment, mitigation and monitors effectiveness. + The agile governance approach enables swift response to emerging risks and opportunities, helping us maintain a competitive edge and deliver sustained stakeholder value. + The Group risk and assurance on a continuous basis engage with subsidiaries to understand the nature of risks, the assessment of risks as regards its criticality (severity and likelihood), mitigating actions and controls, monitoring and reporting of the same on a periodical basis to its Risk Management Committee.
Risk Identification and Risk Assessment	+ These risk champions/owners across the companies serve as a first line of defence, fostering and embedding a culture of risk identification, risk assessment, control, and treatment. + Each material group company has a risk team led by CRO/Head of Risk who identifies the relevant risk for the respective Company, including emerging risks such as AI risk and Data privacy; categorise risks into key/critical and non-key/non-critical risks and assess the risks based on the defined parameters.
Risk Response and Control Activities	Bajaj Finserv group companies have implemented risk-management systems, policies and processes that provide clear and transparent control mechanisms. Established systems are in place to deploy targeted mitigation strategies to reduce the risks to an acceptable level.

Step of Mitigation	Description
Risk Monitoring and Risk Reporting	+ The governance system includes structured review mechanisms such as quarterly risk management reviews by the Executive committees of material group companies. + The Risk Management Committee (RMC) of the respective material group companies are responsible for formulating, implementing, monitoring, and periodically revising all risk-related policies and strategies. + The risk mechanisms are designed to identify potential events, including risks and opportunities, based on comprehensive monitoring systems. + Each risk team (of the respective material group companies), on a periodic basis, reports on the risk framework and risk exposures to the BFS Board RMC. + Risks which have not been mitigated to an acceptable level are monitored against the key risk indicators, which are periodically reviewed for appropriateness by the respective subsidiaries.

Details on risk identification, assessment, mitigation steps and established processes are covered in greater detail in the BFS FY2026 Annual Report – Other Disclosures – Risk Management section published on the respective websites for all the material subsidiaries.

Integration and Risk Control Mechanisms

Bajaj Finserv Ltd. and its subsidiaries have implemented a sophisticated three line-of-defence model to cultivate a proactive and risk-aware culture throughout the organisation as detailed below:

First Line of Defence – Business Units and Frontline Operations

- Primary responsibility for risk identification, assessment and management
- Day-to-day risk ownership and operational controls
- Implementation of policies and procedures aligned with risk appetite

Second Line of Defence – Specialised Risk Oversight Function

- Independent risk assessment and compliance monitoring
- Development of risk frameworks, policies and limits
- Support to first line activities

Third Line of Defence – Independent Assurance Functions

- Objective and independent assessment of risk management effectiveness
- Evaluation of internal control and design operational effectiveness
- Direct reporting line to Audit Committee
- Systematic review of governance and risk processes

Engaging in Prudent and Responsible Business Conduct

Bajaj Finserv group companies foster a strong culture of responsible business conduct, focused on building long-term, sustainable businesses that serve stakeholder interests.

Along with upholding industry-leading governance standards, the Group follows rigorous, disciplined practices to avoid undue risk exposure. Recognising the inherent risks in our businesses, all material subsidiaries consistently maintain liquidity and solvency ratios well above regulatory norms, ensuring resilience and stakeholder confidence.

Capital to Risk Weighted Asset (CRAR) - Regulatory Requirement: 15% prescribed by RBI

BFL (Bajaj Finance Ltd.)

FY2026	FY2025	FY2024
21.55%	21.93%	22.52%

BHFL (Bajaj Housing Finance Ltd.)

FY2026	FY2025	FY2024
22.46%	28.24%	21.28%

Solvency Ratio - Regulatory Requirement: 150% prescribed by IRDAI

Bajaj General (Bajaj General Insurance Ltd.)

FY2026	FY2025	FY2024
302%	325%	349%

Bajaj Life (Bajaj Life Insurance Ltd.)

FY2026	FY2025	FY2024
266%	359%	432%

Fraud Risk Management

Given the nature of our businesses, Bajaj Finserv prioritises the identification, mitigation and monitoring of fraud risks across all Group companies. Its Group Companies' comprehensive anti-fraud programme includes preventive fraud control mechanism, annual fraud-risk reviews, regular policy reviews, and quarterly monitoring, with Board-level oversight through the Audit, Risk, and Whistle Blower Committees. A robust Internal Financial Control (IFC) framework ensures adequate financial controls are in place and tested regularly, safeguarding the Group's assets and reputation.

Prediction and Prevention

This includes financial controls for areas with potentially higher risk (e.g. estimates, revenue recognition, non-standard journal entries and manual journal entries), control over the financial reporting process, and addressing the possibility of management override. This also includes the controls in built at underwriting stage with the analytical and anti-fraud models to identify bad actors at pre-onboarding stage itself.

Response

This includes robust Investigations and Strict Consequence Management, including FIRs and Police Complaints and reporting to regulatory authorities, as relevant.

Detection

This involves Predictive/Preventive Analysis, Early Warning Signals and Default Investigations.

Collaboration

This encompasses Industry Collaboration, Regulatory collaboration – blacklisting fraudsters and misinformation spreaders and Group-level collaboration as permitted under the relevant regulations.

Frauds across all our Companies are thoroughly monitored through dedicated anti-fraud units with direct oversight by the Board Risk Management Committee and Audit Committee..

Responsible Investments

Our insurance subsidiaries, Bajaj General and Bajaj Life together with Bajaj Finserv AMC collectively manage the largest pool of assets under the Bajaj Finserv group. Each entity recognises that this position carries a fiduciary responsibility to policyholders and investors, and to the broader financial ecosystem in which they operate. The ESG philosophy guiding their investment activity is aligned with the Group's overall strategic direction and is embedded as a foundational consideration in portfolio construction and asset management.

The Responsible Investment Policy guides their ESG-integrated portfolio management approach, grounded in the recognition that environmental, social, and governance factors can materially influence investment performance across sectors, asset classes and time horizons.

ESG Approach towards Responsible Investments

A comprehensive investment framework has been implemented across the portfolio construction process.

The stewardship principles framework is part of the Group's **Responsible and Sustainable Business Conduct Policy** and is designed to improve ESG practices, outcomes and disclosures through structured integration and active ownership.

Accordingly, the Group's approach to engagement, oversight and voting only in the event when the Company through its subsidiaries are investing for and on behalf of its policyholders or unit holders is guided by defined stewardship principles.

In line with this commitment, our insurance entities, Bajaj General and Bajaj Life, operate under Board-approved Responsible Investment (RI) and Stewardship Policies.

While Bajaj Finserv AMC currently follows an internal RI policy, its established Board-approved Stewardship Code already enforces these principles.

As part of this activity, the Bajaj General, Bajaj Life and Bajaj Finserv AMC investment team monitors and engages with investee companies on strategy, business performance, corporate governance, and ESG-related risks and opportunities to protect the best interests of unitholders.

Furthermore, the investment team exercises voting rights in accordance with its Voting Policy and Procedures and the Stewardship policy, ensuring transparent and sustainable value creation across all managed schemes.

Our investment strategy integrates ESG consideration at five levels:

- Systematic ESG screening and evaluation of potential investments prior to portfolio inclusion.
- Regular monitoring of ESG performance metrics across our portfolio.
- Active engagement with investee companies to drive positive ESG outcomes.
- Transparent reporting on ESG integration methodology, coverage and outcomes.
- Continuous evaluation and refinement of the approach to align with evolving ESG standards and best practices.

Responsible Investments of Bajaj General and Bajaj Life are largely determined as follows:

Total weightage of securities with internal ESG rating of 5 and above, as a % of Total AUM invested in eligible securities. Sovereign securities (GSec, State Development Loans SDLs, unlisted government-owned bodies/companies) and Collateralised Borrowing and Lending Obligations (CBLOs) will be considered eligible and ESG compliant or 'good to invest.' ETFs, AIFs, ReITs and InvITs, are excluded from ESG evaluation.

This comprehensive framework enables us to identify risks and opportunities that may not be captured through conventional financial analysis and methods alone supporting more informed investment decisions and better long-term outcomes for our stakeholders and the wider society.

ESG Integration

- ESG considerations are formally incorporated into portfolio construction practices, across Bajaj General, Bajaj Life and Bajaj AMC, ensuring they are explicitly and systematically embedded in investment analysis and decision making, not applied selectively or retrospectively.
- Our subsidiary, Bajaj AMC, has strengthened its research framework by introducing structured issuer level governance commentary. This provides a standardised assessment of governance quality for each issuer and identifies areas requiring improvement - informing both investment decisions and engagement priorities.

Engagement

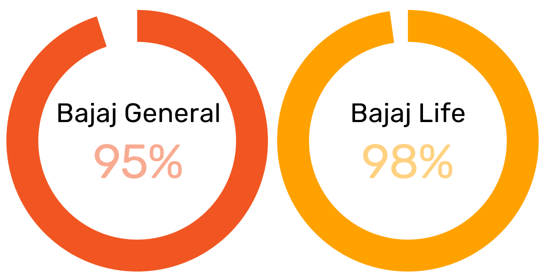
- Interactions/engagements with stakeholders, current or potential investees/issuers, policy makers or standard setters in order to:
  - improve practice on ESG issues
  - improve public disclosure
- In FY2026, Bajaj AMC initiated ESG-focussed engagement and clarification requests with 83 companies, covering matters linked to Annual General Meeting (AGM), Extraordinary General Meeting (EGM) and postal ballot agenda items. Responses were received from 63 companies, enabling deeper issuer level insights and more informed stewardship decisions.

Voting – Process and Independence

- Voting rights are exercised as a core stewardship responsibility across the portfolios managed by the Group's insurance and investment subsidiaries (Bajaj General, Bajaj Life and Bajaj Finserv AMC). Voting decisions cover management and shareholder resolutions and reflect considered positions on matters of governance, strategy, and ESG relevance.
- The insurance and investment subsidiaries conduct proxy voting in accordance with their internal Voting Policy and applicable regulatory and stewardship requirements. SEBI registered proxy advisory inputs are used as research, while final decisions reflect independent, issuer specific judgement. The Sustainable Investment team may engage with companies for additional clarification and manages conflicts of interest in line with established policy.
- All voting decisions are supported by documented rationales. Disclosures of voting records are made in accordance with applicable regulatory timelines and prescribed formats

Proportion of Investment Portfolio Assessed for ESG

Portfolio possessed



As of 31 March 2026, as a percentage of total eligible AUM

Exceeding Sustainable Investment Commitments

As of March 2026, both Bajaj General and Bajaj Life have exceeded their committed ESG assessment target of eligible AUM demonstrating accelerated progress towards comprehensive ESG integration across the insurance and investment portfolio.

More than 95% of the combined Insurance Investment portfolio has been assessed for Responsible Investment considerations ahead of the 80% target set for the period.