

ESG FRAMEWORK

I N D E X

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INTRODUCTION TO ENVIRONMENT SOCIAL & GOVERNANCE (ESG) FRAMEWORK

1. About ICICI Securities

Established in 1995, ICICI Securities is one of India's leading digitally powered integrated securities firm, offering a wide range of services including retail and institutional broking, financial products distribution, private wealth management, and issuer and advisory services to our retail, affluent and institutional clients.

It is one of the pioneers in the e-brokerage business in India. ICICI Securities operates www.icicidirect.com, India's leading virtual financial supermarket which acts as a one stop shop offering wide range of investment products, protection solutions and distributing lending products, all in an open architecture format.

The Company is registered with the Securities and Exchange Board of India ('SEBI') as a Stock Broker, Merchant Banker, Portfolio Manager, Investment Adviser and Research Analyst. It is a member of BSE Limited, National Stock Exchange of India Limited and MSEI.

It is also registered as Corporate Agent with the Insurance Regulatory and Development Authority of India ('IRDAI') and Point of Presence ('POP') with the Pension Fund Regulatory and Development Authority of India ('PFRDA') for distribution of National Pension Scheme ('NPS').

Our strong foundation of corporate governance and ESG led responsible business practices help us to fulfil our duty as a responsible corporate citizen to conduct business sustainably and make a meaningful difference to all our stakeholders. Our ESG framework articulates our approach of conducting business sustainably managing all environmental, societal and governance related aspects.

2. Materiality Assessment

Materiality assessment is an exercise to identify parameters and issues that can materially affect the Company's ability to create long-term sustainable value for its stakeholders. We regularly interact and seek feedback from various stakeholders through platforms such as client satisfaction surveys and review meet, employee engagement, industry and regulatory reports, engagement with industry bodies and associations. The material issues are analysed, and relevant process interventions are designed, implemented and sustained. This ESG framework is designed to manage material issues identified through a detailed materiality assessment exercise covering both internal and external stakeholders which enable us to prioritise our ESG focus areas.

3. Reporting Framework

ESG report: The Company's ESG report, discusses essential non-financial topics including its policies, practices and initiatives aimed at conducting business responsibly. The ESG reports summarizes the Company's strategies and actions to its stakeholders on addressing material ESG issues, including practices for responsible and ethical business, as well as its approach towards fulfilling the expectations of various stakeholders including business partners, clients, employees, investors, community and the environment.

The Company also maps the impact of its operations with external standards/goals such as the United Nations Sustainability Development Goals.

Business Responsibility and Sustainability Report (BRSR): BRSR reporting serves as an important tool in communicating the Company's commitment on sustainability and responsible business conduct to its stakeholders including the society in general. Published annually in accordance with the Business Responsibility and Sustainability Reporting (BRSR) Framework issued by The Securities and Exchange Board of India (SEBI), the BRSR report discloses information under the nine principles of the National Guidelines on Responsible Business Conduct developed by the Indian Ministry of Corporate Affairs (MCA).

Integrated Report: The annual Integrated Report provides an in-depth account of the Company's performance and strategy as well as reports on its Governance. The non-statutory section of the Report follows the Integrated Reporting Framework recommended by the International Integrated Reporting Council (IIRC) and provides an update on how the six capitals, Financial capital, Intellectual capital, Human capital, Natural capital, Manufactured capital and Social & relationship capital, have been deployed. The other statutory reports, including the Directors' Report, its annexures, including the Management Discussion and Analysis (MDA), and the Corporate Governance Report, are as per the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the revised Secretarial Standards issued by The Institute of Company Secretaries of India. The financial statements are in accordance with the Indian Accounting Standards.

Reporting Boundary: The reporting scope and boundary for our disclosures, unless otherwise stated, covers the India operations of ICICI Securities.

All the above reports are published annually and made available on the website of the Company: <https://www.icicisecurities.com/>.

4. Governance and Administration

The ESG roadmap, including the Company's ESG strategies, and progress on implementation is reviewed by the Board. An ESG Forum comprising senior members from Finance, Technology, Risk, Treasury, Human Resources, Compliance & Legal, Secretarial and Business functions under the leadership of the Managing Director & CEO and the Executive Director is responsible for the implementation of ESG initiatives. The ESG framework is built on various policies, procedures and frameworks which are in turn approved and reviewed by either Board or its committees *e.g.* Audit Committee or Risk Management Committee.

5. Review of the ESG Framework

The ESG framework would be reviewed at least once in a year. The individual components including policies, procedures and frameworks are reviewed as per their respective stated frequency usually annually.

ENVIRONMENT

6. Environment Policy

The Company is committed to building a sustainable, socially conscious, ethical and responsible business. The Company, being a corporate entity, considers creating a positive impact through all its processes as its prime duty and responsibility being a corporate entity. The Company's business model entails limited use of natural resources, however, it recognises the impact of its operations on the environment due to consumption of resources like energy, water, *etc.* procurement of materials including paper, *etc.* and disposal of any waste. Board approved **Environment Policy** of the Company governs the management of all the above areas and practices having a bearing on the environment.

The Company aims at reducing consumption/wastage which directly or indirectly reduces environmental impact as well as helps in promoting advocacy of environment friendly practices. The Company has adopted a Waste Management SOP (standard operating procedure) to guide the company's waste management efforts. The Company endeavours to reduce any adverse impact on the environment by conducting its operations in a sustainable manner. The Company is also committed to continuously reduce its impact on environment and natural resources by adopting operational efficiencies in its own operations and engagement with the various stakeholders *viz.*, employees, clients, partners, vendors, communities, etc.

The Company measures and reports on Scope 1, 2 & 3 emissions, water consumption and other resources consumed. The business model of Company is highly digital which entails relatively limited usage of natural resources, however, the Company continuously works on integrating technology thereby further limiting usage of resources such as, energy and paper.

7. Sustainable Finance Practices

The Company does not provide finance to corporates for their businesses and does not have a large proprietary investment pool, however it has integrated environmental and social factors into its decision making process while making investments. The **Corporate Risk and Investment Policy ('CRIP')** details the Company's approach in factoring ESG considerations in its investments, such as, limiting investments in equity shares and fixed income securities of companies having considerable exposure to certain sensitive sectors as detailed and updated from time to time in CRIP. Currently, the following have been considered as Sensitive sectors under CRIP:

- i. Oil and Gas;
- ii. Metals and Mining;
- iii. Power generation (Coal based); and
- iv. Tobacco.

Further, the Company strives to integrate sustainability factors in its products and services offerings. The Company integrates ESG scores in its retail and institutional research offerings and provides ESG themed funds under its distribution business.

SOCIAL

The Company has elaborate frameworks, policies and practices which dictate how the Company maintains and manages the expectations of its various stakeholders. viz., customers, investors, employees, business partners and community at large. This section details out such frameworks.

8. Customers

ICICI Securities endeavours to fulfil its customers' expectations by adopting a customer centric and responsible approach to designing its products and services coupled with responsive customer service. Our effective governance mechanism comprises a well-defined customer grievance redressal mechanism, which is reviewed by **Customer Service Council**, and a **Product Committee** to provide oversight on products under development and a **Product Governance Forum** which looks at suitability of products to a customer type.

Customer Service: At ICICI Securities we believe that customer service is one of our key differentiators. We offer new age self-servicing channels like Chatbot, Whatsapp bot, Voicebot along with traditional channels including phone, email, Chat as well as walk-in to our branches. The Company also offers the customers with community app where they can interact and learn from each other.

The voice teams at the call centre have been specifically designated for customer service. This is supported by in house email support teams and a dedicated email escalation desk. Looking at the complexities of the products that we deal in, a lot of effort is put in to ensure that the Company's service officers are well-trained and equipped to respond to customer queries quickly and correctly.

The call centre and email services are hosted using state of the art technology to respond to the customers. The team uses a sophisticated CRM system and an integrated platform for Inbound/Outbound and email interactions. During the pandemic, the team ensured continuity of services by adopting the Work from Home (WFH) model. The entire Customer service team has been enabled for WFH to ensure continuous services to our customers.

The Company provides its customers with an easy access to information, services as well as the means to redress their grievances. The Company's endeavour is to provide with first contact resolution to the customers' satisfaction. However, in case the customers are not happy with the response provided, they can email to the Company's escalation email addresses provided on its website.

The key "moments of truth" have been identified for the customers at various life stages and have set service quality indicators that cover the processes from lead management to transaction and query management. The Company continuously monitors VOC (Voice of customer) as well as internal process standards. Several such parameters that are tracked and reviewed by **Customer Service Council** on a regular basis include:

- Number of customer interactions;
- Number of Service requests and Critical requests;
- Turn-around Time (TAT) for Service request and Critical Request;
- Net promoter score;
- Quality of resolution;
- Customer Escalations/Regulatory complaints; and
- Social media interactions and response/resolution TATs.

To assess the existing customer advocacy based on their overall experience with the Company, NPS measurement which is a widely used scale is used. Net Promoter Score (NPS) aims to measure the loyalty that exists between the Company as a Service Provider and the customer. NPS is unique and different from traditional C-sat mechanism as it works on emotions and expressions rather than traditional aspects of customer's perception. NPS as a tool is used to understand the customer experience around various touch points such as account opening, website and application, RM/Advisor/Partner and overall service quality.

Enabling Financial Learning: The Company believes in the power of knowledge and firmly believes in educating all the existing and potential investors about investment basics, emerging trends, gains and risks involved in various investment avenues and answering their investment queries to help them invest safely and securely in the market.

The ICICIdirect iLearn application helps investors to have a better understanding of how, when, and where to invest. The customers can consume simplified knowledge on stock markets through their choice of learning mediums including Articles, Podcasts, Videos, and Courses curated by experts in industry. The Company continuously keeps adding to its large repository of knowledge based on contemporary needs and feedback from learners.

Key features of iLearn:

- Customized curated content by experts on wide range of investment products;
- In-depth knowledge through detailed courses, short 2-4 minutes learning bytes in the form of articles, videos or podcasts;
- Interact and learn from others through our iCommunity platform.

9. Government and Regulatory Bodies

The Regulatory authorities, forums and other regulatory agencies are some of the most important stakeholders. The Company endeavours to actively engage with all relevant organisations by way of regular meetings with various regulatory bodies, participation in industry bodies and forums to contribute to policy formation and table discussions relevant to business environment and industry as well as by providing feedback to regulator on various business operating aspects. The Company regularly participates in an inter-regulatory forum which is chaired by Deputy Governor of RBI, comprising the regulators of all the group companies like SEBI, IRDAI, NHB, *etc.* The forum allows the regulators to exchange ideas and ensure synergy amongst their reporting requirements. The regulators are also given a perspective of the performance and compliance of the specific subsidiary and the group overall.

The compliance framework of the Company is designed to ensure the highest standards of adherence with applicable regulations, guidelines, circulars and other procedural requirements as well as to promote sustainable capital market practices.

10. Shareholders

The Company is committed to provide timely and accurate information as well as access to management to provide complete information regarding the Company to enable them to accurately assess its future potential. The Company disseminates information on its operations and initiatives on a regular basis. The Company's website (www.icicisecurities.com) serves as a key awareness facility for all its shareholders allowing them to access information at their convenience. It provides comprehensive information on

the Company's strategy, financial performance, operational performance and the latest press releases.

The Management has designated Investor Relations Officer to engage with the investor community. The Company's investor relations personnel respond to specific queries and play a proactive role in disseminating information to the shareholders. All the information having a material bearing on the Company's stock price is released as per regulatory requirements. The information is also disseminated to National Stock Exchange of India Limited ('NSE') and BSE Limited from time to time.

The financial results, presentations made to the institutional investors or to the analysts, other information and various compliances as required/prescribed under Listing Regulations are filed electronically with the stock exchanges and are also available on their respective websites in addition to the Company's website.

In addition to the above, the information about the significant corporate actions is also conveyed to the shareholders by e-mail by the Secretarial/Investor Relations departments.

In order to protect shareholders' rights, the Company appropriately discloses to the shareholders all material relevant information affecting their investment decision on a timely basis. The Board members, KMPs, Senior Management Personnel or any officers of the Company do not conduct any transactions that conflict or compete with the interests of the shareholders without adhering to the regulatory norms. The following Board approved policies govern various aspects of relationships with our shareholders:

Dividend Distribution Policy: The Company has been regularly paying dividends to its shareholders and this policy documents the guidelines on payment of dividends and sets out the key considerations for arriving at the dividend payment decision.

Code of Conduct for Prevention of Insider Trading ('Insider Trading Code'): The Insider Trading Code comprises formal Company policy in a number of areas based on, amongst other things, the requirements under the Act, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Research Analysts) Regulations, 2014 and other applicable Laws, each as amended from time to time. It forms an integral part of the Standards of Corporate Conduct and must be adhered to by all the employees including Directors. In addition to the above, the Company has framed various Codes of Conduct applicable to the employees in different departments.

Pursuant to the Insider Trading Code, all the employees including Designated Persons are expected to maintain the confidentiality of Unpublished Price Sensitive Information ('UPSI') in their possession and must not pass it on, expressly or by way of making a recommendation for purchase or sale of Securities based on the same, to any person. The records containing such information are kept under appropriate security. Employees are prohibited from making any personal profit or deriving benefit through their access to UPSI. Such information should be used only in compliance with the applicable laws. All the employees are not allowed directly or indirectly and in any manner whatsoever circulate or

cause to circulate rumours or unverified information obtained from client, industry, any trade or any other source without verification.

Code of practices and procedures for fair disclosure of unpublished price sensitive information ('Fair Disclosure Code'): Pursuant to Regulation 30 of Listing Regulations, the Company framed a Fair Disclosure Code for determination of materiality for disclosure of events or information to Stock Exchanges based on the criteria specified in Listing Regulations. The events/information that would be disclosed are as presently prescribed by the SEBI *vide* circular CIR/CFD/CMD/4/2015 dated September 9, 2015 and as would be amended from time to time. Fair Disclosure Code is framed based on the principles of fair disclosure outlined in the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

The Chief Financial Officer or the Company Secretary is the authorised Key Managerial Personnel (KMP) to determine the materiality of an event or information and for the purpose of advising on the disclosure to the stock exchanges through the Chief Investor Relations Officer designated under the Company's Code of fair disclosure.

Under the Fair Disclosure Code, all the employees, designated persons and insiders of the Company are required to ensure that handling of all UPSI, including onward communication, is done on a need-to-know basis and in line with any other applicable codes, policies and procedures of the Company, including specifically, this Code and the Insider Trading Code.

Policy for determination of materiality for events/ information and disclosure thereof to the stock exchange: Pursuant to Regulation 30 of Listing Regulations, the Company has framed a Policy for determination of materiality for disclosure of events or information to Stock Exchanges ('the Policy') based on the criteria specified in the Listing Regulations. The Policy provides guidance to determine the materiality of events/information and disclosure thereof. The events or information which are necessary to be disclosed to the Stock Exchanges are broadly divided into three categories as specified in the Listing Regulations, *inter alia*, covering: (a) Events whose disclosure is mandatory and which would need to be disclosed without any application of the test/guidelines for materiality thresholds; (b) Events which may be disclosed to the Stock Exchanges based on the test of materiality thresholds; and (c) Any other event/information that is likely to affect business.

11. Communities

The Company is committed to provide resources and support activities focused on enhancing economic and social development enabling a larger number of people to participate and benefit in India's economic progress. **Corporate Social Responsibility Policy (CSR Policy)** governs the various initiatives undertaken by the Company in its identified development areas with regular monitoring and reporting of all CSR projects and undertaking impact assessment studies of qualifying projects, as per CSR Policy.

The CSR Policy sets out the framework guiding the Company's CSR activities. The CSR Policy also sets out the rules that need to be adhered to while taking up and implementing CSR activities. The CSR Policy pertains to the activities undertaken by the Company towards fulfilling its CSR objectives. The Company has articulated its CSR philosophy as supporting the causes of education, healthcare including preventive healthcare, skill-development and sustainable livelihood, contribution to eligible incubators and institutes, environment initiatives, and other areas such as disaster management.

A detailed reporting of the CSR initiatives and their outcome is done to the CSR Committee and is also reported as a part of our Integrated Report and ESG report.

12. Business Partners

We have robust mechanisms of maintaining relationships with our business partners including various service providers, business partners and other specialist agencies, vendors and consultants. These mechanisms ensure fair and transparent dealing, integrity and ethical behavior, confidentiality of data and an oversight on the functioning of the partner where relevant. The mechanism entails comprehensive documentation which binds both the parties to clauses pertaining to integrity, confidentiality of data where applicable, detailed services description, transparency in trade and payment terms. These terms safeguards both the parties in case of any breach in terms of the contracts.

Apart from the above, there is a laid down on-boarding process including background checks, detailed information memorandum and wherever relevant, declarations and undertakings as required by **Outsourcing Policy** or other regulations applicable to the Company. Transparency and fairness is ensured by mechanisms such on electronic bidding for price discovery, regular feedback through engagement calls, providing a line of communication through a dedicated email id isecpartners@icicisecurities.com for reaching out to management as well as an escalation mechanism in case of any concerns.

13. Employees

PLEDGE - Our Employee Value Proposition: The Company has always believed that its employees – its human capital – are the key contributors towards its performance and are its greatest assets. The employee value proposition (EVP) called '**PLEDGE**' is a formal articulation of what we as a Company promise to our employees. The 5 anchors of 'PLEDGE' are Pride @ Workplace, Care, Growth & Learning Enabling Work Environment & Meritocracy. Each of the 5 anchors comprise important aspects of our value proposition to employees.

- **Pride @ Workplace:** The employees can take Pride in that they are part of an engaging organization that is conscious of its larger role in society and in serving the nation - an organization that continues to espouse principles of ethics, good governance and good business practices. Pride of being associated with brand ICICI Securities, feeling inspired by the top management, being part of an organisation, which serves as a "trusted

adviser” to its customers and being part of an organisation that promotes ethics and good business practices, in addition to adding value to society at large.

Care: Standing by employees in their hour of need, just as they go the extra mile for the organization whenever required - both personally and professionally. Treating people with respect and dignity in every engagement.

- **Growth and Learning:** Opportunities for personal growth of employees, as they work towards Company’s growth & success. Access to robust learning architecture to enhance learning beyond current domain. Offer a working environment where there is freedom to try out new ideas and learn from experience. The Company provides learning opportunity and platforms for our employees through its LMS- MPower platform that provides a personalized learning experience online. The company regularly reviews its existing suite of E-learning modules based on their content, validity and response from the end users.

ICICI Securities has instituted internal academies that offer learning programs curated to hone the skillsets of its employees thus aligning them in making ICICI Securities a Digitally Integrated Financial Marketplace for all financial needs. The objectives of the internal academies are to enable:

- Building employee capabilities thus boosting employee efficiency
 - Agility among employees for responding to customer requirements
 - Promoting Innovation for better user experience
- **Enabling Work Environment:** Work environment that facilitates achievement of aspirational goals - an environment which facilitates employees to perform and deliver their best. Whether it is through clearly defined performance expectations, policies and processes or access to productivity tools or facilitating employees to participate in shaping policies/processes/strategy. The Company has established an empowering environment with high tolerance towards honest mistakes and an open door/nonhierarchical approach coupled with strong professional conduct.
 - **Meritocracy:** A merit-oriented organization, setting high performance standards and linking rewards to performance.

Developing Talent Pipe-line: The company focuses on developing a pipeline to infuse fresh talent (graduates) through its tie-ups with the academia. Through this initiative, the Company works with learning partners and leverages their network for attracting candidates with right attitude to work in the Company. The selected candidates undergo in-depth and extensive training program which has been curated by our business heads and learning partners to make them job ready. In addition to the above tie ups, the Company heavily hires from the graduate and MBA programs. Before on-boarding, the students go through, an easy paced 9 week learning journey of Interactive masterclass held on subjects like Personal finance, Equities, Derivatives, Mutual Funds, Insurance and Loans called iGNITE. This helps the students interact with SMEs even before joining the Company, become certified, skilled, confident and productive from Day 1 of their on-boarding.

Leadership Development: The Company has curated various leadership programs that are focused to groom the employees for the managerial role and preparing them to take on the responsibilities as a team leader through our “Leadership Mentoring Programs”. We prepare our employees early in their career on leadership skills through our first-time manager program – i-Lead. i-Lead specifically focuses on the employees who are newly promoted to the managerial roles and empowering them to understand & manage self & team and work to achieve optimum performance output.

Employee Engagement: The Company reaches out to its employees to collect their feedback and inputs through various means including ‘Employee Alignment Surveys’, and ‘Pulse Surveys’. The Employee Alignment Survey seeks feedback on delivery of our EVP – PLEDGE from eligible employees. The Pulse Survey checks in with new joiners on defined intervals on their experience across various aspects like induction, infrastructure, onboarding, support from team, role understanding & others.

The findings from such engagement exercises are communicated, discussed and considered for further enhancing the Company’s policies and programs.

Leadership Competency Framework: The Company has a mutually valuable relationship with its employees. This relationship is characterized by the investment it makes towards providing challenging roles and assignments, opportunities for personal growth, relevant and timely performance support, training and an enabling environment.

Our cultural ethos is embodied in our DNA Anchors (Leadership Competencies). There are a total of 10 DNA anchors as below, which explain the expectations (in terms of leadership behaviours) from all employees:



To reinforce these expectations, we use 360 Degree Feedback as a developmental tool for employees, designed to obtain feedback on the extent to which a particular employee displays behaviour in line with the DNA anchors. For this purpose, inputs are collected from an employee’s superiors, peers and subordinates about his/her work-related behaviour and

the impact of that behaviour. This feedback serves as an important input for organisational processes like Leadership Potential Assessment and Succession Planning.

Policy Framework: The Company believes that every employee is important and that their well-being and safety are our utmost priorities. We provide fair and equal employment and advancement opportunities to all our employees and there is no discrimination on the basis of race, caste, colour, age, sex, disability and socio-economic status, etc. We ensure a fair recruitment process that helps us identify and hire people with the right values, who are then groomed, encouraged and retained through a combination of financial and non-financial incentives. We measure and disclose gender mix amongst our workforce. The Company has an elaborate policy framework, comprising the below policies that ensure safety and well-being of our employees:

- **Diversity, Equity & Inclusion Policy:** The company is committed to nurturing and promoting a culture of diversity, equity and inclusion. Our inclusive culture enables our employees to work effectively, free from any biases.
- **Human Rights Policy:** Our Human Rights Policy aims to create awareness, promote areas of Safe & Harassment free (including sexual harassment) workplace, Freedom of expression and Diversity and Inclusion and redress grievances if any.
- **Prevention of Sexual Harassment Policy:** We have a robust policy on Prevention of Sexual Harassment at workplace (POSH) and a formal process for dealing with harassment or discrimination complaints. All our employees undergo awareness sessions on Prevention of Sexual harassment.
- **Leave Policy:** Leave policy at ICICI Securities Ltd. is designed to meet various life stage needs of employees. Various types of leaves that are available to eligible employees are mentioned below:
 - Privilege Leave (PL)
 - Casual Leave (CL)
 - Sick Leave (SL)
 - Maternity Leave (ML) including Sabbatical Leave post maternity
 - Childcare Leaves (for Single Father and Women Employees)
 - Adoption leaves
 - Paternity Leave (PAT)
 - Compensatory Off (CO)
- **Grievance Redressal policy:** The Company has put in place a robust grievance redressal process for investigation of employee concerns in line with the Code of Conduct & Business Ethics which clearly delineate employee responsibilities and acceptable employee conduct.

- **Compensation Policy:** Our company has a Board approved policy for compensation of employees and framework for remuneration of Non-Executive Directors. Our Nomination and Remuneratin Committee specifies Key Performance Indicators (KPIs) for Whole Time Directors (WTDs) and equivalent positions and the organisational performance norms for variable pay, which is based on the financial and strategic plan approved by the Board. The KPIs include both quantitative and qualitative aspects of performance defined with sub parameters. Our approach to compensation is based on the ethos of meritocracy and fairness within the framework of prudent risk management.

The Compensation Policy is applicable to all the employees of the Company including the Whole-time Directors, Key Managerial Personnel and Senior Managerial Personnel of the Company.

- **Higher Education Policy:** This is to facilitate employees to pursue professional qualification and accreditation for upskilling themselves on continuous basis.
- **Internal Job Posting (IJP):** The Company provides growth opportunities to employees by providing internal job. Some of these internal job movements may entail promotion and/or change in salary.
- **Flexible Work Arrangements:** This is available to middle to junior employees on need basis to manage any unexpected/unavoidable situation.
- **Salary Advances to Employees:** This benefit is aimed at providing financial assistance to employees of the Company in case of any exigency.
- **Employees' Children Scholarship Scheme:** This aims to help employees meet the educational requirements of their children, domestically or internationally, who are outstanding in their studies.
- **Insurance Coverage:** Employees and their dependents (wherever applicable) are protected under various insurance covers like Health Insurance, Personal Accident and Life Insurance. The company stands with the employee in the hour of the needs pertaining to the serious ailments of employees or their eligible dependents and have gone beyond the predefined limits of health insurance coverage. The Company also provides Top Up Insurance and Parental Insurance on paid basis to the employees which covers pre-existing ailments.
- **Travel Accompaniment:** Women employees or single fathers required undertake domestic official travel can be accompanied by their young children and a caregiver on corporate expense.
- **Assistance to employees having children with special needs:** The company covers expenses incurred on improving the quality of life of employee's children with special needs.

- **Retirement Benefits:** The Company has a Board approved policy to cover post-retirement benefits for employees retiring from the services of the Company on superannuation or under early retirement scheme.

Enabling Employee Well-being: The Company has put in place a holistic well-being framework for employees which focused on both physical and mental well-being. The Company has tied up with mobile based medical concierge service provider for extending online medical consultation facility to employees and their dependents free of cost. Employees can avail consultation from specialised doctors in various fields including mental wellbeing.

Also, to inculcate a healthy lifestyle, the company has conducted various sessions by experts and doctors on health topics like Prevention of Life Style Disease, mental wellbeing, healthy diet, sleep disorders and others. As a part of employee wellbeing, the company had also carried out Executive Health Check-up free of cost for employees of age 40 years and above.

Employee Volunteering: Keeping the spirit of Social Responsibility in mind and to inculcate habit of giving back to society among our employees, the Company, encourages employee volunteering initiatives. The Company curated an employee volunteering initiative called as 'Avsar' during FY 23. This initiative gave a platform to our employees to serve the society at large, engage with different strata of society, an opportunity to engage with other colleagues and marked huge participation from Employees.

During FY23, the focus of Avsar was:

- Promoting financial literacy
- Extending care
- Environmental aspects

Employees had conducted financial literacy sessions for health care providers, policemen, startup entrepreneurs and for college students who are the first generation in college. In addition to the same, employees also conducted personal hygiene sessions in villages, organized food distribution camp in municipal schools, beach cleaning activities across Mumbai and blood donation camps.

GOVERNANCE

The Company has in place a robust Governance architecture comprising the Governance framework, Compliance framework and Risk Management framework. The section below details out each of these frameworks:

14. Governance Framework

Corporate governance broadly refers to the accountability of the Board of Directors towards various stakeholders of the Company, viz., shareholders, employees, suppliers, customers and society in general. It ensures Board's accountability for providing the Company with a fair, efficient and transparent administration which eventually results in benefitting all the stakeholders. The Corporate Governance framework aims at ensuring the conditions whereby the Company's Management and the Board of Directors act in the interest of the Company and its stakeholders and ensure the means by which the Management is held accountable to various stakeholders.

The Company firmly believes that strong corporate governance and compliance practices are of paramount importance to maintain the trust and confidence of its stakeholders and the reputation of the Company. To ensure transparency, fairness and objectivity in the organisation's functioning and unquestioned integrity of all personnel involved, the Company has proactively adopted best practices with regard to corporate governance and compliance.

As an entity, our strategic goals and the experience offered to our stakeholders are aligned to our ESG approach. This is an area which remains to be of continued focus and importance as we embark on our journey with an end objective of emerging as full stack open architecture "digital platform" for serving financial services' needs of retail Indian across life stages.

The Company's policy on compliance with regulatory requirements is backed by stringent internal policies, codes, standards and principles towards ensuring compliance with law, maintenance of confidentiality of client information and prevention of insider trading. The Company has developed policies that have a bearing on its businesses. The Company is committed to conducting its business in accordance with applicable laws, rules and regulations with highest standards of business ethics and ethical conduct. The Company has processes in place towards complying with all the applicable laws, rules and regulations in letter and spirit.

15. Board and Committee Composition

The Board composition is in compliance with the provisions of the Companies Act, 2013 and rules made thereunder ('the Act') and Listing Regulations and such other laws/regulations in force for the time being to the extent applicable to the Company. The Board has an optimum combination of Executive and Non-executive Directors and currently, the Board consists of nine Directors, out of which five are Independent Directors, two are Non-executive Non-independent Directors and two are Whole-time Directors. The Board has one Independent Woman Director. The composition of Directors may change from time to time within the broad regulatory provisions in this regard. Except the Managing Director & CEO and the Executive Director, all other Directors including the Chairperson of the Board are Non-executive Directors. The Board has a designated Chairperson. The Managing Director & CEO and the Executive Director oversee implementation of strategy, achievement of the business plans and the day-to-day operations of the Company.

16. Board Diversity Policy

The Act and Listing Regulations stipulate the requirements in relation to the composition of the Board of Directors of the Company. To comply with these requirements at all times, the Company has adopted Board Diversity Policy ('Policy'). The Policy sets out the approach in relation to the diversity on the Board. The Company recognises that a diverse Board will have different thoughts, perspective, knowledge, skill, industry experience, age and gender, which will ensure that the Company retains its competitive advantage based on these principles.

17. Functioning of the Board

In terms of Section of 166 of the Act, the Directors are required to act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.

The Board functions either as a full Board or through various Committees constituted to oversee specific areas. The Board of Directors of the Company meets at regular intervals to discuss and decide on business policy and strategy apart from other businesses. The Board has, *inter alia*, constituted requisite mandatory Committees, *viz.*, Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The constitution of these Committees is in compliance with the provisions of the Act and Listing Regulations.

The Board reviews compliance with the terms of reference of all the Committees once in year and if required, the Board may change the terms of reference of these Committees. The terms of reference of the Committees are provided in the Annual Report.

18. Details of the Committees

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

In addition to the mandatory Board Committees, there are certain other Committees, Councils and Forums that oversee various functional and operational aspects. Currently, these include:

- Information Technology & Cybersecurity Committee
- Information Technology & Information Security Operations Risk Committee
- Technology Review Council
- Compliance Committee
- Commitment Committee
- Investment Committee
- Compliance Committee
- Product Committee
- Process Approval Committee
- Operations Committee
- Customer Service Council
- Product Governance Forum
- Asset Liability Forum
- ESG Executive Forum
- PMS Review Forum

The Company continues to ensure good governance, *inter alia*, through the implementation of effective policies and procedures in compliance with the Act, Listing Regulations as well as applicable acts, rules, regulations, *etc.* The policies are reviewed by the Board or the Committees from time to time.

19. Governance Controls

Responsibilities of the Board: The responsibilities of the Board, *inter alia*, include the following:

- Supervising the effectiveness of the Company's governance practices and making changes as and when needed;
- Establishment of Board Committees, their mandate (terms of reference), composition and working procedures;
- Understanding, reviewing and monitoring the implementation of Strategic Plans;
- Reviewing and approving significant corporate actions;
- Approval of the charters, codes, guidelines and policies as per the statutory requirements as well as ICICI Group norms;
- Periodically reviewing the Board/Committee meeting action items on specific matters;
- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting Key Performance Indicators (KPIs), and monitoring implementation and corporate performance;
- Selecting, compensating, monitoring and when necessary, making requisite changes in the Key Managerial Personnel and Senior Management and overseeing succession planning;
- Aligning Key Managerial Personnel, Senior Management and Board remuneration with the long-term interests of the Company and its shareholders in terms of achievement of KPIs; and
- Other general responsibilities as per the laws/regulations in force for the time being, applicable to the Company.

20. External Auditors

Appointment of Statutory Auditors: The Company ensures adherence to regulations governing auditor appointment as may be amended from time to time. Currently the framework requires:

- An individual auditor or an auditor firm maybe appointed by the members at the Annual general meeting for a tenure not exceeding 5 years.
- The members may not reappoint an individual auditor for more than one term of 5 years and an audit firm for more than 2 consecutive terms of 5 years.

- As on the date of appointment no audit firm having a common partner or partners to the other audit firm, whose tenure has expired in a company immediately preceding the financial year, shall be appointed as auditor of the same company for a period of five years

Auditors engagement with Audit Committee: A separate meeting of the Chairperson of the Audit Committee with the Statutory Auditors is held on a quarterly basis before the Audit Committee meeting to discuss on the audit undertaken, processes followed, observations, if any. Additionally, a separate meeting of the Audit Committee members with the Statutory Auditors and the Secretarial Auditors is also held on a half-yearly basis to discuss major areas of concern, if any. None of the representatives of the Management are present in such meetings of the Audit Committee members with the Auditors.

A separate meeting of the Chairperson of the Audit Committee with the Statutory Auditors is held on a quarterly basis before the Audit Committee meeting to discuss on the audit undertaken, processes followed, observations, if any. Additionally, a separate meeting of the Audit Committee members with the Statutory Auditors, the Secretarial Auditors is also held on a half-yearly basis to discuss major areas of concern, if any. None of the representatives of the Management are present in such meetings of the Audit Committee members with the Auditors.

21. Meeting Attendance

The Board members are expected to prepare, attend and participate at all the Board meetings, committee meetings and the General Meetings of the shareholders. The Company makes the arrangements to enable Directors' participation virtually, through Video Conferencing and any other audio-visual means. Further, the Board members spend their quality time on these meetings and discharge their obligations properly. Further, the Management encourages healthy participation at all the meetings of the Board and Committees. The Directors review meeting materials prior to the Board and Committee meetings and, wherever required, they communicate, in advance of the meetings, about any areas that they wish to discuss so that the Management is prepared to address the same during the meeting.

22. Board Operation and Meetings

- **Board and Committee meetings schedule and place:** The calendar of dates for Board and Committee meetings for the ensuing year is decided well in advance in consultation with the Board members. The Board meets at least once a quarter and also meets at such other times as may be necessitated by the needs of Company's business. The Board meetings generally are held at the registered office of the Company. The Board meetings are held through Video Conferencing as well.

- **Agenda for the meetings:** The draft agenda of the Board as well as the Committee meetings along with respective agenda notes are circulated to the Board members and the members of the Committees respectively, for their reviews well in advance in terms of the applicable Secretarial Standards. The agenda includes such matters as decided by the Management as well as the issues suggested by any of the Directors from time to time. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is also free to raise at any Board meeting the subjects that are not on the agenda for that meeting with the permission of the Chairperson of the meeting and with the consent of majority of the Directors.
- **Advance distribution of Agenda and Meeting materials:** The agenda and meeting materials for the Board/Committee meetings are sent to the Directors prior to the Board meeting except those matters which are material, unpublished and price sensitive. The objective is to ensure that agenda and meeting schedule must permit adequate time for discussion between Board members and the Management. The Management ensures that the materials distributed are as concise as possible yet give Directors sufficient information to make informed decisions.
- **Separate meetings of Independent Directors:** Clause VII of Schedule IV of the Act and Regulation 25 (3) of Listing Regulations require the Company to hold at least one meeting of Independent Directors in a year without the presence of non-independent directors and members of the Management. Accordingly, the Independent Directors meet at least once in the first quarter of every year without the presence of executive management. The Independent director (Chairperson of the Board) presides over such meetings and in his/her absence, one of the Independent Directors chosen by the group of Independent Directors can act as the Chairperson of the meeting.

Such meetings *inter alia*: review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the Company, considering the views of executive directors and non-executive directors; and assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to the above separate meeting of Independent Directors, the Independent Directors meet during the remaining quarters as well to discuss the performance of the Company and other matters and provides guidance to the Management from time to time.

23. Independence, Qualifications and tenure of the Directors

All the Independent Directors fulfil the criteria of independence as specified in Listing Regulations and the Act and are independent of the Management.

The terms of appointment/re-appointment and tenure of Independent Directors are governed as per the applicable provisions of the Companies Act, 2013 ('the Act') and Listing Regulations. Independent Directors of the Company can hold office for a term up to five consecutive years on the Board of the Company, however, they are eligible for re-

appointment for a further term of five consecutive years, subject to the approval of the shareholders by Special Resolution and meeting the criteria of independence provided in the Act and Listing Regulations at all times. Additionally, prior approval of the shareholders is required to be obtained for appointment/continuation of appointment of a non-executive Director who has attained the age of seventy-five years during his/her tenure of appointment in the Company.

In the context of the Company's business for effective functioning, the Company has distinguished individuals on its Board of Directors with each of the Directors having the requisite core skills/expertise/competence as well as several years of vast experience and knowledge in various diversified functions and fields, *viz.*, corporate planning, project & portfolio/asset management, economics, capital markets, investment banking, institutional & retail broking, private equity fund management, financial services, corporate & international banking, treasury, competition & corporate laws, business and finance laws, corporate affairs, commerce, economic regulations, technology, business strategies and management, institutional strengthening & business transformation, banking & finance, insurance, human resources development, venture capital, retail & rural banking, SME/Commercial banking, rural and inclusive banking, etc. The Board has a right blend of dynamism, leadership and experience.

The Independent Directors are members of the Board of Directors of various reputed companies including listed entities and they provide their treasured inputs and guidance at the Meetings of the Board which have been of immense help to the Company in pursuing strategic goals.

The Board is suitably equipped to understand the ever changing business dynamics of the stock broking, distribution, wealth management and investment banking sectors in which the Company operates and ensures that appropriate strategies are articulated benefitting the Company in the long run.

24. Duties of Directors:

- Subject to the provisions of the Act, a director of a company shall act in accordance with the articles of the company.
- A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- A director of a company shall exercise his/her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners, or associates and if

such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.

- A director of a company shall not assign his/her office and any assignment so made shall be void.

25. Duties of Independent Directors:

In addition to the above duties of the Directors, the independent directors shall:

- Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company.
- Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company.
- Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member.
- Participate constructively and actively in the committees of the Board in which they are chairpersons or members.
- Strive to attend the general meetings of the company.
- Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting.
- Keep themselves well informed about the company and the external environment in which it operates.
- Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company.
- Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
- Acting within his/her authority, assist in protecting the legitimate interests of the company, shareholders and its employees; and not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

26. Evaluation of performance of the Board and Committees

The Company has in place an evaluation framework for evaluation of the Board, Directors and Chairperson. The Board also carries out an evaluation of the working of the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, and Information Technology & Cybersecurity Committee. The evaluation of the Committees is based on the assessment of the compliance with the terms of reference of the Committees.

The evaluations for the Directors and the Board are done through circulation of questionnaires for evaluation of the performance of the Board, the Committees of the Board and the individual members of the Board, which assesses the performance of the Board on selected parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The evaluation criteria for the Directors (including Independent Directors) is based on their participation, contribution and offering guidance to and understanding of the areas that are relevant to them in their capacity as members of the Board.

The Nomination & Remuneration Committee ('NRC') reviews the performance of Whole-time Directors. The NRC defines Key Performance Indicators ('KPIs') for the Company and the Executive Director and the actual performance is assessed against the KPIs set out at the beginning of the financial year. The KPIs include both quantitative and qualitative aspects.

27. Board Compensation

The Company has Remuneration Policy for the Non-Executive Directors.

The Non-Executive Independent Directors are remunerated by way of sitting fee for attending each meeting of the Committee/Board and profit related commission, within the limits as provided under the Act, as approved by the Board from time to time.

The Company does not pay any remuneration/sitting fees to Non-executive Non-independent Directors.

The Company has in place **Compensation Policy** applicable for the Whole-time Directors (WTDs), Key Managerial Personnel (KMP), Senior Management and other employees. The Compensation Policy is framed under the guidance of the NRC to ensure effective governance and to drive meritocracy under a prudent risk framework. The compensation of the Whole-time Directors is determined by the NRC after taking into consideration the achievement of KPIs. The NRC assesses organizational performance as well as the individual performance of Whole-time Directors. Based on its assessment, it makes recommendations to the Board regarding compensation for Whole-time Directors, Key Managerial Personnel and Senior Management along-with bonus and long term incentive plan (LTIP) for employees.

28. Annual Strategic and Operating Plans

At least once a year, a Strategy Board Meeting, generally spread over a period of two days is conducted during which the Managing Director & CEO, Executive Director and the various Business and Functional Heads present the Company's overall Corporate Strategy and proposed strategies for each of the business segments/ functions. The Management seeks inputs/directions from the Board. The suggestions of the Board are then built into the strategic plans of the Company.

During the quarterly Board Meetings, the Board spends sufficient time in going through the implementation of the annual plans and various initiatives emanating from the Annual Strategy Board Meetings to assess whether these are being implemented effectively in a timely manner and suggests course corrections, wherever felt appropriate by the Board members. Thus, the Board reviews the performance of the Company against its strategic plan in the quarterly Board Meetings.

Further, once annually, all the CEOs of the group companies present the performance of their respective franchise and inform about their strategies to the Board of ICICI Bank Limited.

29. Succession Planning

The Nomination and Remuneration Committee periodically reviews and assesses the adequacy of the Company's policies, plans and procedures with respect to succession planning, including policies and principles for KMP and Senior Management selection and performance review. The review of policies also encompasses succession in the ordinary course of business and in the event of unexpected events or emergencies.

The Company has a framework of Leadership Cover Index (LCI) to provide cover to leadership & critical positions in the Company. Based on the guidelines of the framework, critical positions are identified and are included under the Leadership Cover Index.

The Leadership cover is categorized into "Immediate" and "Bench" cover and employees identified as "Leadership Potential" are considered under this framework. It is ensured that at all the times, for all the critical roles, the "immediate" cover is available.

30. Ethics and conduct

We are committed to maintain highest standards of conduct of our business with integrity, ethics and transparency. This commitment is ensured by way of a set of policies and frameworks as discussed below:

Code of Conduct of & Business Ethics ('the Code'): The Code principally prescribes the guidelines to the employees, officers and Directors of the Company towards fulfilling their responsibilities.

The Company expects all its employees, officers and Directors to act in accordance with high professional and ethical standards and to be committed with integrity in all the activities as well as to comply with all applicable laws, regulations and internal policies. The standards of the Code are not necessarily prescribed by the regulators. These standards are something which a well-respected institution must have in place and adhere to on an on-going basis. Pursuant to the Code, all the employees, officers and Directors should conduct their duties according to the language and spirit of this Code and seek to avoid even the appearance of improper behaviour. Their actions need to demonstrate and evidence the principle of acting in good faith and without negligence as well as be aware that even well intentioned actions that violate the law or the Code may result in negative consequences for the Company and for the individuals involved. While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made, but rather set forth key guiding principles that represent ICICI Group's policy. The Code, *inter alia*, covers Employee Conduct, Conflict of Interest, Confidentiality, Anti-Bribery and Anti-Corruption, Personal Investments, Anti-Money Laundering, Workplace Responsibilities, Compliance with laws, rules and regulations, Key Irregularities, Disciplinary Procedures, Grievance Redressal Policy, Duties of Directors, *etc.*

31. Framework for Managing Conflicts of Interest

Conflicts of interest can occur if Company's business practices sacrifice interests of one set of customers in favour of another or place business interests ahead of the customers. To address such situations, the Company has adopted a Framework for Managing Conflict of Interest which articulates several measures taken by the Company in ensuring that conflicts of interest is handled in an appropriate manner, at the individual employee level, at the level of Board of Directors and at the Group level. As part of its management of conflict of interest, the Company has put in place a Code of Conduct for Prevention of Insider Trading which, *inter alia*, covers processes to ensure that confidential information is appropriately secured and decisions and service to clients are independent of such confidential information. There are information barriers between departments that routinely have access to confidential/non-public Information from those who do not have such access. However, in case the need is felt, the Company follows the procedure for crossing the wall including obtaining prescribed approvals.

Four principals governing the Framework for Managing Conflicts of Interest are: (a) Protection of customer's interests; (b) Transparency and accountability; (c) Promoting institutional and individual responsibility and personal example; and (d) Organizational culture.

32. Policy on Related Party Transactions

The Board has adopted Policy on Related Party Transactions ('RPT Policy') pursuant to Regulation 23 of Listing Regulations and Sections 177, 184 and 188 of the Act in this regard.

The RPT Policy covers the following salient aspects:

- Definition and identification of 'related parties';
- Approval of transactions with related parties by the Audit Committee, the Board and the Shareholders, wherever applicable;
- Threshold limits for related party transactions;
- Reporting of the related party transactions; and
- Review of the RPT Policy.

The RPT Policy provides the guidance for conducting any transaction with the related parties.

33. Whistle Blower Policy

Pursuant to Section 177 of the Act and Regulation 4 of Listing Regulations, the Company has adopted the Whistle Blower Policy ('the Policy'). The Policy complies with the requirements of the vigil mechanism as envisaged by the Companies Act, 2013. The Policy aims to set up vigil mechanism that enables employees to report about potentially illegal and/or unacceptable practices. It seeks to enable employees to report such practices without fear of victimisation and reprisal. The Policy aims to administer good governance practices in the Company and to ensure that serious concerns are properly raised and addressed. The purpose of the Policy is to enable an employee who observes an unethical practice (whether or not a violation of law) to approach the designated authority within the Company without necessarily informing employee's supervisors and without revealing employee's identity, if the employee chooses to do so. The Policy aims to provide a mechanism to ensure that concerns are properly raised, appropriately investigated and addressed.

34. Anti-Bribery and Anti-Corruption Policy

It is the Company's commitment to act professionally, fairly and with integrity in all our dealings wherever it operates. Accordingly, the Company has adopted a "Zero-Tolerance" approach to bribery and corruption and framed Anti-Bribery and Anti-Corruption Policy ('Policy'). The 'Code of Business Conduct and Ethics' also clearly articulates this intent of the Company.

Under this Policy, the adherence to this Policy, prevention, detection and reporting of any act of Bribery or Corruption is the responsibility of all the employees of the Company. Specific anti-bribery and corruption clauses are included in vendor agreements. All employees are required to avoid any activity that might lead to or suggest a breach of this Policy. In terms of the Policy, any gift or entertainment which is not proportionate and reasonable and which is not consistent with the normal business practice of developing and maintaining business relationship should not be accepted or offered.

35. Compliance Framework

The Compliance, Risk, and Internal Audit teams undertake a range of monitoring activities during the year to provide assurance that business units are complying with applicable laws, regulations and Company policies. The compliance and risk teams also monitor the adequacy of the compliance framework across our Company in conjunction with the Internal Audit function. Key issues observed as part of this monitoring are reported to the Audit Committee and implementation of recommendations is actively monitored. Additionally, a Quarterly Compliance Certificate signed by the Managing Director & CEO, based on confirmations from the respective business/functional heads is placed before the Audit Committee and the Board of Directors at every Board meeting.

36. Compliance Policy

The compliance risks associated with the financial activities across the Company assume significant importance as these are subject to diverse regulatory and statutory requirements. Therefore, the Company has put in place a Compliance Policy, to put in place a framework for identification and evaluation of the significant compliance risks to assess how these risks might affect the business. The Compliance Policy articulates the compliance philosophy of the Company and the ICICI Group at large and outlines the basic principles governing the compliance function, the broad structure and processes to ensure compliance and the systems to monitor the implementation of the compliance framework.

37. Anti-Money Laundering Policy

As the Company is registered with SEBI, the Company has to comply with the various regulatory provisions pertaining to Anti-Money laundering. Accordingly, the Board has framed Anti-Money Laundering Policy ('the Policy'). The Policy can be accessed at https://www.icicisecurities.com/UPLOAD/ARTICLEIMAGES/Code_of_Conduct_Business_Ethics.pdf

The key objectives of the Policy are:

- To prevent the Company's business channels/products/services from being used as a channel for Money Laundering.

- To establish a framework for adopting appropriate AML procedures and controls in the operations/business processes of the Company.
- To ensure compliance with the laws and regulations in force from time to time.
- To protect the Company's reputation.
- To assist law enforcement agencies in their effort to investigate and track money launderers.
- To lay down AML compliance norms for the employees of the Company.

38. Risk Management Framework

The Company has in place and it is continually improving its prudent risk management framework and integrating efficient on-line and off-line practices to mitigate identified and anticipated risks. This safeguards the Company's businesses in critical times.

The Board of Directors oversees the functioning of Risk Management Committee which frames and reviews risk management processes and controls. The Company has a comprehensive system of risk management and internal controls with an objective to ensure that various risks are identified, measured and mitigated and also that the policies, procedures and standards are established to address these risks.

The Company's risk management system features a 'three lines of defence' approach:

- **The first line of defence** comprises our Operational Departments, which assume primary responsibility for their own risks and operate within the limits stipulated in various policies approved by the Board or by Committees constituted by the Board.
- **The second line of defence** comprises specialised departments such as Risk Management and Compliance. These teams employ specialised methods to identify and assess risks faced by the operational departments and provide these departments with specialised risk management tools & methods, facilitate & monitor the implementation of effective risk management practices, develop monitoring tools for risk management, internal control & compliance, report risk-related information and promote the adoption of appropriate risk prevention measures.
- **The third line of defence** comprises the Company's Internal Audit department, and External Audit functions. They together monitor and conduct periodic evaluations of the Company's Risk Management process, Internal Control and Compliance activities to ensure the adequacy of risk controls and appropriate risk governance.

A brief description of each of the risks faced within the Company is given below:

Market Risk: Market Risk is the risk arising from fluctuation in the value of financial instruments due to volatility in market variables such as stock prices, interest rates, currency rates, credit spreads and other asset prices. Being a financial services intermediary, the Company's business is vulnerable to such risks, including the risks pertaining to proprietary trading activities. To mitigate this risk, the Company has a robust Corporate Risk and Investment Policy that specifies risk management measures and controls to minimise the impact of possible financial loss. Further, for the institutional broking business, the Company has set terminal and dealer level limits to mitigate the risk of erroneous order flows.

Credit Risk: Credit Risk is the risk arising due to investments in fixed income instruments as well as those arising out of receivables from the customers and clearing corporations of stock exchanges. To mitigate this risk, the Company has specified overall and counter-party level exposure limits for investments in fixed income instruments in Corporate Risk and Investment Policy. Further, receivables from clearing corporations is low risk because of low probability of them defaulting and such receivables are short-term in nature related to securities settlements. Also receivables from customers primarily comprise collateralised receivables relating to securities transactions and have low credit risk, because of the value of the collateral received and their short-term nature.

Liquidity Risk: Liquidity Risk arises on account of our capital market-related business and trading and investment activities. To mitigate this risk, the Company has Liquidity Risk Management Policy to guide the actions and the continual monitoring of asset-liability gaps are done across maturity buckets to assess the liquidity requirements.

Operational Risk: Operational Risk is the inability to effectively manage operations and come up with effective products and services leading to losses. To address this risk, the Company has **Operational Risk Management Policy, Outsourcing Policy and Fraud Risk Management Policy** providing guidelines and assigning responsibility for the development of controls and conduct of investigations. The Policy covers various areas, *inter alia*, manner of detecting and identifying frauds, follow-up mechanism for prosecuting persons who committed fraud, co-operation amongst market participants to identify frauds and building a database of those committing frauds and sharing with other market participants. Under the Policy, the Company has established the Fraud Prevention Cell (FPC) as a dedicated group for handling fraud prevention, detection, investigation, monitoring, reporting and awareness creation functions.

The Company also has Business Continuity Plan (BCP) and a **Corporate Business Continuity Policy** in place for critical processes to address any service disruption, ensure operational continuity and limit losses. Moreover, the Company has a process to launch new products with the approval of the Risk Management Committee/Product Committee and review of new processes/products is done by Process Approval Committee. The Internal Audit department also carries out the periodic audit of the risk management, internal control, and compliance activities and information security audits.

Technology Risk: Technology Risk arises from growing competition from fintechs and non-discount brokers, evolving customer needs for technology-based servicing as well as

the need to protect IT systems and processes from damage and cyber threats. To mitigate this risk, the Company has digital agility through API architecture to seamlessly on-board customers alongside making sustained investment in emerging technologies to deliver superior service. The Company has made investments in building a stable, secure, and reliable technology system and it also has Information Technology Risk Management Framework for safeguarding of IT assets and data. Further, the Company has Information Security Management Policy and Cyber Security and Cyber Resilience Policy for protecting the organisation's cyberspace against cyber-attacks, threats and vulnerabilities. Under this Policy, the Company has appointed Head – Information Security designated as a Chief Information Security Officer (CISO) who periodically reviews the instances of cyber-attacks, if any, domestically and globally and takes steps to strengthen Cyber Security and Cyber Resilience framework.

39. Privacy Protection Standard

The Company, as part of its business activities, collects and uses personal and sensitive information about its customers, employees, vendors and others with whom the Company deals with. In addition, the Company may occasionally be required to collect and use information of this kind to comply with applicable regulatory/statutory requirements. Thus, to protect the Personal Information collected by the Company on its website, mobile applications, or its custom extensions, or availing products and services vide online or offline platforms including branches, other points of sales, third party platforms, or through communications, by electronic means or otherwise, or any other mode/platform communicated/introduced by ICICI Securities from time to time (collectively, the "Services"), a Privacy Policy has been adopted within the Company. The Policy, inter alia, is committed to protecting the privacy of its customers and putting all necessary and reasonable measures to protect the confidentiality of the customer information and its transmission. The Policy limits the collection and use of customer information only to a need-to-know basis.

The Company believes that continuing to maintain the trust of customers is of paramount importance in a highly competitive market. Towards this end, the Company will continue to treat customers' data with utmost confidentiality. The Company will also continue to undertake activities towards ensuring data/information security of customers at all the times.

The Company is strongly committed to protecting the privacy of the individuals whose Personal Data it holds and processing such Personal Data in a way that is consistent with applicable data protection legislation. Accordingly, the Company has adopted Personal Data Protection Standard ('Standard'). The objectives of the Standard are:

- Setting the minimum standards on how Personal Data should be handled within the Company.
- Creating a responsible culture of data protection within the Company.

- Identifying and promoting compliance with all applicable data protection laws and regulations.
 - Identifying and managing the legal, regulatory and other obligations with respect to the protection of Personal Data.
 - Increasing employee awareness of data protection in general and of acceptable data handling practices and applicable requirements in relation to personal data, in particular.
-