



# Fairfax India Holdings Corporation

Environment, Social & Governance (ESG)

Performance Report 2023

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FAIRFAX INDIA

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# A Message from Our Chief Executive Officer

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India has been an integral part and focus area for Fairfax Financial Holdings Limited's (Fairfax) investments for over three decades. In line with our long-term vision and commitment towards India, we established Fairbridge Capital Private Limited (Fairbridge Capital) in India in 2011 and Fairfax India Holdings Corporation (Fairfax India) in Canada in 2015. Fairfax India is the investment vehicle dedicated towards future investments in India and India related businesses.

Fairfax India has adopted 'The Code of Business Conduct and Ethics' as its cornerstone, which is built around the first value in our longstanding and regularly reported Guiding Principles – "honesty and integrity are essential in all our relationships and will never be compromised." Following this, our Board of Directors maintain the highest level of corporate governance and transparency in corporate disclosures. Additionally, our guiding principles are ingrained in our investment decisions as well as in our investee companies' everyday operations.

Our investee companies have enhanced their commitment to environmental, social and governance (ESG) issues and have undertaken path-breaking initiatives in each category. A major focus of our companies has been initiatives to protect the environment, working with communities, while maintaining the highest levels of governance. Our initiatives in this regard range from water conservation and rain-harvesting, to increasing their renewable energy sourcing, tree-planting, reducing the use of plastic, recycling, and reusing wastewater. Two of our companies, in particular, Bangalore International Airport Limited (BIAL) and Sanmar Chemicals Group are leaders in their respective industries. As well, training and learning opportunities for our employees have been another focus area, with innovative technical platforms implemented for employees, and learning centres established in rural communities.

In 2016, Fairfax established the Fairfax India Charitable Foundation with the objective of undertaking charitable activities to support communities. The charitable foundation has done excellent work in supporting close to 1,200 dialysis centres across India and has actively contributed to natural disaster recovery initiatives. Our investee companies have been at the forefront of environment protection, support to our customers, providing learning and development opportunities for employees, ensuring superior standard of cybersecurity and corporate governance.

We believe that over the long-term, value creation is intricately linked to the prosperity of our people, communities, and the environment that our businesses operate in. We are committed to create value for all our stakeholders.



**Chief Executive Officer**

# Our Guiding Principles

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Fairfax's Guiding Principles were first drafted in 1987 and hold true today. Fairfax India endeavours to follow and uphold the same principles as Fairfax.

## Objectives

- We expect to compound our mark-to-market book value per share over the long-term by 15% annually by running Fairfax and its subsidiaries for the long-term benefit of customers, employees, shareholders, and the communities where we operate – at the expense of short-term profits if necessary.
- Our focus is long-term growth in book value per share and not quarterly earnings. We plan to grow through internal means as well as through friendly acquisitions.
- We always want to be soundly financed.
- We provide complete disclosure annually to our shareholders.

## Structure

- Our companies are decentralized and run by the Presidents except for performance evaluation, succession planning, acquisitions, financing, and investments, which are done by or with Fairfax. Investing will always be conducted based on a long-term value-oriented philosophy. Co-operation among companies is encouraged to the benefit of Fairfax in total.
- Complete and open communication between Fairfax and subsidiaries is an essential requirement at Fairfax.
- Share ownership and large incentives are encouraged across the Group.
- Fairfax will always be a very small holding company and not an operating company.

## Values

- Honesty and integrity are essential in all our relationships and will never be compromised.
- We are results oriented – not political.
- We are team players – no “egos”. A confrontational style is not appropriate. We value loyalty – to Fairfax and to our colleagues.
- We are hardworking but not at the expense of our families.
- We always look at opportunities but emphasize downside protection and look for ways to minimize loss of capital.
- We are entrepreneurial. We encourage calculated risk taking. It is all right to fail but we should learn from our mistakes.
- We will never bet the company on any project or acquisition.
- We believe in having fun – at work!

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# Survey Methodology

The contents of this report are the culmination of feedback from our standard Environmental, Social and Governance (ESG) survey. Our twelve portfolio companies <sup>1</sup> participated in this survey and actively engaged in the feedback and consultation process. We are committed to ESG as an activity and measurable deliverable both at the head office and portfolio company level and plan to develop a gap analysis and ‘improvements action plan’ for this critical business imperative over the months ahead. Throughout this document we will share our approach, progress, and key achievements across our operations. Moreover, we will highlight areas of focus and attention emanating from the data collected, all of which will inform our ESG Progression Strategy. This report presents both established and more recent initiatives for the fiscal year ending March 31, 2023.

**Note 1.** IIFL Finance Limited, IIFL Securities Limited, Spaisa Capital Limited, Bangalore International Airport Limited, Sanmar Chemicals Group, National Commodities Management Services Limited, CSB Bank Limited, Saurashtra Freight Private Limited, Seven Islands Shipping Limited, Fairchem Organics Limited, Jaynix Engineering Company Private Limited, Maxop Engineering Company Private Limited.



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# OUR BUSINESS

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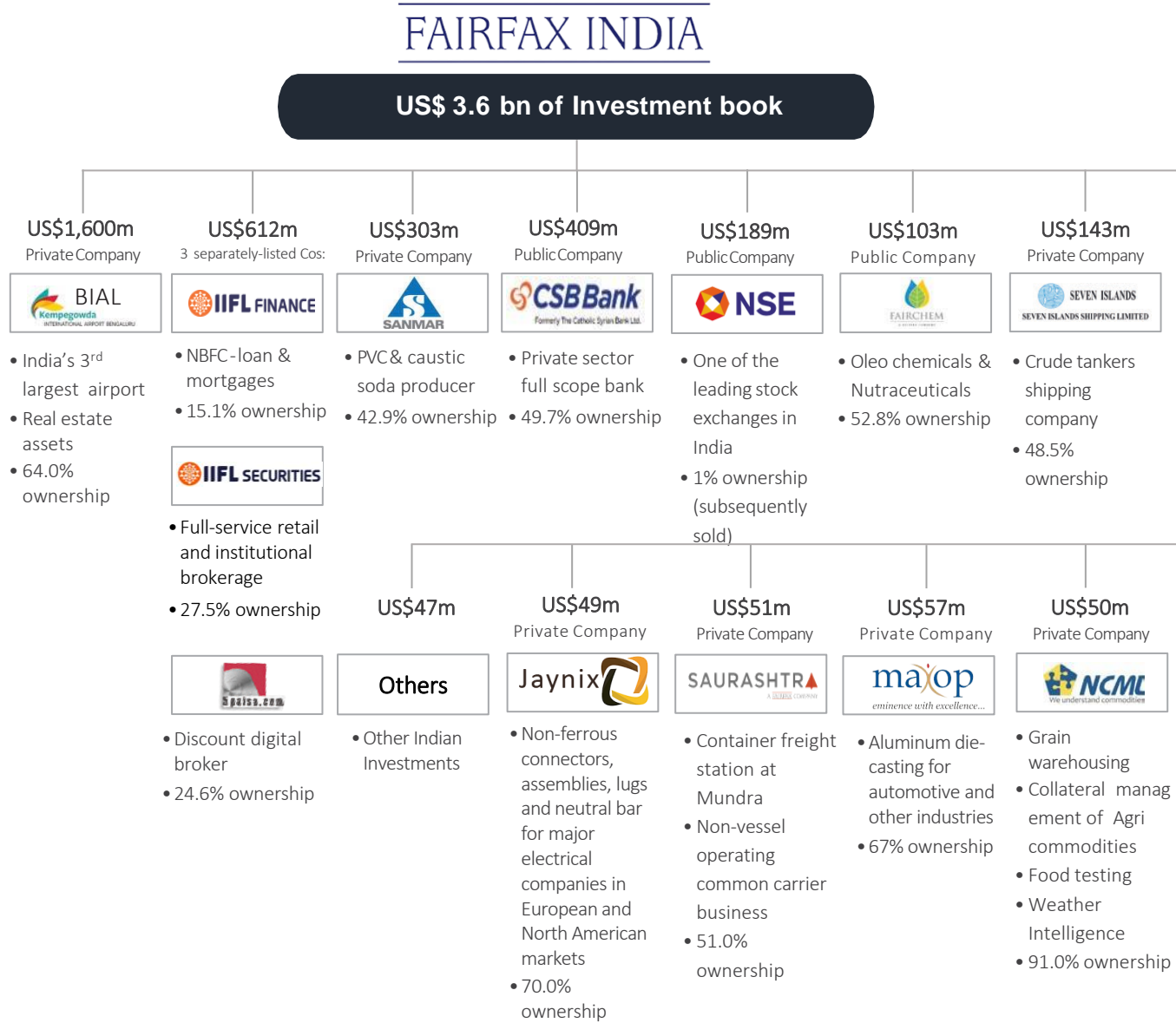
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# Corporate Profile

Fairfax India is an investment holding company publicly traded on the Toronto Stock Exchange whose investment objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India.

Fairfax India takes a long-term value approach towards acquisitions and investments in the Indian region. We focus on long-term capital appreciation through a flexible and value-oriented approach, underpinned by our Guiding Principles, including integrity, transparency, and responsiveness in all our dealings. Our permanent capital base enables us to execute a unique set of transactions; by taking a very long-term view, combined with the ability to execute highly flexible and creative deal structures.

An overview of our portfolio at December 31, 2023 is detailed below:



# Corporate Profile

Fairfax India was founded in 2014 by Prem Watsa and is headquartered in Toronto, Canada. Fairfax India's subordinate voting shares are traded on the Toronto Stock Exchange under the symbol "FIH.U"

Fairfax Financial Holdings Limited (Fairfax) is the controlling shareholder of Fairfax India. Fairfax is a Toronto based financial services holding company with a global presence in insurance and reinsurance and a portfolio of assets invested worldwide. Fairfax is listed on the Toronto Stock Exchange under the symbol of "FFH".

Fairfax India makes all or substantially all of its investments either directly or through one of its wholly-owned consolidated subsidiaries based in Mauritius, FIH Mauritius Investments Ltd and FIH Private Investments Ltd. In 2019, Fairfax India formed Anchorage Infrastructure Investments Holdings Limited, a consolidated subsidiary of FIH Mauritius based in India.

Fairfax India utilizes, and expects to benefit significantly from, the experience and expertise of Fairfax, Hamblin Watsa Investment Counsel Ltd. (Portfolio Advisor) and Fairbridge Capital Private Limited (Fairbridge) and their respective networks in India, to source and evaluate investment opportunities for the company.

The Portfolio Advisor is a wholly-owned subsidiary of Fairfax and registered portfolio manager in the Province of Ontario and has been appointed portfolio advisor to Fairfax India and its subsidiaries. Fairbridge, also a wholly-owned subsidiary of Fairfax, has been retained by the Portfolio Advisor to act as a sub-advisor to the Portfolio Advisor with respect to investments of Fairfax India and its subsidiaries.

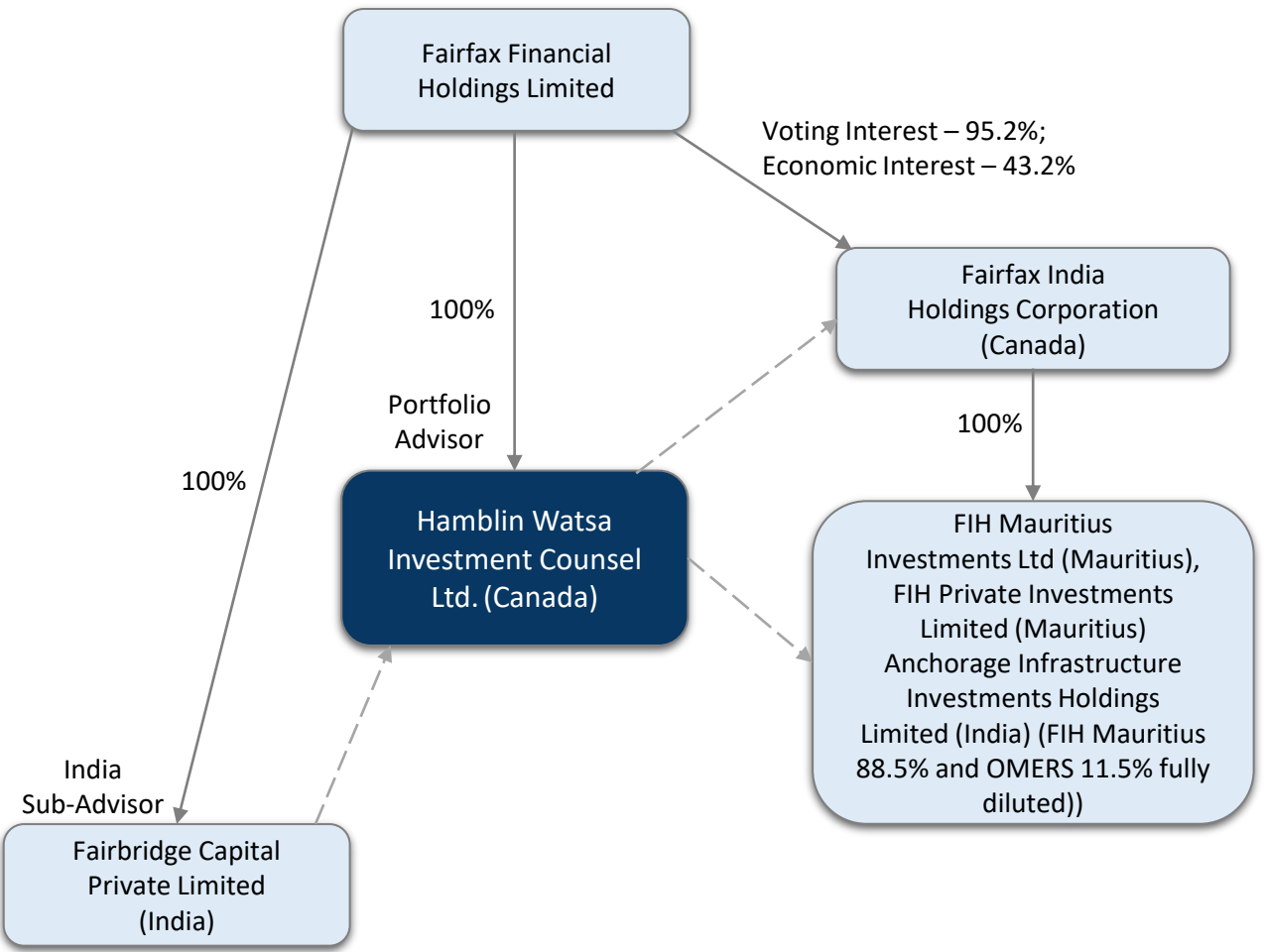


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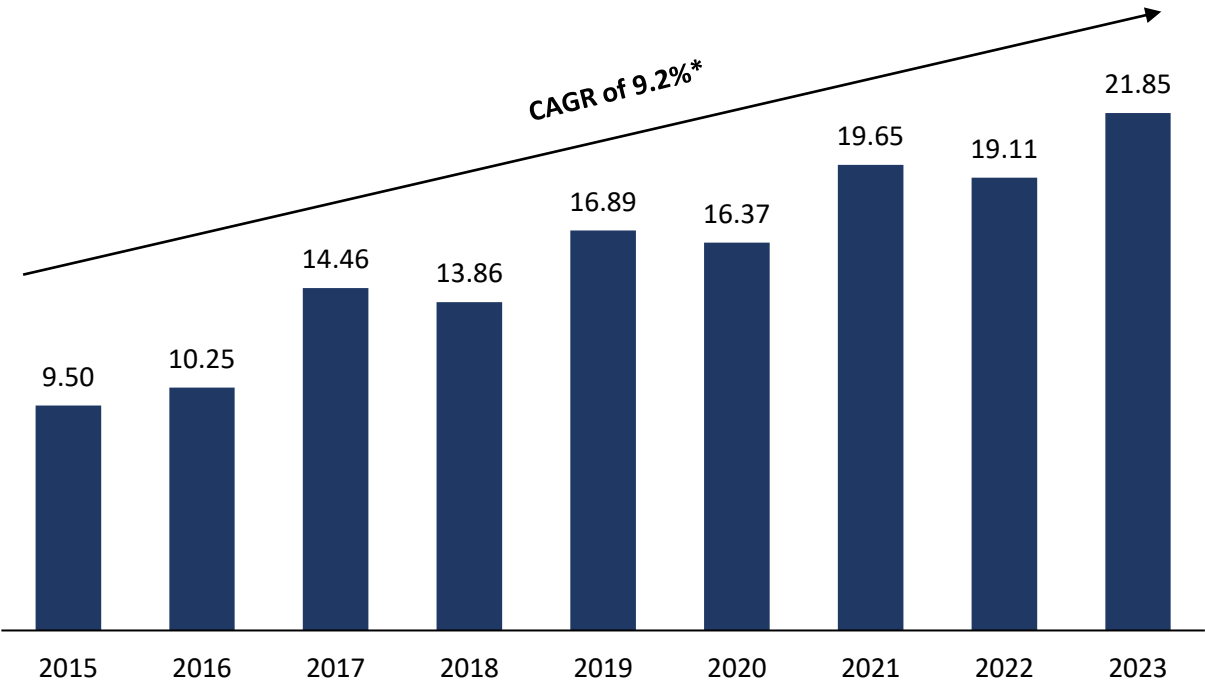
# Corporate Profile

An overview of our corporate structure is detailed below:



# Fairfax India Holdings: A snapshot

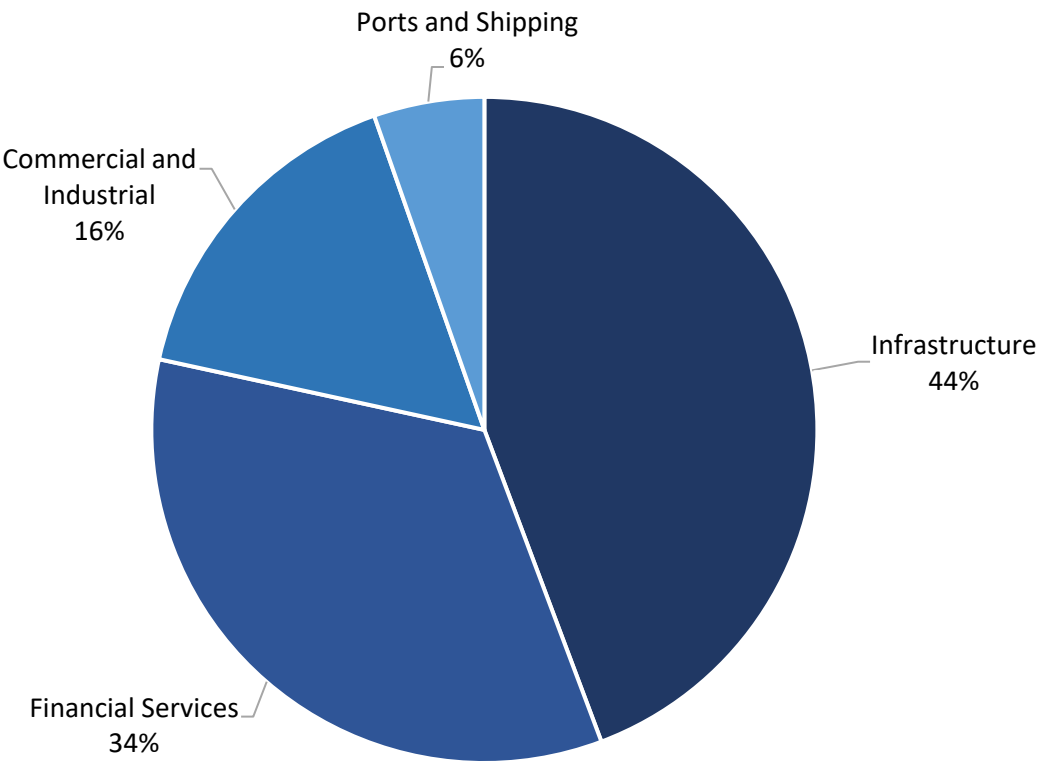
## Book Value Per Share (US\$)



**Note:** The company’s book value per share of \$21.85 at December 31, 2023 represented a compound annual growth rate from the initial public offering price of \$10.00 per share at January 30, 2015 of 9.2%.

## Diversified Portfolio

The company’s holdings of Public and Private Indian Investments at December 31, 2023



# Our Business

Fairfax India makes all or substantially all of its investments either directly or through one of its wholly owned subsidiaries based in Mauritius, FIH Mauritius Investments Ltd (FIH Mauritius) or FIH Private Investments Ltd (FIH Private). Fairfax is Fairfax India's ultimate parent and acts as its administrator. In 2019, the company formed Anchorage Investments Holdings Limited (Anchorage), a subsidiary of FIH Mauritius, based in India. In 2021, the company transferred 43.6%, equity interest in BIAL to Anchorage.

Fairfax India's investments are comprised of various percentages of ownership in the following companies. Some of Fairfax India's investments are in companies whose shares are listed on the BSE (formerly known as the Bombay Stock Exchange) and the National Stock Exchange of India (NSE).

**Bangalore International Airport Limited (BIAL)** is a private company located in Bengaluru. BIAL, under a concession agreement with the Government of India until the year 2068, has the exclusive rights to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Kempegowda International Airport (KIAB) through a public-private partnership. KIAB is the first greenfield airport in India built through a public-private partnership. ([www.bengaluruairport.com](http://www.bengaluruairport.com))

**IIFL Finance Limited (IIFL Finance)** is a publicly traded diversified financing company located in Mumbai that offers home loans, gold loans, business loans (including loans against property and small-to-medium enterprise loans, microfinance, construction, and real estate finance) and capital market finance. ([www.iifl.com](http://www.iifl.com))

**IIFL Securities Limited (IIFL Securities)** is a publicly traded leading investment advisory firm providing diversified financial services and products such as financial planning, equity, commodities, and currency broking (both cash and derivatives), depository participant services, investment banking, portfolio management as well as distribution of mutual funds, bond products and other products. IIFL Securities is based in Mumbai. ([www.iiflsecurities.com](http://www.iiflsecurities.com))

**Sanmar Chemicals Group (Sanmar)**, a private company located in Chennai, is one of the largest suspension polyvinyl chloride manufacturers in India, operating in India and Egypt. Sanmar also manufactures caustic soda, calcium chloride, chloromethanes, refrigerant gases, industrial salt and specialty chemical intermediates. ([www.sanmargroup.com](http://www.sanmargroup.com))

**CSB Bank Limited (CSB Bank)** is a publicly traded company located in Thrissur and is a full-service bank offering retail banking, non-resident Indian banking services, small-to-medium enterprise, and wholesale banking services throughout India. ([www.csb.co.in](http://www.csb.co.in))

**Fairchem Organics Limited (Fairchem Organics)** is a publicly traded specialty chemical manufacturer located in Ahmedabad. Fairchem Organics manufactures oleochemicals used in paints, inks and adhesives industries, as well as intermediate nutraceutical and health products. ([www.fairchem.in](http://www.fairchem.in))

**Seven Islands Shipping Limited (Seven Islands)**, a private company located in Mumbai, is the second largest private sector tanker shipping company in India and transports liquid cargo along the Indian coast as well as international waters. Its vessels are registered in India and operates Indian owned and flagged vessels. ([www.sisshipping.com](http://www.sisshipping.com))



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# Our Business

**National Commodities Management Services Limited (NCML)**, a private company located in Gurugram, offers end-to-end solutions in grain procurement, storage and preservation, testing and certification, collateral management, and market weather intelligence and post-harvest financing. ([www.ncml.com](http://www.ncml.com))

**Maxop Engineering Company Private Limited (Maxop)**, a private company located in New Delhi, is a precision aluminium die casting and machining solution provider for aluminium die casting components used by the automotive and industrial sectors, with customers in India, Asia, North America and Europe. ([www.maxop.com](http://www.maxop.com))

**Saurashtra Freight Private Limited (Saurashtra)**, a private company located in Mumbai, operates one of the largest container freight stations (CFS) at Mundra port (Gujarat). Services provided by Saurashtra’s CFS include transportation of containers to and from port, stuffing and destuffing of containers, cargo storage, transportation of cargo to the end customer, the storage, maintenance, and repair of empty containers. ([www.saurashtrafreight.com](http://www.saurashtrafreight.com))

**Jaynix Engineering Private Limited (Jaynix)**, is a manufacturing company engaged in the production of non-ferrous electrical connectors and electrical assemblies and is a critical Tier 1 supplier to major electrical original equipment manufacturers in North America and Europe. Jaynix is based in Gujarat and operates with three plants, one in Vadodara, Gujarat and two in Nashik, Maharashtra. ([www.jaynix.com](http://www.jaynix.com))

**5paisa Capital Limited (5paisa)**, located in Mumbai, is a publicly traded online financial services provider with a “do-it-yourself” investment brokerage model that allows customers to execute investment transactions for low brokerage fees. 5paisa is primarily engaged in providing a technology platform through online and mobile applications for trading securities on the BSE and NSE of India. ([www.5paisa.com](http://www.5paisa.com))



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# Sustainability Within Our Investment Process

Fairbridge Capital is an investment sub-advisor to Hamblin Watsa. Fairbridge Capital provides investment advisory services to Hamblin Watsa. Hamblin Watsa provides investment management services to Fairfax and Fairfax India. Both Fairbridge Capital and Hamblin Watsa are wholly owned subsidiaries of Fairfax.

Our commitment to ESG is fundamental to Fairfax India’s investment analysis and decision-making process. Fairfax India conducts our investment business with a sharp and sustained focus on lasting social and economic development in India. Deficiencies or excessive environmental, social or governance risks will result in the rejection of investment opportunities or the sale of existing positions. Good governance and the honesty and integrity of management is a fundamental requisite for a potential investment and will never be compromised for short term gains or benefit.

As the investment advisor, Fairbridge Capital oversees the implementation of our updated ESG processes and procedures and formally incorporates them into our decision-making process. It is anticipated that this will result in the further enhancement of our ESG investment processes and procedures. A summary of our processes, as it pertains to ESG considerations for our investments are described below:

- Together with our legal and compliance advisors, preliminary “red flag” reviews are performed to ensure that: (i) investments are cleared from an anti-money laundering, anti-terrorist financing and sanctions perspective; and (ii) investments do not appear on investment exclusions list.
- Once an investment has passed the preliminary “red flag” review stage, Fairbridge Capital evaluates key ESG risks by screening and a due diligence questionnaire. Fairbridge Capital will unreservedly recommend the rejection of any investment that has raised any material “red flags”.
- Fairbridge Capital’s ESG screening and due diligence is broad in scope and focuses among other things, on health and safety, employment conditions, wages, diversity and inclusion within the workforce, respect for human rights, environmental considerations, and climate risk.
- Additionally, throughout the lifecycle of an investment, Fairbridge Capital continues to oversee and manage ESG issues with annual reviews to ensure compliance, track action plans developed at the investment stage and to identify any areas of improvement.



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# OUR ENVIRONMENT

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# Our Environment

## Climate Change Risk Mitigation

We recognize how climate change can potentially impact our business activities and how our operations can have an impact on climate change. With this awareness, we have developed concrete steps to identify related risks, including financial implications and other possible impacts. For example, BIAL is currently working on a model to identify critical environmental risks and strategize mitigation initiatives as part its environmental management system. Potential implications of the following are currently under consideration: higher summer temperatures, increased convective weather, increased precipitation, and changes in wind direction.

## Sustainability Initiatives

Our companies and employees are actively engaged in a diverse set of environmental initiatives. All our companies are committed to environmental protection and have undertaken tangible programs.

### Bangalore International Airport (BIAL)

BIAL is one of India’s leading and fastest growing airports. It has the unique distinction of being the first green field airport in India established on a public-private partnership (PPP) model. BIAL represents Fairfax’s largest investment in India. Operations commenced in 2008, Terminal 1 was expanded in 2013, and Terminal 2 was opened in November 2022.

T2 is a first-of-its-kind ‘Terminal in a Garden’ designed to give passengers an experience of walking in a garden. This begins from entry into the BIAL campus at the main access road to entering T2 and then boarding aircraft at the piers. The garden features over 10,000 square metres of green walls around the terminal, hanging gardens that cascade down from the terminal roof on bronze veils and bells suspended from the ceiling, plus green lagoons and an extensive forest belt area between the terminal and the boarding gates.

BIAL is a leader in incorporating principles of sustainability into its business approach. These principles have been adopted at the earliest stages of the planning cycle in any project. Climate change risk mitigation is a core component of BIAL’s business continuity policy, and it is currently working on models to identify critical environmental risks and strategize mitigation initiatives.

BIAL is already recognized for sourcing 100 percent of its electricity consumption through renewable sources, and this new Terminal further contributes to sustainability. BIAL has planned for an integrated solid waste management plant that will convert waste to fuel and manure. The solar panels, rainwater harvesting, the presence of over 3,600 plant species and an extensive forest belt area throughout the airport, are woven into the airport’s operations. A rare plant museum is being created.

BIAL increased its water positivity to 2.36. One-third of its freshwater requirements are through treated rainwater. One-fifth of construction materials are refurbished, reused or recycled materials. LED lightings are being installed at all retail, food and beverage outlets. The use of solar power is also being implemented: rooftops, car parking and utility buildings. This will advance the vision of achieving zero waste to landfill. Similarly, the planned biogas cogeneration plant will allow for simultaneous production of electricity and heat. The Airport has partnered with the Indian Institute of Science on rainfall patterns and related water management and conservation. Additionally, sustainable empowerment is a key strategic pillar. BIAL has established an Airport Environment Management Committee that meets regularly to look at ongoing improvements.



Students are encouraged and guided to participate in various curricular activities for improving their soft / life skills

# Our Environment

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Sustainability is embedded in the core aspects of BIAL's facilities. Some examples include:

- Significant water savings have been achieved through the installation of prismatic taps at the airports flushing and urinals.
- Reduction in paper usage of 14 tonnes.
- Pilot projects involving electric ground service equipment.
- A first of its kind Corporate Resilience policy, with rainwater management as one of its key features.
- Committed to equip 10 per cent sustainable aviation fuel infrastructure by 2030.
- Deployment of semi-robotic aircraft towing device as a green alternative.
- Adoption of LED lights at the south runway airfield terminal.
- Reuse of treated wastewater for landscaping purposes.
- Single-use plastics are banned at all outlets.
- 50 tonnes of waste plastics are used in paved roads within the airport campus.

The overarching goal is to be net zero emissions by 2030.

## **Sanmar Chemicals Group**

Chemplast Sanmar, a subsidiary of the Sanmar Group, is the largest producer of specialty paste, polyvinyl chloride resin (PVC) in India. Chemplast Cuddalore Vinyls Limited is the second largest producer of suspension PVC resin in India. The company plans to develop Scope 1, 2 and 3 goals in the coming year.

Environmental surveillance and improvements are at the core of Sanmar's operations and reviews have been done annually to measure air, water, and soil samples. The company has pioneered Zero Liquid Discharge (ZLD) at its plants in India and Egypt. Chemplast generates most of its electricity for its operations through a captive power plant. The company has also started trials with biofuels at its Mettur and Cuddalore plants. At present, approximately 5 percent has been substituted with the aim of making it 10 percent in the coming year. Ongoing research on ZLD has been undertaken with the Indian Institute of Technology in Chennai.

The company reuses more than one-third of the water consumed at its Mettur operations. As well, supply of potable water is made to local communities representing about 25-30 percent of the total water withdrawal. Similarly, there is no dependence on ground or river water sources at CCVL-Cuddalore plant. Rainwater harvesting during the rainy season is used for the plant's daily water requirements.

The company has also established a raw water bulk storage at its Mettur location to ensure predictability of supply. None of Sanmar's plants discharge any effluents to water bodies. Water flow data is captured in real time and submitted to regional government authorities. Additionally, there is a dedicated internal team to systematically identify and analyse potential risks associated with the waste generated and develop mitigation strategies.

Sanmar has installed Continuous Ambient Air Quality Monitoring stations at Mettur which provide comprehensive data on air quality. We monitor our emissions of specific chemicals and use an online monitoring system. Similarly, noise reduction engineering controls are in place.

One of Sanmar's key customers, Sygenta, a global agrochemical company, significantly reduced its carbon footprint due to a product supplied by Sanmar's Berigai site. Similarly, Sanmar has interacted with over 70 suppliers on their strategy, processes, and management systems and their impact on environmental and social parameters.

At its plant in Egypt, TCI Sanmar has implemented notable initiatives such as reducing its water consumption on an annual basis and the same with CO2 reductions. TCI Sanmar has become the first plant to produce ethylene from ethanol in the Middle East and North African region. Moreover, the company plans to invest approximately \$40 million to expand its green PVC production. To provide greater transparency about the life-cycle impact of PVC, the company has issued its very first Environmental Product Declaration.

# Our Environment

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Other significant initiatives include:

- Partnership with the Indian Institute of Technology (IIT) in Chennai for ongoing ZLD research.
- Utilization of low sulphur coal and sourcing of low ash coal.
- Collection and recycling of roof water in all operations at its Mettur location.
- Decreased use of freshwater from borewells. Established a sludge removal plant.
- Increased use of hydrogen and natural gas.
- Use of rooftops for solar energy and installation of micro-turbines at TCI Sanmar in Egypt.
- Implemented power reduction measures in the process of caustic manufacturing units.
- Planting 2000 trees to existing complement of 4000.
- Joined “Nicer Globe,” a Responsible Care initiative promoted by the Indian Chemical Council.



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# Our Environment

While we have profiled BIAL and Sanmar, which together represent a substantial portion of Fairfax India's total investment in India, our other investee companies have been active in developing and implementing environmental initiatives in their sectors.

CSB Bank has provisions of loans for biogas and guides textile manufacturing customers towards renewable sources of energy, particularly solar power. CSB Bank has also developed a business continuity framework to mitigate climate risk. CSB Bank does not finance borrowers for establishing units producing or consuming ozone depleting substances, and small or medium scale enterprises engaged in manufacturing of aerosol units using chlorofluorocarbons (CFC).

IIFL Finance has installed solar panels across 50 primary schools in Palghar district in Mumbai. IIFL Finance is taking a leadership role in promoting sustainable and energy-efficient real estate development through its knowledge platform 'Kutumb'. This program is targeted towards green housing and is being done in collaboration with the Asian Development Bank. IIFL Finance has also set up a technical team called 'Green Value Partner' to assist developers with green construction methods and certification processes throughout the project life cycle. The company has implemented LED panels in over 500 of its branches. At its Thane facility in Mumbai water is recycled through a reverse osmosis system that is then used for toilets and urinals.

Other initiatives by the investee companies include:

- Installation of solar panels at IIFL Securities office in Gurugram and at Fairchem's facility in Ahmedabad.
- NCML is looking at solar power and lighting on a trial basis at select facilities.
- Seven Islands is tracking and reducing single-use plastic.
- Saurashtra Freight has conducted an internal audit on energy and water efficiency, has installed solar panels and windmills, and planted over 3000 trees around its facility.
- Maxop is implementing various initiatives: use of fuel-efficient burners and diesel operated forklifts, installation of solar panels, use of PNG gas instead of diesel.
- Fairchem processes waste from edible oil to produce high value oleochemicals, the company is building a biofuel plant, and undertaking research initiatives to promote green manufacturing.



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# Our Environment

## Calculating Greenhouse Gas Emissions

In a changing legal environment, we expect further requirements around carbon emissions. Fairfax India will ensure compliance with all applicable GHG reporting obligations. To date, several of our investee companies have calculated their GHG emissions.

BIAL’s objective is to contribute towards the Paris Agreement to limit the increase of global average temperature to 2.0 degrees celsius above pre-industrial levels with an additional desire of not to exceed 1.5 degrees celsius. BIAL’s GHG emissions intensity reduction is to be 33-35 percent by 2030 from 2005 levels and net zero carbon emissions by 2050. BIAL has reduced Scope 1 and Scope 2 emissions by over 90 percent versus Airport Council International (ACI) carbon accreditation base line, fiscal year 2014. BIAL is currently a Carbon Neutral Airport as per Level 3+ Carbon Accreditation from ACI.

Similarly, the overall GHG emissions for Sanmar and its subsidiaries have been reduced over the past year. Further, the company has established an accounting methodology to calculate its GHG emissions, i.e., Scope 1, Scope 2 and Scope 3 in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

The IIFL Centre has installed a radiant cooling technology to reduce GHG emissions. The capillary tube cooling system condenses the humidity and produces distilled water in return during the cooling process, achieving energy savings exceeding 30 percent. IIFL Securities and IIFL Finance all have undertaken monitoring and measuring of Scope 1 and Scope 2 GHG emissions. Maxop has set targets for reducing CO2 emissions. Seven Islands is also reviewing its GHG emissions.

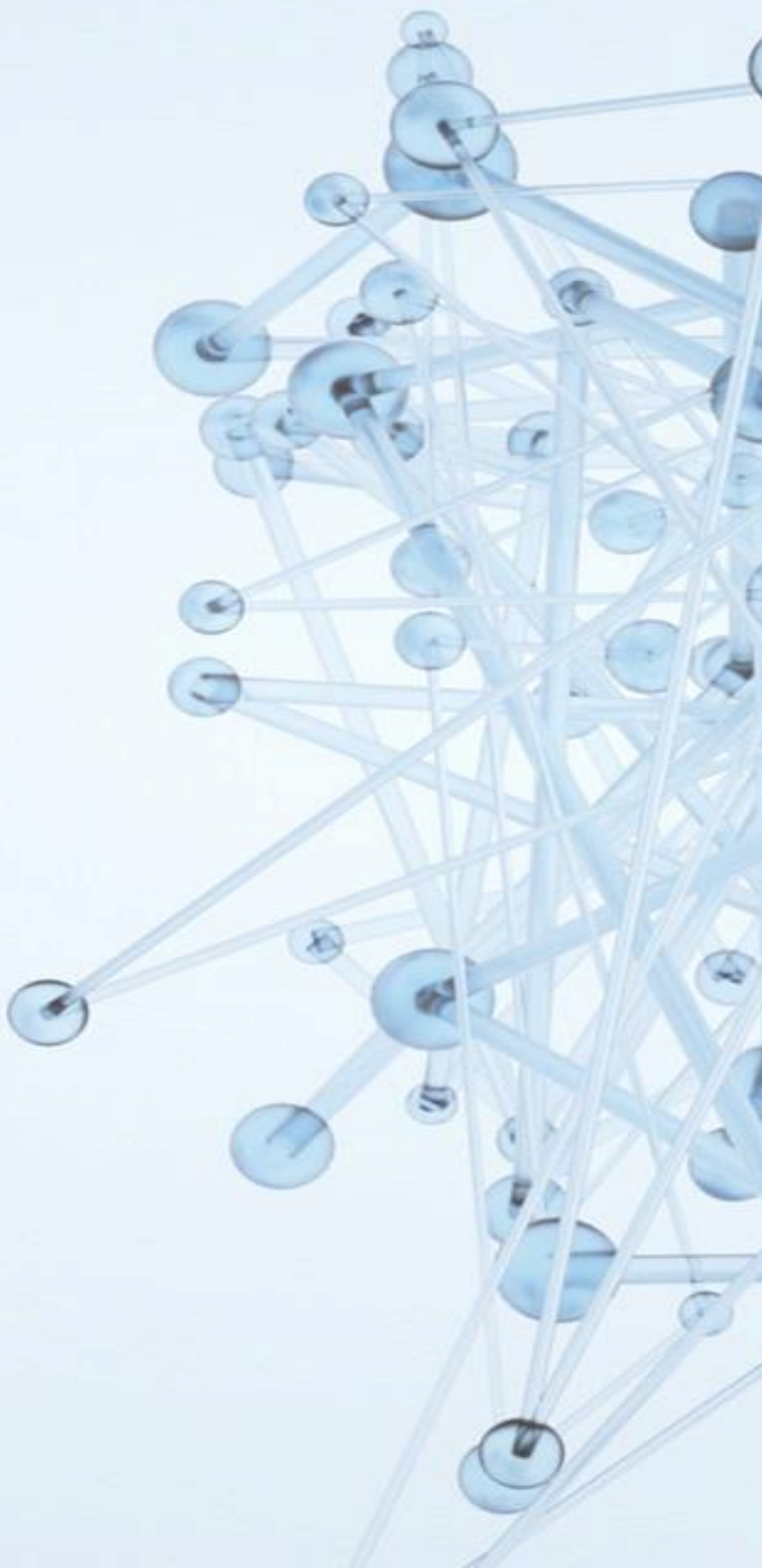


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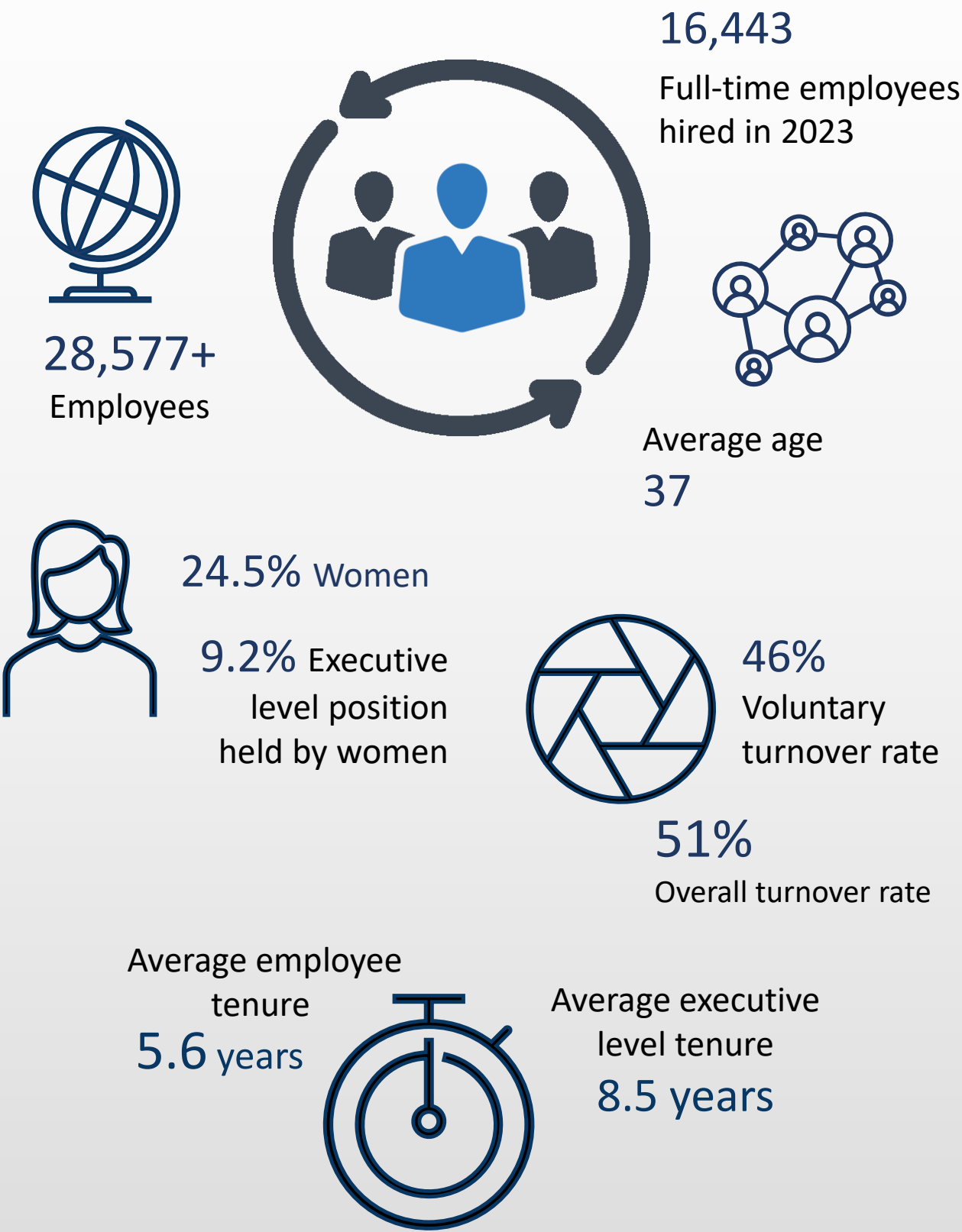
# SOCIAL

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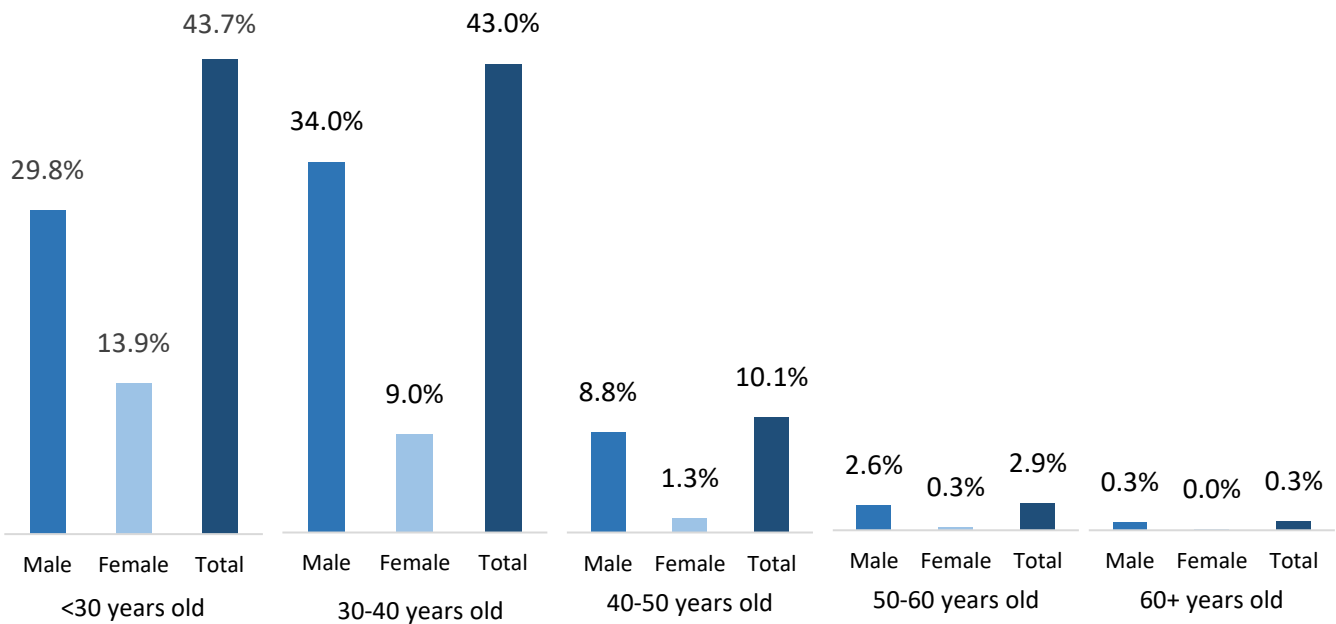


# Our Employees (Fairfax India and its investee companies)

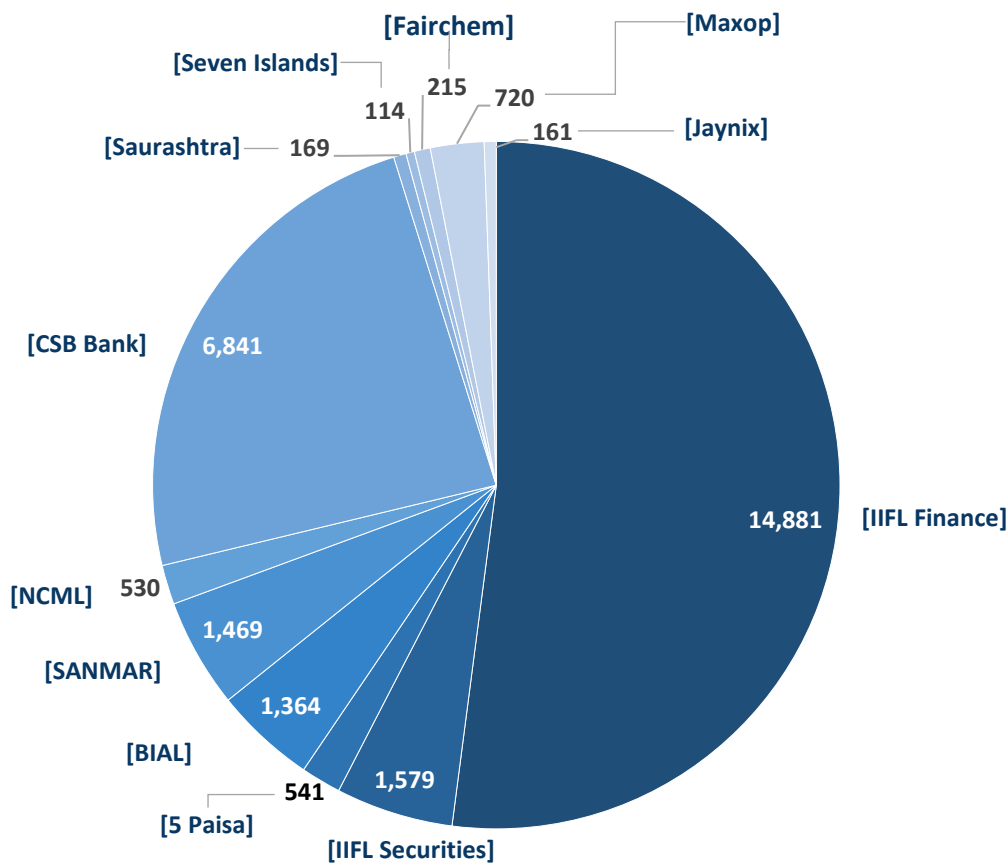


# Our Employees (Fairfax India and its investee companies)

## Employee Age Demographics



## Total Full-Time Employees at March 31, 2023



# Our Employees

## Learning & Development

Our investee companies are committed to providing learning and development opportunities for their employees. Programs are customized within each company to fit the needs and aspirations of the workforce. Many of these companies have online platforms to augment their learning programs. Both in-house programs as well as collaboration with external partners are undertaken.

BIAL has developed customized training modules that include functional (e.g., upskilling), behavioral (e.g., leadership, communication) and organizational (program management, 6 Sigma training). Other aspects include initiatives relating to soft skills programs, volunteerism, e-learning modules and career development reviews. IIFL Finance has an online Learning Management System that provides employees with a diverse set of courses. IIFL Home Finance has partnered with the Indian Institute of Management-Lucknow to focus on the evolving impact of ESG on the financial sector. IIFL Samasta, a subsidiary, has learning centers in collaboration with CMR University - Bangalore that delivers a one-year certification program. Seven Islands has created a Maritime Training Institute to broaden the talent pool in the shipping industry. The Institute has already produced candidates who have successfully completed the program with the goal of graduating 400 students a year, on a steady basis. The first cohort completed the program in October 2023.

## Human Capital Development Initiatives & Programs

Our total workforce has access to various types of human capital development initiatives and programs that include:

**New employees or graduate programs**



**Employee training programs**



**Educational assistance to employees**



**Talent and leadership development programs**



All our investee companies provide training hours to their employees. 100% of our employees have access to at least three or more of the following types of training programs presented below.

**Business skills**



**Personal skills**



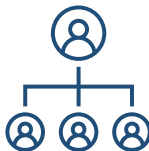
**Technical skills**



**Cybersecurity awareness**



**Management skills**



**Anti-corruption or business ethics**



**Soft skills**





# Our Employees

## Partnered Universities & Other Post-Secondary Institutions

<b>BIAL</b>	Presidency College, Bengaluru, Karnataka
<b>BIAL</b>	Indian Institute of Science, Bengaluru, Karnataka
<b>BIAL</b>	Kristu Jayanti College, Bengaluru, Karnataka
<b>BIAL</b>	Jain University, Bengaluru, Karnataka
<b>BIAL</b>	BEL College, Bengaluru, Karnataka
<b>CSB</b>	ICFAI Business School (IBS) – Mumbai, Maharashtra
<b>CSB</b>	National Institute of Information Technology (NIIT), Mumbai, Maharashtra
<b>CSB</b>	National Institute of Bank Management (NIBM), Pune, Maharashtra
<b>CSB</b>	Southern India Bank Staff Training College (SIBSTC), Bengaluru, Karnataka
<b>CSB</b>	Foreign Exchange Dealers' Association of India (FEDAI), Mumbai, Maharashtra
<b>CSB</b>	Institute for Development & Research in Banking Technology (IDRBT), Hyderabad, Telangana
<b>CSB</b>	Middle Earth HR Private Limited, Hyderabad, Telangana
<b>CSB</b>	Indian Institute of Banking & Finance (IIBF), Mumbai, Maharashtra
<b>CSB</b>	The Fixed Income Money Market & Derivatives Association of India (FIMMDA), Mumbai, Maharashtra
<b>CSB</b>	Reserve Bank of India College of Agricultural Banking, Pune, Maharashtra
<b>Sanmar</b>	Anna University, Chennai, Tamil Nadu
<b>Sanmar</b>	Sathyabama University, Chennai, Tamil Nadu
<b>Sanmar</b>	SRM Institute of Science & Technology, Kattankulathur, Tamil Nadu
<b>Sanmar</b>	Amrita Vishwa Vidyapeetham, Coimbatore, Tamil Nadu
<b>Sanmar</b>	Vellore Institute of Technology (VIT), Chennai, Tamil Nadu
<b>Sanmar</b>	Annamalai University, Chidambaram, Tamil Nadu
<b>Sanmar</b>	Bharathiar University, Coimbatore, Tamil Nadu
<b>Sanmar</b>	Bharathidasan University, Tiruchirappalli, Tamil Nadu
<b>Sanmar</b>	The Gandhigram Rural Institute, Dindigul, Tamil Nadu
<b>Sanmar</b>	Madurai Kamaraj University, Madurai, Tamil Nadu
<b>Sanmar</b>	Thiruvalluvar University, Vellore, Tamil Nadu
<b>Sanmar</b>	Periyar University, Salem, Tamil Nadu
<b>Sanmar</b>	Indian Institute Of Technology–Madras, Chennai, Tamil Nadu

# Our Employees

## Partnered Universities & Other Post-Secondary Institutions

Seven Islands	KJ Somaiya Institute of Engineering and Information Technology, Mumbai, Maharashtra
Seven Islands	Fr. Conceicao Rodrigues Institute of Technology, Mumbai, Maharashtra
Seven Islands	Welingkar Institute of Management Development & Research, Mumbai, Maharashtra
IIFL Finance	Indian Institute of Management (IIM), Ahmedabad, Gujarat
IIFL Finance	Indian Institute of Management (IIM), Bengaluru, Karnataka
IIFL Finance	Indian Institute of Management Calcutta (IIM), Kolkata, West Bengal
IIFL Finance	FORE School of Management, New Delhi
IIFL Finance	Narsee Monjee Institute of Management Studies, New Delhi
Spaia	Narsee Monjee College Of Commerce & Economics, Mumbai, Maharashtra
Spaia	Symbiosis International University, Pune, Maharashtra
Spaia	National Institute of Design (NID), Ahmedabad, Gujarat
Spaia	ICFAI Business School (IBS), Mumbai, Maharashtra
Spaia	Maharashtra Institute of Technology (MIT), Pune, Maharashtra
Spaia	Ashoka University, New Delhi
Spaia	GLA University, Mathura, Uttar Pradesh



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# Our Employees

## Learning & Development Planning

In summary, we believe that attracting, retaining, and developing our employees are the key factors to both our employees’ personal success as well as our success overall. We will continue to develop and implement recruitment, learning and development and leadership programs and deploy technological tools to augment the in-person approach. Each company will identify the most suitable programs for their workforce.



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## Learning & Development Risks and Mitigation Strategies

Risk mitigation strategies include strengthening relationships with current and additional educational partners to ensure we have a strong talent base to recruit from and continually supporting our employees with new learning and development programs to ensure they are progressing.

As part of our ongoing focus on employee progression and retention, all companies are focused on continuing to hire and internally promoting, where possible.

## Succession Planning

Fairfax India adopts the same philosophy as Fairfax on matters such as succession planning. While we operate on a decentralized basis and allow our Presidents to manage their operations independently, succession at our companies is periodically reviewed. As discussed above, all our investee companies engage in various talent programs with an ongoing competency and career progression. This ensures adequate bench strength across the group in the event of the unforeseen loss, whether permanent or temporary, of any of our leaders at any of our companies.

# Our Employees

## Employee Engagement

In addition to the risk mitigation strategies listed above there are strong employee engagement programs in place throughout our companies. Our companies conduct employee engagement surveys and use the findings to improve the offering of skills and training programs. BIAL holds quarterly employee forums while Sanmar has an employee portal that facilitates employee performance review.

At IIFL Finance, an internal survey “WhatsUp IIFL” identified areas that can strengthen workplace culture. IIFL Samasta has an online platform for grievances to be addressed.

Integrated employee engagement programs together with a strong culture have helped us to stay connected to our workforce and enables our valued employees to feel part of Fairfax India, their employer and to each other. Continuous engagement with our workforce will continue to be a priority for Fairfax India evidenced through multiple initiatives.



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# Our Employees

## CEO & Senior Management Engagement

Fairfax India emulates the approach taken by Fairfax. We value the opportunity to check-in with employees and welcome them into the Fairfax family. The CEO is in touch with all the investee companies through regular meetings in-person as well as virtually. As well, the senior leadership within these investee companies are actively engaged. Our companies have received third party recognition for their initiatives. For example, BIAL, IIFL Securities and IIFL Finance have been recognized as companies that are a ‘Great Place to Work.’

Internal communication at our investee companies is held regularly and is encouraged at all levels of operations. Open communication is critical to the success of our decentralized model. Our senior management teams not only uphold our shared communication and collaboration style, but they also deeply appreciate it. As outlined in the Structure section of our Guiding Principles, complete and open communication is an essential requirement at Fairfax.

Amongst our investee companies, IIFL, CSB Bank, Fairchem and Seven Islands have Employee Share Ownership Plans (ESOP) in place.

## Employee Wellbeing

All our companies address wellbeing at both a strategic and tactical level offering a myriad of initiatives including focused mental, physical, and financial wellbeing initiatives, medical insurance and subsidized healthy meals. Many of our companies have undertaken employee-centric initiatives. Sanmar has implemented a ‘Voice of the Employees’, a two-way communication channel to encourage employee feedback. Additionally, BIAL has a professionally managed childcare facility for its employees. Our companies’ investments and focus on employee wellbeing together with these strategic partnerships demonstrate our commitment to all our employees and their families’ wellbeing.

IIFL Finance has developed a health and wellness initiative ‘Go Fit’ in partnership with ‘Healthify.’ It also has an Artificial Intelligence (AI) health coach that assists users in locating free customized diet plans. The company’s complimentary health counselling services include nutrition classes and yoga sessions. Another health app ‘Your Dost’ offers anonymous counselling to all employees. ‘Your Dost’ is India’s first and largest online mental health and emotional wellness coach. This program provides employees with expert confidential advice from 1,000 experts.

## Employee Communication

Employee communication is a key focus throughout the investee companies. Two-way communication is facilitated throughout our companies through a commitment to scheduled performance conversations supplemented by informal catch-up sessions.



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# Our Employees

## Employee Benefits

We are clear on the need to recognize and reward our people in line with performance, adopting a total compensation model across all our operations. We offer basic salaries benchmarked with the market, strong competitive benefits and a discretionary bonus scheme which is simple, non-bureaucratic and based on company and individual performance. External benchmarking is utilized on a company basis to ensure competitive and fair results compensation.

One example of this at our companies is at BIAL, initiatives were rolled out promoting equal opportunity and increasing paternity leave from five days to a month. BIAL also has a professionally managed child-care facility for its employees. Some other examples include the following:

Healthcare benefits	Mental health benefits	On-site fitness centre or provide gym memberships	Childcare facilities or contributions	Flexible working hours	Working from home arrangements
					

## Diversity & Inclusion

We highly value our employees’ diversity of opinion, invaluable insight, and dynamic skills within our organization. We foster inclusion in our workplace. Many of our companies continually review and update their policies and initiatives.

Sanmar follows a two-way approach and has developed a communication channel called VOTE (Voice of the Employees) to capture their feedback on policies. The company also tracks data based on socio-economic background of its employees.

BIAL has regular training programs for its employees on human rights and a people-centric approach to providing a diverse, inclusive workspace grounded in ethical values. BIAL rolled out its “B Included” program across the organization. Additionally, the CEO leads a team of senior management on its Diversity and Inclusion Council to demonstrate company-wide commitment.

Other examples from our companies includes IIFL Finance providing medical insurance coverage for its LGBTQ staff. IIFL Finance has developed employment opportunities for youth in semi-urban and rural communities, including targeted recruitment.



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# Our Customers

All our investee companies are actively engaged with their customers. While feedback is sought at regular intervals, targeted programs have been initiated to provide superior customer service.

BIAL has undertaken many programs focused on the traveller. Along with regular customer surveys, other initiatives include biometric boarding, virtual queuing, increased free usage of Wi-Fi, a self-bag drop, and assistance for visually challenged passengers. BIAL has integrated app-based taxi services such as Uber and Ola into its transportation system, making the airport the first in India to make such an integration. BIAL has been at the forefront of innovation and technology to enhance the passenger experience. More recently, BIAL launched “BLR Pulse”, an application which serves passengers as a travel concierge.

Sanmar conducts annual surveys to measure customer satisfaction which in turn assists in formulating strategies. This survey spans the various lines of products: suspension PVC, paste PVC, caustic soda and chloromethanes and refrigerant gas. The company also facilitates site visits by customers.

IIFL Finance provided microfinance loans to over 1.5 million customers, mainly women and those in rural communities. Rapid approval has seen home loans being approved in a day and non-home loans within two days. The company also widened its customer base and added 971 new branches across the country. E-Signature solutions have been implemented improving the customer experience. Customer service is facilitated through multiple channels: online surveys, multilingual additions to web site, customer feedback box in branches, and toll-free numbers. CSB Bank provides zero balance account for low-income customers.

Spaisa has a feedback process within 30 days for the new customer, CSB Bank deploys digital tools such as WhatsApp to widen banking options, and Saurashtra Freight uses remote monitoring of cargo and containers to provide updates to its customers.



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# Our Community

We believe that, as a company, being successful also means supporting our people, our customers, and our communities. One of the landmark pan-India programs is the provision of dialysis machines across the country. This initiative under the Fairfax India Charitable Foundation has been implemented in over 20 Indian states. To date, over 1,200 dialysis machines have been installed at 325 dialysis centres. Several of our investee companies are involved in this program. We plan to install another 800 machines over the next couple of years.

On a related note, Fairfax’s children hospital initiative will be built by CMC Vellore at its Ranipet campus in the state of Tamil Nadu – the site of its new 1,500 bed state-of-the-art trauma centre which opened in June 2022. Fairfax and Qess made a INR 300 crore (\$36 million) commitment to fund the construction of the new 350-bed children’s hospital and Fairfax and Qess donated the initial tranche in the later half of 2022. On completion in 2026, this world-class facility will enable CMC Vellore to develop and provide specialized paediatric services and training programs for children in India.

Our investee companies are active in developing community-based programs. This is done in consultations with local authorities, such as panchayats. BIAL, Sanmar and IIFL have been at the forefront of implementing many notable programs relating to education, health and culture.

BIAL is developing a two-acre plot and 500 locally based pomelo saplings have been planted within the airport campus. Sanmar has constructed a water tank, bus shelter and lighting on a highway. IIFL Finance, BIAL and Sanmar have supported local health and education initiatives, particularly those focused on women. CSB Bank supports financial literacy programs. Saurashtra Freight has built a park in the local community. IIFL Securities supports government schools and teacher training in Rajasthan and programs to reduce female illiteracy by providing non-formal learning center for girls.



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# Our Community

## Volunteerism

Our investee companies take an active role in providing opportunities in community involvement. This is done through programs and various foundations of the investee companies.

Through the IIFL Foundation a tree planting initiative in a Mumbai district was undertaken in partnership with a community organization. Employees were involved in raising awareness related to the environment.

## Philanthropy

The philanthropic work in India is based on the values and approach adopted by Fairfax and our investee companies have adapted the Fairfax commitment to a wide-ranging set of causes within India. As noted previously, the Fairfax India Charitable Foundation’s flagship program is the dialysis initiative. Additionally, many of our investee companies have their own foundations that make meaningful contributions in the local communities.

These contributions are in the context of Fairfax’s commitment globally. Fairfax’s donation program, with a target of 1-2% of its pre-tax earnings going to charitable causes, continues to thrive across the communities all over the world where we do business. In 2023, Fairfax donated US\$27 million, for a total of US\$315 million since we began our donations program in 1991.

The chart below shows the charitable donations by our investee companies in India as at March 31, 2023:

Investee Company	Charitable Donations
IIFL Finance	INR 87,000,000
CSB Bank	INR 67,200,000
IIFL Securities	INR 42,595,893
BIAL	INR 38,000,000
Sanmar	INR 31,400,000
Seven Islands	INR 16,228,731
Fairchem	INR 12,380,000
Maxop	INR 7,906,191
Jaynix	INR 7,500,000
Saurashtra Freight	INR 2,956,789
Spaisa	INR 2,163,014



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# Governance

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Shareholder Rights & Director Elections

Fairfax India is led by a Board-appointed Lead Director to ensure the independent functioning of the Board of Directors (Board). The Board appointed Christopher Hodgson as the Lead Director of Fairfax India in March 2022. The lead director is responsible for ensuring the independent functioning of the board, including establishing, in consultation with the Chairman, the agenda for each Board meeting, acting as spokesperson for the independent directors collectively in communications with the chairman and presiding over meetings of the independent directors. Fairfax India nominees are always in minority; independent directors are in majority. All committees are composed solely of independent directors. All members of our audit committee are financially literate. All directors are elected by our shareholders to serve on the Board on an annual basis. Duration of Board tenure is one year and if re-elected board members are permitted to serve consecutive terms. The election of directors is governed by the new majority voting requirements under the *Canada Business Corporation Act* (CBCA), which became effective in August 2022. The new majority voting provisions in the CBCA require that, in an uncontested election of directors, in order for a nominee to be elected as a director, they must receive more votes in favour of their election, than against. If a nominee fails to receive a majority of votes cast by our shareholders in favour of their election, they will not be elected and the Board position will remain open, except that an incumbent director will be permitted to remain in office until the earlier of (a) the 90th day after the day of the election or (b) the day on which their successor is appointed or elected. In light of these new CBCA statutory requirements, the Board resolved to revoke our existing majority voting policy. Since the founding of Fairfax India, we have sought to broaden the pool of talent on our Board, including those with international experience. We recognize the need to make progress on the gender imbalance that currently exists as we have only two female directors out of eleven on the Board. On a quarterly basis our Board convenes to discuss long-term strategic objectives, fulfilment of responsibilities to stakeholders and to provide the direction and oversight of our business affairs.

Each of our investee companies are governed by independent boards. Fairfax India has in place corporate governance practices that comply with all applicable rules and policies and the practices set out therein. A central objective of Fairfax India is to assist investee companies in implementing Fairfax India’s policies and guidelines consistent with the values, approach and policies taken by our parent company.

Our primary financial risk management goals are to ensure that the outcomes of activities involving elements of risk are consistent with our objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting our consolidated balance sheet from events that have the potential to materially impair our financial strength. For more information, please refer to Note 11 (Financial Risk Management) to our Consolidated Financial Statements for the years ended December 31, 2023 and 2022.



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# Governance

## Our Guiding Principles and Core Values are the Foundation for our Corporate Governance Policies

Fairfax’s Guiding Principles were first drafted in 1987 and hold true today. Fairfax India endeavours to follow and uphold the same principles as Fairfax and this is reflected in the following policies and guidelines that Fairfax India has adopted, which also apply to every subsidiary of Fairfax India and to all directors, officers and employees of Fairfax India:

- Code of Business Conduct and Ethics
- Whistleblower Policy
- Policy on Workplace Violence, Harassment, Discrimination, Certain Relationships and Accessibility
- Modern Slavery Policy

In addition, Fairfax India is subject to, and adheres to, Fairfax's anti-corruption policy and its anti-money laundering, sanctions and anti-terrorist financing policy.



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## Our Board Members

The Board consists of eleven (11) members. We believe a small board size provides the most effective governance mechanism for Fairfax India. The Board has determined that six (6) of its eleven (11) directors are independent and have no material relationship with Fairfax, that is, a relationship which could, in the Board's view, be reasonably expected to interfere with the exercise of the board's independent judgement. The Board holds regularly scheduled meetings to discuss long-term objectives and strategy. Other mandates of the Board include evaluating performance of our management team against the Guiding Principles and corporate objectives, succession planning and ensuring that it understands the principal risks of the business and that appropriate systems to manage these risks are in place and effectively implemented. The audit committee assists the Board in maintaining oversight on overall quality and integrity of Fairfax India financial statements, related disclosures and internal controls as well as ensuring compliance with applicable legal and regulatory requirements.

### Christopher Hodgson

Lead Director, Chair of the Governance, Compensation and Nominating Committee, Member of the Audit Committee

Mr. Hodgson is the President of the Ontario Mining Association and is Lead Director of Helios Fairfax Corporation and a director of Hemlo Explorers Inc. He previously served as Lead Director for The Brick Ltd. He entered provincial politics in 1994 as the MPP for Haliburton-Victoria-Brock and, following the 1995 general election, was appointed Minister of Natural Resources and Minister of Northern Development and Mines. During his time as Minister, Mr. Hodgson was recognized for creating new opportunities and growth within Ontario's mining industry. Between 1995 and 2003, he also served as Deputy House Leader, Chairman of the Management Board of Cabinet, Commissioner of the Board of Internal Economy, and Minister of Municipal Affairs and Housing. Previously he enjoyed a career in municipal government and real estate development and is an Honors Bachelor of Arts graduate from Trent University.

### Honourable Jason Kenney

Independent Director

Mr. Kenney is currently a Senior Advisor at Bennett Jones LLP. Mr. Kenney recently completed 25 years in public service, both at the federal and provincial levels of government. He served in the Canadian Parliament for two decades, including as Minister of Citizenship, Immigration and Multiculturalism; Minister of Employment and Social Development; Minister of National Defence and Chair of the Cabinet Operations Committee. In 2019, Mr. Kenney won a large majority mandate to become the eighteenth Premier of Alberta. As a federal minister, Mr. Kenney travelled to India on several occasions, playing a key role in strengthening Canada-India relations and expanding the Government of Canada's footprint in India. Mr. Kenney serves on the board of directors of Atco Ltd., CORIL Holdings Ltd. and People's Trust Group.

### Sharmila Karve

Independent Director

Ms. Karve spent most of her career at PricewaterhouseCoopers (PwC) in India and was admitted to the partnership in 1997. During her time at PwC, Ms. Karve was appointed as the Ethics and Business Conduct Leader for PwC India, Head of Audit and the Diversity and Inclusion Leader for PwC's Global Network. In 2017, Ms. Karve became the first person from India to be appointed to the Global Leadership Team and the Global Human Capital Team. Ms. Karve serves on a number of public and private boards in India, including CSB Bank Limited (a portfolio company of Fairfax India) and Thomas Cook (India) Limited (a subsidiary of Fairfax India's parent company, Fairfax Financial Holdings Limited). Ms. Karve received a Bachelor of Commerce degree from R.A. Podar College of Commerce and Economics in Mumbai and holds a Chartered Accountant degree from the Institute of Chartered Accountants in India.

### Sumit Maheshwari

Non-Independent Director

Mr. Maheshwari is the Managing Director and Chief Executive Officer of Fairbridge Capital Private Limited and has been an integral part of the Fairbridge team since 2011. Prior to joining Fairbridge, Mr. Maheshwari was at KPMG in India and the U.K. in their audit and accounting advisory practices. Mr. Maheshwari is a recognized accounting expert, with particular strength in translating between Indian GAAP, U.S. GAAP and IFRS accounting standards. He is a qualified Chartered Accountant, holds a Master of Business Administration degree from the Indian School of Business in Hyderabad, and a Bachelor of Commerce and Master of Commerce degrees from the University of Mumbai. Mr. Maheshwari serves on the board of directors of many of Fairfax and Fairfax India's portfolio companies including BIAL, CSB Bank, Seven Islands and Thomas Cook (India) Limited.

# Governance

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## Our Board Members (Cont'd)

### **R. William McFarland**

Independent Director, Chair of the Audit Committee, Member of the Governance, Compensation and Nominating Committee

Mr. McFarland serves on the board of directors of Fairfax and is lead director and chair of its audit committee. He is also a director and chairman of AGT Food and Ingredients Inc., Farmers Edge Inc, and Fairfax's publicly traded subsidiary, Dexterra Group Inc. Mr. McFarland previously served as Chair of the Board of Directors of The Conference Board of Canada. Mr. McFarland was the Chief Executive Officer and Senior Partner of PricewaterhouseCoopers (Canada) from 2011 to 2018. Prior to that, Mr. McFarland was a member of the executive team at PricewaterhouseCoopers (Canada) from 2005 to 2011, having been admitted to the partnership in 1992 and having led the Greater Toronto Area audit practice from 2002 to 2005. Mr. McFarland is a Chartered Professional Accountant and a fellow of the Chartered Professional Accountants of Ontario.

### **Satish Rai**

Independent Director, Member of the Governance, Compensation and Nominating Committee

Mr. Rai is Senior Advisor and former Chief Investment Officer of OMERS. His mandate included the overall global investment strategy, portfolio construction activities, and P&L accountability across all asset classes and geographies where OMERS invests. Prior to joining OMERS in January 2015, he served as Chief Investment Officer at TD Asset Management, overseeing \$250 billion in assets under management. Mr. Rai was also Chair of the Committee of the Advancement of Visible Minorities in Leadership Roles and a Diversity Leadership Council member. Mr. Rai holds both a Bachelor of Mathematics (University of Waterloo) and a CFA. In 2002, he was recognized as one of Canada's Top 40 Industry Leaders Under 40, and in 2006 he received the Alumni Achievement Medal from Waterloo's Faculty of Mathematics. Mr. Rai serves on the boards of directors of Brookfield Asset Management, Richcraft Homes and Second Harvest. He also sits on the advisory committees of Forum Asset Management and Shift25, and he is a member of the Young Presidents' Organization. He is a past member of the respective Boards of the University of Waterloo, Michael Garron Hospital Foundation (formerly Toronto East General Hospital Foundation), and Toronto Global and Women in Capital Markets.

### **Chandran Ratnaswami**

Chief Executive Officer

Mr. Ratnaswami is the Senior Managing Director of Hamblin Watsa Investment Counsel Ltd. At Hamblin Watsa, Mr. Ratnaswami is responsible for portfolio investments in Asia. Mr. Ratnaswami joined Hamblin Watsa in 1993 as director of international investments. Mr. Ratnaswami serves on the board of directors of several other Fairfax companies, including Fairbridge, Sanmar Engineering Services Limited, BIAL, Qess Corp Limited, Thai Reinsurance Public Co. Ltd., and ZoomerMedia Ltd.

### **Gopalakrishnan Soundarajan**

Chief Operating Officer

Mr. Soundarajan is a Managing Director at Hamblin Watsa Investment Counsel Ltd. Prior to this, Mr. Soundarajan was the Chief Investment Officer at ICICI Lombard, the largest private sector property and casualty insurance company in India. He held the position of head of investments at ICICI Lombard from 2001 to 2018 and was a member of the investment committee. Mr. Soundarajan serves on the board of directors of FIH Mauritius Investments Ltd, FIH Private Investments Ltd, Primary Real Estate Investment Fund and a number of other Fairfax companies including BIAL and Anchorage. Mr. Soundarajan holds a Bachelor of Commerce degree from the University of Madras, is a member of the Institute of Chartered Accountants of India and is a Qualified Chartered Financial Analyst and Member of the CFA Institute in the United States.



# Governance

## Our Board Members (Cont'd)

### Lauren C. Templeton

Independent Director, Member of the Audit Committee

Ms. Templeton is the founder and president of Templeton & Phillips Capital Management, LLC, a value investing boutique located in Chattanooga, Tennessee. Ms. Templeton received a B.A. in Economics from the University of the South. She is the founder and former president of the Southeastern Hedge Fund Association, Inc; was previously a member of the Board of Directors of the Memorial Hospital Foundation and the Finance Advisory Board of the University of Tennessee at Chattanooga; and on the Chattanooga Area Chamber of Commerce Board of Directors. Ms. Templeton is Chair of the Board of Trustees of the John M. Templeton Foundation and is a member of the Templeton World Charity Foundation and a Trustee of the Templeton Religion Trust. Ms. Templeton currently serves as an independent Director of Canadian Solar Inc, Recurrent Energy, LLC and Fairfax Financial Holdings Ltd.

### Benjamin Watsa

Non-Independent Director

Mr. Watsa is President and Founder of Marval Capital Ltd. ("Marval"). Mr. Watsa has over two decades of experience in the investment industry. Prior to Marval, Mr. Watsa was a Partner and Portfolio Manager at Lissom Investment Management Inc. For over a decade and spent five years in New York as an investment banker in the Financial Institutions Group at Banc of America Securities and at Cochran Caronia Waller. Mr. Watsa also serves as a director of Fairfax Financial Holdings Limited, the advisory board of Impression Ventures, and holds the position of director emeritus for his work and contributions as a director and Vice Chair of the Investment Committee for the Rideau Hall Foundation. Mr. Watsa is a member of the Young Presidents' Organization, holds a B.A. from Hillsdale College and a Chartered Investment Manager designation and is registered with the Ontario Securities Commission as a Portfolio Manager. Mr. Watsa is the son of V. Prem Watsa.

### V. Prem Watsa

Founder & Chairman

Mr. Watsa has been the Chairman and Chief Executive Officer of Fairfax Financial Holdings Limited since 1985 and the Vice Chairman of Hamblin Watsa Investment Counsel Ltd. since 2019. Mr. Watsa is the co-founder and a director of The BlackNorth Initiative. Mr. Watsa formerly served as Vice President of GW Asset Management from 1983 to 1984 and in various positions, ultimately as Vice President, with Confederation Life Investment Counsel from 1974 to 1983.



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## Executive Compensation

Pursuant to the Investment Advisory Agreement, Fairfax is required to provide a Chief Executive Officer, Chief Financial Officer and Corporate Secretary to us. For so long as the Investment Advisory Agreement remains in effect, all compensation paid to our Chief Executive Officer, Chief Financial Officer and Corporate Secretary will be borne by Fairfax. In addition, all compensation payable to our Chief Operating Officer, our Vice President, Corporate Affairs and our Vice President is borne by Fairfax.

Our Governance, Compensation and Nominating Committee, in consultation with our Chairman, is responsible for establishing our general compensation philosophy and participating in the establishment and oversight of the compensation and benefits of our executive officers, other than our Chief Executive Officer, our Chief Financial Officer, our Chief Operating Officer, our Vice President, Corporate Affairs, our Vice President and our Corporate Secretary. Our executive compensation program is designed to align the interests of our executives and shareholders by linking compensation with our performance and to be competitive on a total compensation basis in order to attract and retain executives. The remuneration of our executive officers consists of an annual base salary, an annual bonus and long term participation in our fortunes by the ownership of shares through the equity compensation plan. The base salaries of our executive officers are intended to be competitive but to remain relatively constant, generally increasing only when the executive assumes greater responsibilities. A discretionary bonus, if and to the extent appropriate, is awarded annually. The annual bonus is generally paid partly in cash and partly in options on either our or Fairfax's previously issued subordinate voting shares.



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Cyber Risk Management

Fairfax India follows the lead of our parent company, Fairfax, in the implementation of cyber risk management. Further, where we can share the expertise of our investee companies like BIAL and Sanmar, we will do so to adopt best practices. The following investee companies are ISO 27001 certified (information security management system): CSB Bank, 5paisa, BIAL, IIFL Finance and IIFL Securities.

Cyber threats are serious, ongoing concerns and our investee companies are committed to mitigating these risks to protect their enterprise. Our decentralized technological infrastructure is a natural defense against systemic cyberattacks. Consistent with the decentralized business model, the investee companies are directly responsible for ensuring that their respective organization addresses cyber risk and the potential impact on their operations. We recognize that each company is unique and that a customized approach to cybersecurity will better mitigate the cyber risk exposure being faced by these companies. The information below summarizes Fairfax India’s approach to security views and reporting, affiliate cybersecurity programs, training, and data protection.



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Security Reviews & Reporting

With the landscape of security threats in a state of constant flux, Fairfax India recognizes the importance of, and is committed to, conducting annual security reviews, and employing industry-standard best practices. Each Fairfax India investee company manages and maintains its own cybersecurity programs, employing industry standards and best practices.

BIAL has implemented a data leakage prevention (DLP) solution, distributed denial of service (DDOS) solution and other measures to strengthen the cyber security mechanism. A yearly review of cyber security measures is conducted to evaluate the effectiveness of current programs and to incorporate technological developments. Sanmar is compliant with the Information Security Management System (ISMS) and has a 24/7 cyber security operations centre to respond to any reported threats. IIFL Finance has undertaken a number of measures to enhance cyber security and has recently been recommended for ISO22301 certification. As well, employees are required to undergo an e-learning module training on an annual basis. At CSB Bank, it is fostering a proactive cybersecurity culture with the appointment of an experienced industry executive. Companies such as NCML, Maxop, Seven Islands, Jaynix and Saurashtra Freight have reviewed their cybersecurity infrastructure and are adapting as necessary, including seeking ISO certification where relevant or necessary .

## Training

Most investee companies conduct the following:

- Annual employee security training
- Phishing simulation, end point protection, and incident response, disaster recovery and business continuity plans
- Annual penetration testing by an external third party

Fairfax India recognizes that the first, and often best, line of defense in cybersecurity rests with our employees. We believe that it is imperative that we not only have a highly skilled and qualified team leading our cybersecurity initiatives at each company but also to have a general workforce which is cognizant of the cyber threats that exist. Each company develops suitable education programs for their employees and contract workers.

## Data Protection

Consistent with our decentralized structure, data protection, from both a data security perspective and a privacy perspective, is managed at the respective investee company level, meeting the regulatory requirements of the various jurisdictions in which they operate.

Each investee company reviews their policies regularly, updates their policies for new rules and regulations as implemented and provides training and awareness to its employees in relation to data protection and its policies for ongoing compliance. Data protection is an important obligation owed to employees, clients, and business partners globally, and is key to protecting company and personal data. In addition, each investee company aims to be responsive in a timely manner to any investigation or required notifications should an incident arise, as well as with respect to any data privacy access requests.



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## Forward Looking Statements

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Certain statements contained herein may constitute forward-looking information within the meaning of applicable securities legislation. Forward-looking statements may relate to the Company's or an Indian investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".

Forward-looking statements are based upon our opinions and estimates as of the date of this press release, and they are subject to known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: oil price risk; geographic concentration of investments; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; disruption of the company's information technology systems; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; weather risk; taxation risks; emerging markets; MLI; economic risk; trading price of subordinate voting shares relative to book value per share risk; and economic disruptions from the after-effects of the COVID-19 pandemic and the conflicts in Ukraine and the Middle East. Additional risks and uncertainties are described in the company's annual information form dated March 8, 2024 which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the company's website at [www.fairfaxindia.ca](http://www.fairfaxindia.ca). These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.

Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.