Business Responsibility Report

Section A General information about the Company

1	Corporate identification number	L65910MH1987PLC042961
2	Name of the Company	Bajaj Finance Limited
3	Registered address	Akurdi, Pune - 411 035
4	Website	www.bajajfinserv.in/finance
5	Email address	investor.service@bajajfinserv.in
6	Financial year reported	1 April 2016 – 31 March 2017
7	Sector(s) that the Company is engaged in	Financial Services
8	Three key products/services manufactured/ provided by the Company	1. Consumer Lending 2. SME Lending 3. Commercial Lending 4. Rural Lending 5. Deposits 6. Partnerships and Services
9	Total number of locations where business activity is undertaken by the Company	556 offices across India
10	Markets served by the Company	India

Section B Financial details of the Company

1	Paid up capital	₹ 109.98 crore
2	Total turnover	₹ 10,003.31 crore
3	Total profit after tax	₹ 1,836.55 crore
4	Total spending on CSR as percentage of profit after tax (%)	Refer Annual Report on CSR Activities annexed to Directors' Report
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR Activities annexed to Directors' Report

Section C Other details

1	Does the Company have any subsidiary company/companies?	Yes
2	Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%]	No

Section D	BR information	
1	Details of Director(s) responsible for BR	
(a)	Details of the Director	
	DIN	01550158
	Name	Rajeev Jain
	Designation	Managing Director (MD)
(b)	Details of the BR head	
	DIN (if applicable)	Not Applicable
	Name	Sandeep Jain
	Designation	Chief Financial Officer
	Telephone number	(020) 3018 6403
	Email ID	cfo@bajajfinserv.in
2	Principle-wise BR policy/policies	Included in this report
3	Governance related to BR	Included in this report

Section E	Principle-wise performance	
1	Principle-wise performance	Included in this report

Preface

As mandated by Securities and Exchange Board of India (SEBI), India's top 500 listed entities based on market capitalisation on the BSE and NSE are required to submit a 'Business Responsibility Report' (BRR) along with their Annual Report for FY 2016-17 (FY2017). This report is required to be in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), as released by the Ministry of Corporate Affairs in July 2011.

Bajaj Finance Limited ('BFL', 'the Company') presents its second BRR in line with the NVGs and the BRR requirement of SEBI. This BRR provides information about the key initiatives undertaken by the Company, driven by the triple bottom line aspects. The business responsibility performance of the Company is assessed annually by BFL's Board of Directors.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

BFL practices its business with utmost integrity. It considers ethics, transparency and accountability to be its most important operational priorities, and it is ingrained into its practices across the organisation. The processes and systems designed are meant to practice these core values of ethics, transparency and accountability.

BFL released its 'Code of Conduct' (CoC) in FY2013 to systematically strengthen its core values amongst its business practices and employees. The CoC is communicated to its employees through various mediums to enable understanding, adherence and implementation. The CoC is signed by each employee annually.

BFL has zero tolerance towards non-compliance of its CoC policy. The CoC broadly covers good working norms, cultural norms and integrity norms. It includes 'disciplinary action policy' and 'whistle blower policy' which allows employees to escalate grievances of any nature including, harassment and fraud/unethical behaviour/violation; this is monitored through an independent audit function which reports to the MD and Audit Committee on a regular basis. BFL's CoC also includes commitment to health, safety and the environment, eliminating waste and conserving resources.

The Company has a separate CoC that is applicable to the Company's directors and Senior Management. It states that 'Directors and Senior Managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment'. A declaration of the directors' and Senior Management's affirmation to the CoC is communicated to all stakeholders by the MD, through the Annual Report.

No stakeholder complaint linked to CoC adherence was received in the reporting year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

As a financial services company, BFL neither has a sizable consumption of any raw material nor produces any physical goods. Its activities are limited to providing financial solutions to serve the needs of the people of this country. These include solutions for the rural population that would enhance their livelihood as well as quality of life. Some of them are given below:

1. BFL finances solar equipment through EMI schemes across its rural markets. This helps in promoting environment-friendly renewable energy sources in rural areas of the country.

2. BFL finances dairy equipment and submersible water pump sets through affordable EMI schemes across its rural markets. The Company also finances milking machines, high range freezers, domestic water pump sets, etc. These enable farmers to mechanise their daily operations, thereby enhancing their productivity.

3. BFL offers financing to registered traders of Agricultural Produce Market Committee (APMC) to expand their business through easier access to credit, thereby indirectly having a positive impact on agricultural productivity.

Principle 3: Businesses should promote the well-being of all employees

BFL believes 'happy customers start with a happy employee'. BFL is dedicated to create a thriving, safe and inclusive workplace for its employees. To achieve this, BFL drives various employee engagement initiatives. BFL has developed seven core competencies under its 'Our Way' philosophy, which forms the backbone of its culture and is propagated to attract and retain talent.

BFL is an equal opportunity employer. The Company had 11,479 fulltime employees at the end of the reporting year, of which 375 are women. In FY2017, BFL added 3,602 employees. BFL adheres to the Apprentice (Amendment) Act, 1973 and 1986, currently applicable only in western region states. The Company hired 53 apprentices during the reporting year. BFL employees are not part of any employee association. No complaint related to child labour, forced labour, involuntary labour and sexual harassment was received in the reporting year.

Pure Life, the Company's employee wellness program, was enhanced to include an employee counselling helpline and a fitness app through a leading service provider. BFL has continued with its Annual Health Check-up program for employees.

On employee learning and development, the Company has launched multiple targeted development initiatives, called schools, while continuing with organisation wide developmental programs. These cater to emerging business and functional needs e.g. building current and future collections competencies in the School of Collections, operational skills in the School of Operations and technical, project management and strategic thinking skills in Personal Advancement and Capacity Enhancer (PACE). BFL has its own 'Rural Training Centre' in Rajgurunagar, a rural market within Pune district, to equip its rural employees with the requisite functional and technical skills.

The Learning and Development (L&D) classroom focuses on leadership competency development based on the 'Our Way' philosophy. BFL trained 9,300 people in FY2017, which included a total of 12,750 days of offline training and approximately 123,553 learning hours, covering more than 60% of the workforce.

BFL's HR system 'Your Care' is an automated cloud based platform where employees can raise any kind of grievance, complaints and queries, which are automatically assigned, attended and closed through the platform.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

BFL has always believed in aligning business practices with societal needs and expectations. The Company, through its unique EMI financing for consumer electronics, two-and-three wheelers financing, personal loans and rural lending vertical, enables the economically weaker sections of society to meet their life and livelihood needs.

As an equal opportunity employer, BFL practices affirmative action and ensures there is no discrimination of any type against socially disadvantaged sections in the work place. In line with affirmative action, during the reporting year BFL added 3,602 employees, of which 139 (approximately 5%) belong to socially weaker sections of the society, such as scheduled castes and scheduled tribes.

Principle 5: Businesses should respect and promote human rights

BFL is dedicated to upholding the human rights of all its internal and external stakeholders, and ensures compliance with all applicable laws pertaining to human rights. The Company did not receive any complaint relating to violation of human rights in FY2017.

Principle 6: Business should respect, protect, and make efforts to restore the environment

BFL's Code of Conduct includes respecting the environment, eliminating waste and conserving resources as working norms. As a financial services company, BFL does not have a natural resources intensive business, and its environmental impact is largely limited to the operations of its office.

The Company takes many initiatives to reduce its environmental impact, including:

- Installation of rainwater harvesting system at the Finserv House in Pune with a capacity of approximately 12,000 litres
- Reverse Osmosis (RO) plants
- E-waste policy – handing over e-waste to certified handlers for proper disposal
- Designing offices to facilitate maximum natural light utilisation
- Switching from conventional lighting systems to LED lights at most of the branches in metro areas, covering more than 65 offices
- Password-enabled centralised printing system to reduce paper waste
- Shuttle services between offices in Pune
- Video conferencing facilities across 32 locations to reduce the need for employee travel
- Use of cloud based systems to increase energy efficiency and added data security
- Paperless Board meetings; MeetX – a web based tool is used to upload, review and collate documents related to board meeting

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

BFL keenly participates in putting forward its views on the setting of new industry standards or regulatory developments pertaining to the non-banking finance industry. While making recommendations, BFL attempts to balance the interests of various stakeholders.

Principle 8: Businesses should support inclusive growth and equitable development

The Corporate Social Responsibility (CSR) philosophy of BFL has been formulated under the vision and principles of the Bajaj Group's Founding Father, Late Shri Jamnalal Bajaj, who believed in creating shared value through fair and equitable business functioning. The Company believes that 'majority of expenditures under CSR are converted to "investments in resource creation" for use over generations.'

In FY2017, the Company was required, to spend ₹ 28.37 crore under section 135 (Schedule VII) of the Companies Act, 2013, for which project/s were implemented directly or through NGOs and other welfare agencies – with further support from local authorities and business associations, wherever deemed necessary.

For more information, refer to the Annual Report on CSR activities as contained in the Annual Report 2016-17.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

BFL places customers at the center of its product, policy and process design. The Company continuously monitors its customer interactions and strives to improve systems based on the feedback received. The Company has mechanisms to proactively engage with customers at different events, throughout the customer lifecycle. The Company provides its customer a multi-channel options including call center, Interactive Voice Recording (IVR), bidirectional SMS, email, online portal, mobile applications and branch.

BFL has adopted Net Promoter Score (NPS) as a mechanism to gauge the outcome of its customer engagement efforts. The NPS is a more robust methodology to measure customer loyalty. This survey is conducted through an independent third party and its outcome is given due importance in the Company's future planning process.

There was no pending stakeholder complaint against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior as on 31 March 2017.