Business Responsibility Report

Section A	General information about the Company	
1	Corporate Identification Number	L65923PN2007PLC130075
2	Name of the Company	Bajaj Finserv Ltd.
3	Registered address	Bajaj Auto Ltd. Complex, Mumbai-Pune Road, Akurdi, Pune 411 035
4	Website	www.bajajfinserv.in
5	Email address	investors@bajajfinserv.in
6	Financial year reported	1 April 2016 – 31 March 2017
7	Sector(s) that the Company is engaged in	Financial Services (Investments) and Windmill
8	Three key products/services manufactured/ provided by the Company	1. Investment activity (NIC Code – 6430) 2. Electric power generation (NIC Code – 3510)
9	Total number of locations where business activity is undertaken by the Company	Two locations: Registered office at Akurdi (Pune) and Corporate office at Viman Nagar (Pune)
10	Markets served by the Company	India

Section B	Financial details of the Company	
1	Paid-up capital	₹ 79.57 crore
2	Total turnover	₹ 165.00 crore
3	Total profit after tax	₹ 70.02 crore
4	Total spending on CSR as percentage of profit after tax	Refer Annual Report on CSR activities
5	List of the activities in which expenditure in 4 above has been incurred	Refer Annual Report on CSR activities

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 NA

Section D	BR information	
1a	Details of Director(s) responsible for BR	DIN 00014615
		Sanjiv Bajaj
		Managing Director
1b	Details of the BR head	DIN 03206811
		Name: S Sreenivasan
		Designation: CFO
		Telephone number: (020) 3040 5711
		Email ID: s.sreenivasan@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 2016-17. 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 Finserv Ltd. (BFS), to whom the said requirement became applicable for the first time for the financial year 2015-16, presents its second BRR in line with the NVGs and the BRR requirement of SEBI. This BRR provides information on key initiatives undertaken by the Company, driven by the triple bottom line aspects. The business responsibility performance of the Company is assessed annually by BFS's Board of Directors.

BFS is the holding company for the various financial services businesses under the Bajaj Group of Companies. Through its subsidiaries, viz., Bajaj Finance Ltd. (listed material subsidiary), Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. (unlisted material subsidiaries), BFS serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance, and retirement and savings solutions. BFS also has investments in renewable energy in the form of 138 windmills situated in Maharashtra, with an aggregate installed capacity of 65.2 MW.

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

BFS strives to adopt high standards of corporate governance, adhering to all applicable guidelines with transparent disclosures about the Company's performance. As the holding company of financial services businesses under Bajaj Group, BFS considers ethics, transparency and accountability to be its top-most operational priority and these values are ingrained into the daily operations across the organisation. BFS regularly engages with the management teams of subsidiaries to reinforce the group values.

BFS has a Code of Conduct for the Company's Directors and Senior Management, which 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 this Code of Conduct is communicated to all

stakeholders by the Managing Director in the Annual Report. The Company is also signatory to the Model Code of Conduct developed by Confederation of Indian Industry (CII). During the year, the Company adopted two CII Charters, viz., Charters on Fair & Responsible Workplace Guidelines for Contract Labour and Charters on Fair & Responsible Workplace Guidelines for Collaborative Employee Relations.

BFS has established a Whistle Blower Policy, which lays down the process to report any unethical behaviour or violation of the Code of Conduct. Employees can report to the Management any instances of unethical behaviour, or suspected fraud or violation of the Code of Conduct or ethics policy. Adequate measures are in place to ensure safeguards against victimisation for employees who report any unethical behaviour. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases. All whistle blower complaints are investigated and action initiated, where required.

No stakeholder complaints linked to the Code of Conduct adherence were received in the reporting year.

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

Apart from being the holding company of the financial services businesses in the Bajaj Group, BFS, through its direct investment in 138 windmills with an aggregate installed capacity of 65.2 MW, is a positive contributor to green energy and sustainability.

This investment in generation of wind power allows access to clean energy in the grid, thus mitigating environmental pollution, reducing dependency on fossil fuels and also contributing towards positive climate change.

In 2016-17, the windmills generated 867 lakh units of power which was wheeled to third party consumers. The wind-farms, which are maintained under the supervision of BFS engineers and supported by comprehensive maintenance contracts, are certified for management systems, such as ISO 9001, ISO 14001 and OHSAS 18001 for quality, environment and health and safety, respectively.

All Board meetings and most internal review meetings have been made paperless with Directors and other participants accessing relevant material electronically.

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

As of 31 March 2017, BFS had a total of 18 employees, which included three women employees. There were no temporary or contractual employees in the reporting year. As a holding company with limited spheres of operations, the Company's staffing is adequate and commensurate with the scale of its business. The Company believes its employees are its greatest operational strength and invests in the growth and development of all its employees and engages with them on a regular basis. Employees are also given opportunities to move across the subsidiaries to get wider exposure.

BFS has policies and procedures in place to prevent any kind of discrimination. BFS has a 'Policy on Prevention of Sexual Harassment at Workplace' in place to ensure the safety and security of its female employees. The Company did not receive any complaint relating to child labor, forced labor, involuntary labor or sexual harassment in 2016-17 and none are pending as of 31 March 2017.

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

BFS is an equal opportunity employer. Remuneration practices are based on merit without regard to the person's ethnic background or gender and are periodically updated based on market

benchmarks. The Company practices affirmative action and ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

Principle 5: Businesses should respect and promote human rights

BFS is dedicated to upholding the human rights of all its employees, and it strictly ensures compliance with all applicable laws of the land pertaining to human rights. The Company did not receive any complaint relating to violation of human rights in 2016-17.

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

BFS is committed to conducting its business in a manner that protects the natural environment. Given that BFS is a holding company with no direct business operations and small number of employees, the Company does not have any significant direct environmental impacts.

The production of wind energy by BFS far exceeds its electricity consumption and BFS thus is a net contributor to the maintenance of a healthy and green environment.

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

BFS is a member of World Economic Forum (WEF) and CII through which it actively engages in policy advocacy.

The Company is a proactive contributor to discussions and resolutions within the scope of the above mentioned associations. The Company regularly puts forward its views on setting of new industry standards and regulatory developments pertaining to the non-banking finance and insurance sectors. The Company engages in areas such as governance and administration, economic reforms, inclusive development policies, among others through its participation in the above bodies. While making recommendations, BFS 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 BFS 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. BFS believes that "majority of expenditures under CSR should be converted to 'investments in resource creation' for use over generations."

In 2016-17, under section 135 (Schedule VII) of the Companies Act, 2013, the Company has spent ₹ 1.67 crore, 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

BFS, being a holding company, does not have any direct customers or consumers under the scope of this BRR.