Business Responsibility Report

Section A	General information about the Company	
1.	Corporate identification number	L65910MH1987PLC042961
2.	Name of the Company	Bajaj Finance Ltd.
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 2018 – 31 March 2019
7.	Sector(s) that the Company is engaged in	Financial Services
8.	Key services 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	1,006 offices across India
10.	Markets served by the Company	India

Section B	Financial details of the Company	
1.	Paid up capital	₹ 115.59 crore
2.	Total turnover	₹ 17,401 crore
3.	Profit after tax	₹ 3,890 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 Bajaj Housing Finance Ltd. Bajaj Financial Securities Ltd.
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/director responsible for implementation of the BR policy/policies:	
	DIN	01550158
	Name	Rajeev Jain
	Designation	Managing Director
(b)	Details of the BR head:	
	DIN (if applicable)	N.A.
	Name	Sandeep Jain
	Designation	Chief Financial Officer
	Telephone number	020 - 3018 6403
	E-mail 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 the 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. This report is required to be in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs) as released by the Ministry of Corporate Affairs (MCA) in July 2011.

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

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

BFL practices its business with high standards of integrity. The Company considers ethics, transparency, accountability and integrity as its core values. These are upheld as the most important operational priorities, and ingrained into BFL's practices across the organisation. The systems and processes are designed to enable the Company to practice these core values.

BFL released its revised 'Code of Conduct' (CoC) in FY2018 to systematically strengthen the Company's 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 Company conducts trainings and e-learning programs on CoC for all its employees.

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, fraud, unethical behaviour and process/policy violation. This is monitored through an independent 'disciplinary action committee' (DAC)

which reports to the MD and the Audit Committee on a regular basis. BFL's CoC also includes commitment to health, safety and the environment, eliminating waste and conserving resources. BFL has zero tolerance towards non-compliance of its CoC.

The Company has a separate CoC which is applicable to its 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.

All stakeholder complaints linked to CoC adherence received in the reporting year have been suitably resolved.

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 sizeable 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 urban and rural population of India that would enhance their livelihood as well as quality of life. Some of them are given below:

- BFL finances solar equipment through affordable EMI schemes. This enable customers to access environmentally friendly sources of renewable energy.
- BFL provides financing options for registered traders of the agricultural produce market committee, which help them in scaling-up their business through easier access to credit. Indirectly, this has a positive impact on agricultural productivity.
- BFL provides financing for three-wheeler passenger vehicles and commercial vehicles which enables under privileged and underserved population to own a productive asset and earn a living.
- BFL's lifecare finance offering provides an easy EMI solution to customers to meet their healthcare and medical needs, thereby allowing them to lead a healthier life. It also offers easy EMI solutions for purchase of fitness equipment and bicycles.
- BFL distributes life, health and general insurance products to its customers to provide them with adequate financial cover for life, health and their assets.

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

BFL believes 'happy customers start with happy employees'. The Company is dedicated to creating a thriving, safe and inclusive workplace for all its employees. To achieve this, BFL drives various employee engagement initiatives. BFL has 13 cultural anchors which form the backbone of its culture and is propagated to attract and retain talent.

BFL is an equal opportunity employer. BFL had 18,392 fulltime employees at the end of the reporting year, which included 621 women and four specially-abled. In FY2019, BFL added 3,552 employees. BFL adheres to the Apprentice (Amendment) Act, 1973 and 1986, currently applicable only in western region states - it hired 16 apprentices during the reporting year.

BFL employees are not part of any employee association. No complaint related to child labour, forced labour, or involuntary labour was received in the reporting year. During the year, the Company received 4 complaints related to sexual harassment and the same have been appropriately resolved.

The Company makes payment of 'fair living wages' by ensuring compliance of The Minimum Wages Act, 1948 and The Payment of Bonus Act, 1965. BFL provides internal career growth opportunities to all its employees through internal job posting mechanism.

In FY2019, along with compliance to all applicable laws pertaining to labour, BFL has continued with its philosophy of maintaining employee friendly policies. The Company periodically reviews its employee policies to make them more beneficial and employee friendly.

BFL's wellness initiative called 'Pure Life' focuses on promoting health and physical well-being of its employees. Under this initiative, the Company runs various events viz., comprehensive medical check-ups, doctor on call, weight consciousness program, chair yoga to relieve stress and improve posture, periodic health tips and cash-back and EMI option for purchase of bicycle.

The learning approach at BFL is designed to enhance the individual and organisational capabilities needed to execute business in an efficient manner. The Company follows a two-pronged learning and development approach; i) building leadership capabilities; and ii) role based capabilities. BFL runs multiple development programmes, called schools, while continuing with organisation wide learning and development initiatives. These schools cater to emerging business and functional needs of collections, operations, customer experience and project management units. BFL has expanded its 'Rural Training Centre' from one location in FY2018 to four locations in FY2019, to equip its rural employees with the requisite functional and technical skills.

BFL conducts an annual employee engagement (ESAT) survey, through Aon Hewitt, a global leader in human resource consulting, to gauge satisfaction of employees in the Company. The ESAT survey, through a series of objective questions, help the Company assess the level of satisfaction of employees on three important dimensions; (i) say - employees consistently speak positively about the organization to co-workers, potential employees and customers; (ii) stay - employees have an intense desire to be a member of the organization and associate their future with the Company; and (iii) strive - employees feel motivated to exert extra effort for the organisation. FY2019 ESAT score saw a 4 percent point increase to 89%, putting the Company in the top quartile of employee engagement across all industries in India.

BFL has featured as one of the 'Best Workplaces in Asia 2019' by the 'Great Place to Work®' (GPTW) Institute. BFL has been ranked 9th amongst the '25 Best Large Workplaces in Asia, 2019'. The award was conferred on us by GPTW after considering organisations that were recognized in one or more of their national Best Workplaces lists in Great Place to Work® chartered countries (Greater China, India, Japan, South Korea, Kingdom of Saudi Arabia, Singapore, Sri Lanka and United Arab Emirates) in the Region. More than 1,200 organisations were eligible to be considered for these honours.

In FY2019, BFL received following awards and accolades for its employee practices:

- May 2018: 'Best Employers in India', by Aon Hewitt
- April 2019: Best Workplaces in Asia 2019 by Great Place to Work® (GPTW) Institute -ranked 9th amongst the '25 Best Large Workplaces in Asia, 2019'

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

As an equal opportunity employer, BFL practices affirmative action and ensures that there is no discrimination of any type against any socially disadvantaged sections in the work place.
In line with affirmative action, during the reporting year, BFL recruited 3,552 new employees, of which 265 (approximately 7.5%) belong to the socially weaker sections of the society, such as scheduled castes and scheduled tribes.

Further, during FY2019, BFL ran a 'Daan Utsav' event across 270 locations for its employees. Employees, across these locations, donated 8,500 kilograms (KG) of food provisions, 320 litres of oil, over 2,400 stationery items, more than 800 pieces of clothing, over 3,000 KG of hygiene items and 700 blankets, pillows and bedsheets to the disadvantaged and needy.

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 FY2019.

Principle 6: Businesses 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 multiple initiatives to reduce its environmental impact, including:

- selecting and designing offices to facilitate maximum natural light utilisation
- plantation of 100 saplings in cyclone affected areas and 12,941 saplings across 597 locations through BFL's tree plantation initiative
- e-waste policy – handing over e-waste to certified handlers for proper disposal
- installation of rainwater harvesting system at the Finserv House in Pune with a capacity of approximately 12,000 litres
- provision of cycles for employees for commuting between offices in Pune
- provision of shuttle services for employees between offices in Pune
- switching from conventional lighting systems to LED lights at most of the branches in metro areas
- video conferencing facility in 50 rooms across different locations to reduce the need for employee travel
- use of cloud based virtual servers to increase energy efficiency and data security
- password-enabled centralized printing system to reduce paper waste
- paperless Board meetings; MeetX – a web based tool is used to upload, review and collate documents related to board meetings
- digital learning initiatives - over 40% of overall learning initiatives for employees are conducted digitally

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

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 JamnalalJi 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 FY2019, the Company was required, to spend ₹ 56.59 crore under section 135 (schedule VII) of the Companies Act, 2013, for which projects were implemented directly or through NGOs and other welfare agencies – with further support from local authorities and business associations, wherever deemed necessary. The Company focuses mainly on Children, Healthcare and Education to meet its CSR obligation.

For more information, please refer to the Annual Report on CSR activities as contained in the Annual Report 2018-19.

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

BFL strives to create a culture of 'Customer Obsession'. BFL places customers at the centre of its product, policy and process design. The Company continuously monitors its customer interactions and drive continuous transformation to provide a frictionless experience, across the product lifecycle, from pre-disbursal to service. BFL constantly aims to reduce the time taken to disburse loans to its customers, along with minimising the documentation. The Company has enhanced and introduced varied service channels for solving customer queries and requests.

BFL's self-service Chatbot now provides support to customers across its website, portal, mobile app, and the BFL wallet. The Company has deployed multiple self-service options on the IVR for proactive updates to the customers. For the non-digitally savvy customers, we have introduced a 'missed call service' for getting details of latest relationships with BFL.

During the year, BFL introduced the concept of 'service branches' in major cities across the country. Service branches provide superior customer experience using queue management system, ample seating capacity, self-service kiosks and cash deposit machines. BFL has also introduced various offerings in the language preferred by its customers. Apart from critical documents like loan agreements, fair practice code branch notices, customer communications and channels like customer portal and mobile apps are now available to customers in vernacular languages.

BFL has adopted net promoter score (NPS) as a mechanism to gauge the outcome of its customer engagement efforts. NPS is a comprehensive global 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.

The customer franchise of BFL as of 31 March 2019 is 34.48 million and it booked 23.50 million new loans in FY2019. During FY2019, BFL received 7,279 complaints of which 49 complaints (or 0.67% of total complaints) were pending for resolution as at 31 March 2019. As on 31 March 2019, 1,259 consumer cases are pending in various consumer courts. There was no pending stakeholder complaint against BFL regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour as on 31 March 2019.