

A close-up photograph of two hands interacting with soil and a young plant. An adult's hand is on the left, holding dark brown soil. A child's hand is on the right, reaching towards a small green plant with three leaves growing from a thin stem. The background is blurred.

**BAJAJ FINANCE LIMITED**

# Committed to **Grow** **Responsibly**

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Business Responsibility &  
Sustainability Report

*(also includes elements of Environmental,  
Social and Governance)*

FY2022

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## About the Cover

This cover 'Committed to Grow Responsibly', represents a micro view of a standalone entity that acts and will aggregate and circle up to the overarching goal of 'Being Responsive and Being Responsible' of the Group theme. The visual is of a pair of experienced hands, that have seen the test of time and understands the nuances of sowing the seeds with utmost care to reap its benefits later, a man planting a tree and being responsible for its growth is symbolic of its role as one of the most diversified and leading NBFCs in the Indian market and yet undeterred to charter newer territories for future organic growth but in a thought through manner and not abruptly.

# Preface

The Securities and Exchange Board of India (SEBI), from FY2023, has mandated India's top 1,000 listed entities based on market capitalisation on BSE Ltd. and National Stock Exchange of India Ltd. (NSE Ltd.), to submit a Business Responsibility and Sustainability Report (BRSR/ Report) effective from 1 April 2022. This report is required to be in line with the 'National Guidelines on Responsible Business Conduct' (NGRBCs) released by the Ministry of Corporate Affairs (MCA) in 2019.

Bajaj Finance Limited ('BFL', 'Bajaj Finance', 'the Company') presents its BRSR for FY2022 (earlier known as 'Business Responsibility Report') in line with the NGRBCs and BRSR requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "SEBI Listing Regulations"). BFL has early adopted the same on a voluntary basis from FY2022. This BRSR primarily provides information about the key initiatives undertaken by the Company, driven by the triple bottom line attributes viz. environmental, social and economic.

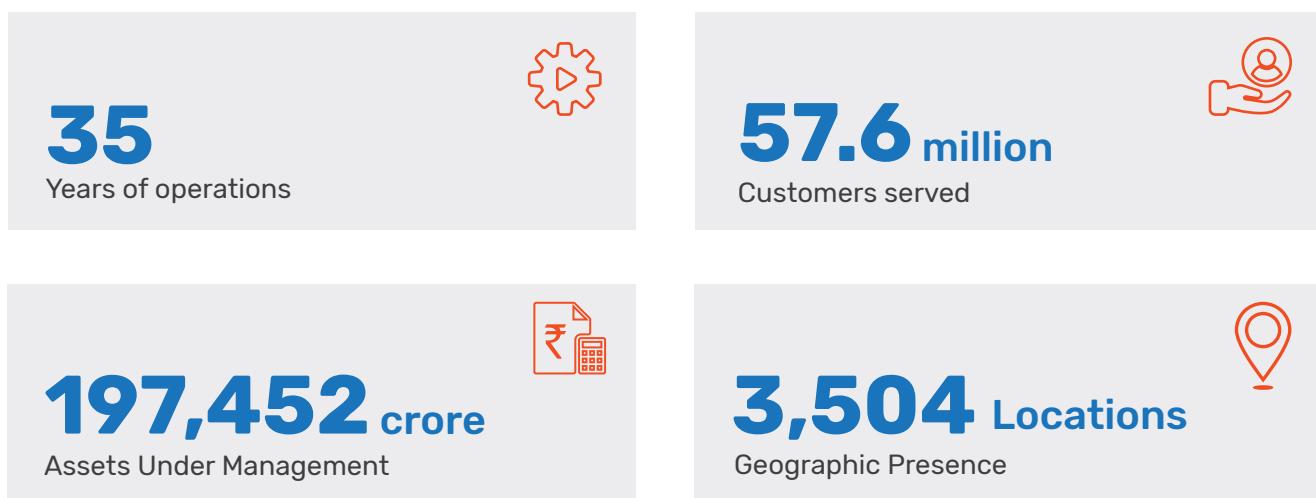
This BRSR also narrates initiatives undertaken by BFL towards environment, social and governance ('ESG') aspects. Additionally, initiatives and actions taken by its subsidiaries towards ESG objectives have also been provided throughout the Report wherever relevant. Further, certain other initiatives that are covered in the annual reports of the Company and its subsidiaries for FY2022 (available on Company's website – <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>) have not necessarily been repeated here.

This report outlines the approach adopted by BFL and its subsidiaries ('BFL Group') towards

- Creating an employee-friendly workplace,
- Creating positive environmental and social outcomes through its business operations, conducted in a responsible, ethical and inclusive manner and
- Its commitment for enhancing customer experience.

# About Bajaj Finance Limited

Bajaj Finance Limited (BFL), a subsidiary of Bajaj Finserv Limited, is a deposit-taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI). It is classified as an NBFC-Investment and Credit Company (NBFC-ICC) with the RBI. It is engaged primarily in the business of lending and acceptance of deposits. The Company has a diversified lending portfolio across retail, SMEs and commercial customers with a significant presence in urban and rural India. It accepts public and corporate deposits and offers a variety of financial services' products to its customers. BFL is present in 3,504 locations across the country, including 2,136 locations in rural / smaller towns and villages and operates through more than 133,200 distribution points across India.



## Structure

Bajaj Finance is a subsidiary of Bajaj Finserv Ltd. We have two wholly-owned subsidiaries:



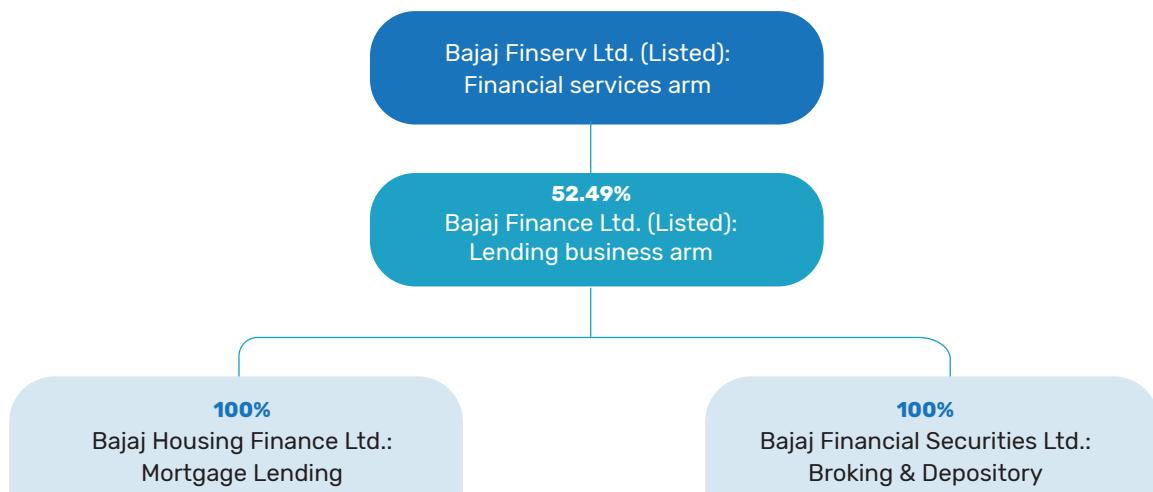
Bajaj Housing  
Finance Ltd.



Bajaj Financial  
Securities Ltd.

## Product Offering

- Consumer Lending
- SME Lending
- Rural Lending
- Commercial Lending
- Public and Corporate Deposits
- Partnerships and Services



ESG initiatives



Statutory reporting



**Sanjiv Bajaj**  
Chairman



**Rajeev Jain**  
Managing Director

## Message from the Chairman and the Managing Director

In today's ever-changing world, ESG is a gateway to new frontiers of transformation. The transition from individual to community has prompted businesses to reconsider their business strategies, and the core of these strategies revolve around innovation, awareness, and sustainable processes. Hence, ESG has become the foundation of our sustainable and long-term growth charter.

Guided by the philanthropic spirit of Shri Jamnalalji Bajaj, our Group's founding father, and strengthened by the legacy of our Chairman Emeritus, Late Rahul Bajaj, this all-encompassing new value system has motivated us to

enhance the legacy of inclusive growth. We have mapped our business responsibility strategy towards the realisation of this vision, that inspires us to grow responsibly and commit towards effectively implementing our ESG goals.

We have embarked on a journey where the nation's sustainable development and its people's comprehensive growth is a big part of our responsibility framework. We remain committed to positively impacting the lives of our consumers and the community at large. As an organisation, we have been leveraging the boon of digital technologies to simplify and deliver easily accessible, affordable and

comprehensive financial services solutions to all segments of society. And, we continue to focus on balancing our goals of sustainable profitability and long-term value creation with our overarching commitment to responsible growth, as an organisation and as a responsible corporate citizen.

As a company, our constant endeavour is to identify and invest in areas that will help deliver a sustainable future for our consumers and the society at large. For instance, first-time borrowers and women borrowers is one such area that leads to inclusive development of the society and brings forth newer growth opportunities for the nation.

We remain committed to simplify financial services for all our consumers by bridging the gap between their emerging financial needs and making financial services available through our various omni-channel options. This also aligns with our vision of becoming an omnipresent financial services company.

In FY2022, we took big, bold steps to enhance our customer experience by forming teams to analyse root cause of customer concerns and create solutions to solve their problems. As a proactive measure, we constituted a Customer Service Committee of the Board with a view to enhance customer experience, engagement, and monitoring of service processes.

We understand the critical need of driving consumer awareness programmes to help them better understand financial products and services, and not be exposed to any kind of vulnerability, online or offline. Our 'Savdhaan Rahein. Safe Rahein.' campaign which started off as a proactive and preventive digital initiative in FY2021 has grown by leaps and bounds to spread awareness on various vulnerabilities which consumers may be exposed to.

We also understand the growing expectations of our consumers to access financial services in a personalised, intuitive and frictionless manner. We are deeply committed to make financial services easier and accessible for all our consumers, anytime anywhere. This aptly ties into our broader strategy of becoming an omnipresent financial services company to engage, transact and be serviced anytime, anywhere, across channels in a frictionless manner.

Our rural financial services initiative, which aims to bring the country's unbanked and under banked segments into the fold of organised financial services is well aligned to our focus of financial inclusion for all. To enhance local capabilities and create a virtuous economic cycle in

small towns and villages of India, we helped generate employment opportunities across the length and breadth of the country in FY2022. Towards that, even in a COVID-19 year, we added 516 new locations and increased our employee strength from 28,546 to 35,425.

We are focused on providing equal opportunities for the learning and development needs of all our employees in a non-discriminatory manner, and remain committed to conducting our business with the highest standards of integrity, going beyond the regulatory and legal necessities, and yet delivering sustainable and long-term value for all our stakeholders.

We, as an organisation, are more resolute than ever, to embed our ESG priorities into the DNA of our core operations across people, practices and processes because real sustainability for us lies in staying committed to responsible growth for all, for now and tomorrow.



**Sanjiv Bajaj**  
Chairman



**Rajeev Jain**  
Managing Director

# New Initiatives During the Year



**Voluntarily constituted a Customer Service Committee of the Board ('CSCB'), in line with the requirements applicable to banks, to further strengthen the customer experience, engagement and monitoring process.**



**Early voluntary adoption of SEBI's Business Responsibility and Sustainable Reporting for FY2022 and independent assurance thereon**



**Accounting of GHG emissions and independent assurance thereon for FY2021 and FY2022**



**As committed, BFL opened 50 financial inclusion branches in rural and backward areas in FY2022 and is committed to open another 50 such branches in FY2023**



**Adoption of Code of Ethics and Personal Conduct across BFL Group**



**Voluntary third-party review of 11 CSR projects of BFL**



**Bajaj Finserv Employability initiative BEYOND enters northern and eastern states of India, placement division established**



**Mega Vaccination drive to administer over 1 million doses of the COVID-19 vaccine to the beneficiaries in Pune and Aurangabad districts by Bajaj Group**



**Launched COVID Impacted Family Assistance Policy for employees**

# Our Focus Areas



Corporate Governance



Reaching Financial Services to Millions of Indians and Providing Sustainable and Safe Products and Services



Preserving and Protecting Environment



Empowering Society



Customer Obsession



Human capital Management



Information Security,  
Cyber Security and  
Fraud Controls



Stakeholders'  
Engagement



ESG initiatives



Statutory reporting

# Summary of Our Major Initiatives Towards Furtherance of ESG:



## Corporate Governance

- ◆ Board approved Responsible and Sustainable Business Conduct Policy consisting the essence of ESG and NGBRCs and an empowered ESG committee of management.
- ◆ Voluntary constitution of a Customer Service Committee of the Board, to strengthen the customer experience, engagement and monitoring process.
- ◆ Robust internal controls system across all processes, units and functions, driven by various well-formulated procedures and policies.
- ◆ Comprehensive risk management framework across the organisation and across all risks.
- ◆ Strong governance model for debt management services' practices.
- ◆ Adoption of consistent Code of Ethics and Personal Conduct for employees across BFL Group.
- ◆ Whistle Blower Policy extended to our value chain partners.
- ◆ Appointment of two Internal Ombudsman (IO) to independently deal with customer concerns and complaints.
- ◆ Board is composed of directors from diverse backgrounds and substantial domain experience.
- ◆ BFL follows one of the highest standards of disclosure amongst financial services companies in India.
- ◆ Prudent and responsible business conduct:
  - CRAR of 27.22% versus regulatory stipulation of 15%
  - strong Asset Liability Management (ALM) with cumulative positive gap across all time buckets
  - One of the lowest consolidated GNPA and NNPA at 1.60% and 0.68% respectively.



## Reaching Financial Services to Millions of Indians and Providing Sustainable and Safe Products and Services

- ◆ Provided financial services in more than 3,500 towns and cities in India and financed approximately 57.6 million customers.
- ◆ Extended financing to over 9 million new-to-credit customers during last 3 years.
- ◆ Provided financing access to more than 8.7 million women borrowers amounting more than ₹ 49,000 crore during last 3 years.
- ◆ Rural lending initiative – financed over ₹ 57,000 crore across more than 14 million loans in the last 3 years – rural financing business now contributes to 10% of BFL's consolidated AUM.
- ◆ Committed to open 50 financial inclusion branches in rural and backward areas in FY2023.
- ◆ Enabled livelihood of individuals through three-wheeler financing of more than ₹ 6,190 crore and SME lending of more than ₹ 30,000 crore during last 3 years.
- ◆ Disbursed over ₹ 1,150 crore across more than 220,000 loans towards medical procedures and health and wellness during last 3 years.
- ◆ Provided ₹ 3,780 crore financing under 'Pradhan Mantri Awas Yojana' (PMAY) through housing finance subsidiary.



ESG initiatives



Statutory reporting



## Preserving and Protecting Environment

- ◆ Green initiative with a continuous focus on reducing consumption of papers through digital initiatives like digital agreements, digital KYC, digital communication etc.
- ◆ BFL Group in the last three years, reduced consumption by 900 million sheets of paper, saving approximately 1,00,000 trees (1 tree = 8,333 sheets).
- ◆ Financing for e-Scooters, thereby enabling customers to access environment friendly modes of transport.
- ◆ Extensive awareness campaigns to promote sustainable living and practices amongst employees and other stakeholders.
- ◆ BFL's Environmental Policy committing not to extend fund through its commercial lending business for specified lines of businesses and specific activities.



## Empowering Society

- ◆ BFL Group has spent ₹ 67.76 crore towards CSR in FY2022
- ◆ Over 20,000 students (67% being women) have enrolled for Certification Programme in Banking, Finance and Insurance (CPBFI), since inception, with more than 10,500 students enrolling during FY2022
- ◆ More than 2.90 lakh beneficiaries benefitted through health focused CSR programmes
- ◆ Through our CSR education programme - over 60,000 beneficiaries benefitted.



## Customer Obsession

- ◆ Established a citizen charter framework to protect interest of customers.
- ◆ Initiation of multilingual response for queries received on social media platform in various regional languages
- ◆ Introduced Repo Rate benchmark-based lending in Salaried Home Loan through BHFL - the first such offering by any HFC.
- ◆ Business transformation efforts focused on building an 'omnichannel' model to deliver significant improvement in customer experience.
- ◆ Offered option of vernacular communications to customers.
- ◆ Reinforced oversight on debt management service agencies through:
  - strengthening its compliance framework to ensure strict adherence by the debt management services agencies of its code of conduct and fair practice code.
  - implementing a Debt Recovery Agent (DRA) certification process for its agents.
  - centralized call recording and monitoring infrastructure for outsourced debt management services agency networks
  - dedicated debt management service desks across the top 25 branches to address debt related queries of walk-in customers.



- DMSCA (debt management services change agent) training programme for its agents using four modules.
- expanding the scope of Net Promoter Score (NPS) to cover collections processes
- ◆ Conducted various consumer awareness campaigns and educational videos:
  - #HarTimeEMIOnTime

- #SavdhaanRaheinSafeRahein
- #Serviceatyourfingertips
- created a series of 28 small video clips as tutorial videos to enable seamless navigation of the app sections
- ◆ Supported customers amidst the pandemic by providing one-time restructuring and emergency credit line support to eligible borrowers.



## Human Capital Management

- ◆ BFL Group promotes equal employment opportunities and nurtures diversity amongst its employees
- ◆ Youth employment – about 69% employees are below the age of 30. Average age of the employees as on 31 March 2022 is 31 years.
- ◆ Corporate office has about 28% female employees in FY2022 as against 19% in FY2021
- ◆ Promoted employment in rural locations – over 9,500 employees
- ◆ Non-discrimination – preferred not to capture data of caste/religion of employees
- ◆ 14 cultural anchors which form the backbone of our culture
- ◆ Spectrum policy – provides several benefits to women employees relating to safety, cab facility, travel policy, flexible working hours, preferential transfer policy, maternity-linked benefits, crèche benefits, etc.

- ◆ BFL Group provided life and health insurance to all its employees – more than 2,800 received their claims during FY2022
- ◆ BFL Group enabled emergency financial assistance through “i-Care programme” – over 150 employees availed assistance of over ₹ 8.2 crore
- ◆ BFL Group offers equal growth opportunities through auto promotions/ internal job posting mechanism – more than 13,000 employees moved to new roles during the year
- ◆ The Group IJP process now allows an employee to move to a company within the Bajaj Finserv Group ('BFS Group') in a similar transparent way.
- ◆ Conducted various health and safety related awareness campaigns
- ◆ Launched On-the-Job-training (OJT) framework
- ◆ Imparted approximately 470,000 hours of training to more than 25,000 employees to upskill/multi-skill themselves.



## Information Security, Cyber Security and Fraud Controls

- ◆ 'Information Technology Strategy Committee' consisting of Board members and Senior management.
  - ◆ Well-established information security framework, cyber security policy, data privacy policy and Business Continuity Policy (BCP).
  - ◆ Dedicated information security, cyber risk and fraud control unit.
  - ◆ Robust Data Loss Prevention (DLP) solutions.
- ◆ Data security and information technology security systems compliant with ISO 27001:2013, 22301:2012.
  - ◆ Critical internet facing properties are secured behind well-known cloud-based web application firewall to safeguard against web application and Distributed Denial-of-Service ('DDoS') attacks.
  - ◆ Awareness campaigns for cyber safety and fraud prevention for employees, customers and value chain partners.



## Stakeholders' Engagement

- ◆ Ensured one of the highest standards of business information disclosure amongst financial services companies in India.
  - ◆ Held a digital engagement session ('Samvaad - Dialogues to Success') with more than 11,000 value chain partners.
- ◆ Enabled customers to connect seamlessly with BFL through various offline and online engagement channels.
  - ◆ Participated actively and impactfully in the development of public and regulatory policies.



## COVID-19 INITIATIVES

- ◆ The Bajaj Group of companies supported Mega Vaccination Drives and successfully administered over 1 million doses of COVID vaccine to beneficiaries in Pune and Aurangabad districts of Maharashtra.
- ◆ BFL Group's COVID-19 initiatives for employees and their families included:
  - Family Assistance Policy:
  - Monetary family assistance for 48 months
  - Cost of mediclaim to be borne by the Company for 5 years
  - Employment opportunity for spouse, if found suitable

- Children education up to the age of 21 years
- Lumpsum financial assistance
- Group Term Life insurance
- COVID Financial aid of ₹ 5.22 crore over 2,700 employees and their families
- 7-14 days of paid leave to infected employees
- Periodic COVID-19 and antibody test camps for employees
- More than 10,000 doctor consultations for employees

# Details of Our ESG Initiatives

## Corporate Governance

### Ensuring Responsible Growth through Robust Corporate Governance

At BFL, we believe integrity and ethical behaviour to be at the heart of a successful business. We have built the foundations of the organisation on these timeless principles. As a part of the Bajaj Group, whose roots go back to India's freedom struggle, we are imbued with its philosophy. The Bajaj Group's commitment to the highest standards of corporate governance practices predates the provisions of the SEBI Listing Regulations and Clause 49 of the erstwhile Listing Agreement.

We strive to combine the Bajaj Group's historical values with modern best-in-class business practices. Led by the Bajaj Group's ethos, BFL is imbued with the values of ethics, transparency, accountability and responsible business conduct. We committedly practice these values in our day-to-day operations. We strive proactively to adopt the highest standards of corporate governance, while adhering to all regulatory guidelines with transparent disclosures about our performance and business.

### Pursuing a Philosophy Rooted in Ethics:

- ◆ A key driver of our corporate governance philosophy is our focus on ethics. Our Board approved "[Code of Ethics and Personal Conduct](#)" ([CoEPC](#)) encompasses a good working culture and integrity norms. It includes '[disciplinary action policy](#)' and '[whistle blower policy](#)', enabling its directors, employees, business/vendor partners, their employees or any other person including contractors, sub-contractors, consultants and any other third party to escalate grievances of any nature, including harassment, fraud, unethical behaviour and process/policy violation to the designated personnel in the Company and its subsidiaries.
- ◆ To ensure continuous monitoring of such ethical behaviour, we have constituted a 'Disciplinary Action Committee' (DAC), which reports substantial incidents to the Managing Director (MD) periodically. Among the important tenets of our CoEPC, are our unwavering commitment to health, safety and environment, along with focus on elimination of waste and conservation of resources, with zero tolerance towards non-compliance.
- ◆ For adherence to ethical norms and behaviour by the top leadership, we have a separate [Code of Conduct \(CoC\)](#) for Directors and Senior Management. The CoC provides that 'Directors and Senior Management

shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement'. A declaration from the Directors, and the Senior Management's affirmation to the said CoC, is communicated to all stakeholders by the MD, through the Annual Report.

- ◆ BFL and its subsidiaries have zero tolerance towards unethical business practices. We ensure strict compliance of CoEPC with respect to anti-bribery, conflict of interest, protecting assets and information of the Company including customer information and necessary policies with respect to human rights, prevention of insider trading, prevention of money laundering, prevention of sexual harassment at workplace, and related-party transactions.
- ◆ We ensure complete adherence to the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) at BFL and at our subsidiaries. Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, the CoC for regulation of trades by designated persons covers all concerned employees of BFL, its parent company, subsidiaries and other group companies. It protects an employee against victimisation in cases where insider trading is reported by him/her. Periodic review and updation of the policies is done, as required. The Board takes non-compliance seriously and initiates action commensurate with proven violations.
- ◆ In compliance with the provisions of the SEBI Listing Regulations, the Board through its Nomination and Remuneration Committee (NRC) has devised a policy on Board Diversity. The board comprises of adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The

**“**  
**We strive to combine the Bajaj Group's historical values with modern best-in-class business practices. ”**

present composition broadly meets this objective. The directors are persons of eminence in areas such as profession, business, industry, finance, law, administration, research, banking, etc. and bring with them experience/skills which add value to the performance of the Board. The directors are selected purely based on merit with no discrimination on race, colour, religion, gender, or nationality. Core skills/expertise/competencies of the Board is available on the website of the Company at <https://www.bajajfinserv.in/finance-board-of-directors>.

The Company, through its Parent Company i.e. Bajaj Finserv Limited (BFS), has signed charters of Confederation of Indian Industry ('CII'):

- i. Model code of conduct for ethical business practices,
  - ii. Charter on fair and responsible workplace guidelines for collaborative employee relations, and
  - iii. Charter on fair and responsible workplace guidelines for contract labour.
- ◆ During FY2022, all employee complaints linked to CoEPC (earlier CoC) adherence were suitably resolved, except for 4 complaints pending as on 31 March 2022, however these complaints have been suitably resolved subsequently.

### Imbued with a Culture of Transparency

- ◆ At BFL Group, adherence to transparency and fairness in dealings with customers is maintained in letter as well as



in spirit. We ensure that none of our products withhold any relevant information needed by the customers to make informed choices. Information relating to products is disclosed as per the regulatory requirements, and the same is available on the website of BFL and its subsidiaries at [bajajfinserv.in](http://bajajfinserv.in).

- ◆ With our focus on transparency, we pursue a transparent and detailed communication protocol with stakeholders. This, amongst others, includes investor presentations, quarterly and event-based update to stakeholders, publishing of earnings call transcripts, prompt dissemination of price sensitive information.
- ◆ We are focused on ensuring symmetry of information in line with the principles of fair and uniform disclosures. After each quarter, we voluntarily provide provisional key financial metrics pertaining to that quarter to the stock exchanges within seven days.
- ◆ The senior management at BFL conducts open townhall sessions, called 'Confluence', as forums to engage with all employees on a quarterly basis. Through these sessions, the management shares with the employees the financial performance of the Company, updates on business, as well as new initiatives undertaken in HR, operations, and technology, among other things. Employees are also encouraged to make suggestions, raise concerns, and seek direct response from the senior management on any queries/concerns.

## Upholding the Spirit of Accountability

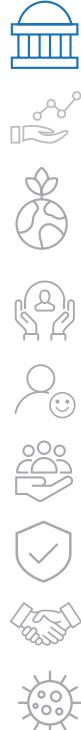
- ◆ With 'Accountable Empowerment' a core principle at BFL and its subsidiaries, we nurture a strong belief that empowerment and accountability go hand-in-hand.

- ◆ BFL and its subsidiaries are managed professionally by competent and qualified professionals, while being proficiently overseen by their respective Boards of Directors.
- ◆ We benchmark the remuneration of senior management with appropriate peer groups, and remunerate them through a mix of fixed pay, annual variable payout and long-term incentive in the form of stock options.
- ◆ All practices at BFL Group reflect an endeavour to maintain high standards of governance, which in certain cases extends beyond legal requirements. Examples of such endeavour include:
  - We have voluntarily constituted a CSCB, in line with the requirements applicable to banks, to strengthen the customer experience, engagement and monitoring process.
  - We hold more Board meetings than the minimum of four required by law.
  - We have panel of independent directors with outstanding track record and reputation.
  - We conduct bi-annual meetings between Independent Directors and senior management.
  - Quarterly meeting of Chief Risk Officers of BFL and BHFL with their respective Boards are held without the presence of the MD.
  - Half-yearly letter from the Chairman to all shareholders of the Company giving an update on the Company's performance.
  - The senior management team of the Company and its subsidiaries make presentation to familiarise the directors with key elements of each of the businesses.
  - Complete and detailed information provided to Board members in advance to enable them to review all matters carefully for meaningful discussions.



**A key driver of our corporate governance philosophy is our focus on ethics. Our Board approved (CoEPC) encompasses a good working culture and integrity norms. ■■■**

- The framework of succession planning for appointment of Board and management is placed before the Board for its review.
- Board of BFL comprises of more independent directors than required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Chairman of the Audit Committee conducts quarterly pre-audit meeting with members of the Senior Management, and internal as well as statutory auditors, to review the financial performance and observations of auditors.
- Risk management policy of the Company includes sustainability (particularly, ESG related risks) assessment and risk minimisation procedures.
- A meeting of the Risk Management Committee is scheduled along with each Board meeting, and all directors participate in this meeting; the scope of risk management includes credit risk, operations risk, debt management services, investment risk, financial risk, technology risk, ESG risk, and legal and compliance risk.
- We follow a confidential Board evaluation process, where each Board member evaluates the performance of every Director, Committees of the Board, the Chairman of the Board as well as the Board.
- BFL has constituted an executive ESG committee led by Deputy CEO, and consisting of heads of finance, tax, legal, compliance, operations, information technology, risk, human



ESG initiatives



Statutory reporting

resource, secretarial functions, and a senior representative of the parent company, for implementing and monitoring ESG related aspects.

- Two meetings of ESG committee members were held during the year and a presentation to Board of directors of group companies was made on overall ESG strategy.
- BFL has implemented the Internal Ombudsman (IO) scheme within the organisation to deal with customer concerns and complaints. More recently, RBI introduced the Internal Ombudsman scheme extended to NBFCs on a selective basis in which the IO at the apex of the NBFC's shall independently review the resolution provided by the NBFC in the case of wholly or partially rejected complaints. BFL has appointed two IOs, who will independently review the resolution provided by the Company in the case of wholly or partially rejected complaints.
- On an ongoing basis, the Company through its familiarisation programme, endeavors to keep the Board including independent directors abreast with matters relating to the industry in which Company operates, its business model, risk metrics, its mitigation and management, governing regulations, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company and group, etc.

Full details of the Company's Corporate Governance practices and procedures are presented separately in the Corporate Governance section of the Annual Report.

## Other Governance Practices

### Internal Controls

- ◆ We have set up a robust internal controls system across all process, units and functions which are driven by various well-formulated procedures and policies that are reviewed and tested periodically. Our risk and credit teams have in-built

processes to identify and measure the existing and probable risks, and to mitigate the identified risks. Our various committees, including Risk Management Committee and the Asset and Liability Committee, review and oversee critical aspects of the Company's operations. The committees have members from various functions.

- ◆ Our internal controls mechanism consists of three lines of defence:
- a. First Line of Defence - Internal Operation Management and Management Control.
- b. Second Line of Defence – Risk and Compliance function; and
- c. Third Line of Defence - Internal Audit function.

### Risk Management

- ◆ We believe that the primary role of risk management is to protect customers, business, human capital, shareholders, and the communities that it serves, while ensuring support towards strategy and paving the path for sustainable growth.
- ◆ We use a comprehensive risk management framework across the organisation and across all risks. This outlines the key principles, policies, and practices for managing material risks, both financial and non-financial. The framework fosters continual monitoring, promotes risk awareness, and encourages sound operational and strategic decision making. It also ensures a consistent approach to identifying, assessing, managing, and reporting the risks we accept and incur in our activities.

- ◆ At the highest level, the Board of Directors have established a Risk Management Committee (RMC), which assists the Board in maintaining oversight and implementation of the Risk Management policy. The Risk Management Policy outlines the programme implemented by the Company to ensure appropriate risk management within its systems and culture. This is enabled by

robust risk measurement and review mechanisms, which include monthly reviews at senior management level and quarterly reviews at a higher level. The RMC met six times in FY2022.

### Debt Management

- ◆ BFL actively focuses on a debt management strategy to ensure that its delinquent debt portfolio is kept at minimal levels. It accords debt management an important place in its portfolio management strategy; BFL continues to invest in its debt management service structure, service organisation, processes, training of employees and agencies, with strict adherence of compliance requirements and controllership by leveraging technology to follow a non-intrusive collection mechanism. We follow a strong governance model for debt management services' practices and ensure strict adherence to the regulatory and internal policies, code of conduct and fair practice code.
- ◆ In an endeavour to follow non-intrusive debt management practice, BFL collects an electronic clearing mandate from its customers. In case of dishonour of bank instrument, BFL provides customers with over 22 different payment options, such as NEFT, RTGS, Bharat Bill Payment Service (BBPS), Unified Payment Interface (UPI), CC Avenue, Wallets, Google Pay, Payment Banks etc. These digital channels, along with branch walk-ins, account for approximately 51% of our collections volume.

“

**Two meetings of ESG committee members were held during the year and a presentation to Board of directors of group companies was made on overall ESG strategy. ”**



## Steering Sustainable Growth through Prudent Business Conduct

- The focus at Bajaj Group is on building long-term businesses, while ensuring sustainable growth and returns for its stakeholders. Aligning themselves to this approach, BFL and its subsidiaries have also made adoption and pursuance of high standards of governance, along with adoption of prudent business practices central to their value proposition. They believe such practices to be vital to ensuring that businesses are not exposed to undue risks.
- Drawing from its experience of FY2021 and the fact that lockdowns were curtailed in FY2022, the Company and its subsidiaries remained open for business with a nuanced strategy on acquisition and underwriting across all its businesses throughout the year.

◆ As a result, BFL recorded a 29% growth in AUM (core AUM growth is 26%) and 59% growth in profit after tax on a consolidated basis in FY2022 as against a 4% growth in AUM and 16% degrowth in profit after tax in FY2021. Return on average assets (ROAA) and return on average equity (ROAE) for FY2022 was 4.2% and 17.4% respectively on a consolidated basis. This performance was despite the continued disruption in business and debt management services in the first half of the year, elevated level of credit costs and higher liquidity buffers.

Some of the prudent business practices we follow include:

- BFL and its subsidiaries not just fulfil but often exceed the applicable norms and standards laid down by the financial regulator relating to the recognition and provisioning of non-performing assets, capital adequacy, statutory liquidity ratio, liquidity coverage ratio, etc. The table

below outlines BFL's and BHFL's prudent practices, detailing their performance ratios compared to the minimum requirements of the RBI:

“

**Our internal controls mechanism consists of three lines of defence:**

- a. First Line of Defence – Internal Operation Management and Management Control.**
  - b. Second Line of Defence – Risk and Compliance function; and**
  - c. Third Line of Defence – Internal Audit function.**
- ”

| Sr.<br>No. | Particulars                                  | BFL                    |                    | BHFL                   |                    |
|------------|--|------------------------|--------------------|------------------------|--------------------|
|            |  | As of<br>31 March 2022 | RBI<br>Stipulation | As of<br>31 March 2022 | RBI<br>Stipulation |
| 1          | Capital to Risk-weighted Assets Ratio (CRAR) | 27.22%                 | 15%                | 19.71%                 | 15%                |
|            | Of which Tier-I                              | 24.75%                 | 10%                | 18.95%                 | 10%                |
| 2          | Liquidity Coverage Ratio                     | 134%                   | 60%                | 131%                   | 50%                |
| 3          | Asset liability mismatch                     |                        |                    |                        |                    |
|            | 1-7 days                                     | 22%                    | (10%)              | 7%                     | (10%)              |
|            | 8-14 days                                    | 12%                    | (10%)              | 8%                     | (10%)              |
|            | 15-30/31 days                                | 31%                    | (20%)              | 7%                     | (20%)              |
| 4          | Statutory Liquidity Ratio                    | 18.70%                 | 15%                | NA                     | NA                 |

- We maintain low leverage levels and raise equity capital only upon reaching 6 to 7 times, which is much more conservative than the regulatory stipulation.
- On the back of improved stage-2 assets, gross NPA at 1.60% and net NPA at 0.68%, representing pre-covid metrics and strong macro and management overlay provision of ₹ 1,060 crore, BFL has entered FY2023 with healthy risk metrics.



# Reaching Financial Services to Millions of Indians and Providing Sustainable and Safe Products and Services

## **Delivering Responsibly on our Sustainable and Safe Product and Service Proposition**

We, strongly believe that all individuals and businesses across the country should have easy and seamless access to relevant and affordable financial products and services in a sustainable way. This is essential for them to meet their transactional, payment, saving, credit and insurance needs in a hassle-free manner. In line with this belief, we offer financial products and services to millions of Indians, enabling them to secure livelihood, healthcare, education, homes, protection and savings.



**3,504 - our geographic presence**  
**● Pan-India locations**

*Map not to scale. For illustrative purposes only*

## Empowering Millions of Indians Financially

BFL is one of the largest and most diversified NBFCs in India. It has the experience of working with approximately 57.6 million customers since it started its transformational journey in FY2008 from a mono-line captive lender to a diversified financial service business. During this period, the Company expanded its presence across the 3,504 locations with distribution network of over 133,200 points of sale and created presence in the digital space.

### BFL's Focus Areas

BFL focuses on six broad categories: (i) Consumer Lending, (ii) SME Lending, (iii) Commercial Lending, (iv) Rural Lending, (v) Deposits; and (vi) Partnerships and Services.

We continue to power our customer-centric journey through our responsible growth strategy. This

“

**We continue to power our customercentric journey through our responsible growth strategy. This strategic approach is driven by our sustained focus on all-inclusive financing. we opened 50 financial inclusion branches in rural and backward areas in FY2022. Further, the Company plans to open additional 50 financial inclusion branches in FY2023.”**

strategic approach is driven by our sustained focus on all-inclusive financing.

### Some of our key initiatives to promote such financing are captured below:

- ◆ Our small-ticket financing products are enabling us to onboard new-to-credit customers, thus giving them access to a larger suite of products in the financial services sector. In the last three years, we have extended credit facilities to more than 9 million new-to-credit customers.
- ◆ We have developed an extensive distribution network in medium and small towns and villages across the country as part of our rural lending initiative. We offer these customers a wide range of simple financial products suited to their needs, including consumer durables, mobile phones, gold loans, personal loans etc. Rural lending business constituted 10% of our consolidated AUM and grew by 32% during the fiscal.
- ◆ Our rural lending initiative is sharply aligned to our responsible growth strategy. Through these initiatives, we are giving India's under-banked section access to the formal financial sector. Expanding our reach in this segment, we opened 50 financial inclusion branches in rural and backward areas in FY2022. Further, the Company plans to open additional 50 financial inclusion branches in FY2023.
- ◆ Building on our sustainable growth charter, we have identified women empowerment as a key priority area. In the last three years, we have disbursed loans of more than ₹ 49,000 crore to over 8.7 million women borrowers.
- ◆ Our financing for three-wheeler passenger vehicles and commercial vehicles helps the underprivileged and underserved population of the society to own a productive asset and earn a living. In the last 3 years, we have financed more than 310,000 three wheelers passenger and commercial vehicles and disbursed more than ₹ 6,190 crore.
- ◆ We have in place specialised offerings to cater to the working capital and term loan needs of professionals as well as the relatively underserved SMEs and MSMEs of the country.
- ◆ Medical and health care has taken centre-stage for Indians amid the pandemic. We offer easy EMI solutions designed to meet the healthcare and medical needs of our customers. Our solutions also cover financing for purchase of fitness equipment and bicycles. In the last 3 years, we have disbursed over ₹ 1,150 crore through more than 2.20 lakh loans towards medical procedures, and health and wellness.
- ◆ Education is another key component of our EMI financing solutions. We have customised solutions to address the education loan needs of our customers. We have disbursed



**In the last three years, we have extended credit facilities to more than 9 million new-to-credit customers.**

over ₹ 746 crore through more than 1.5 lakh loans over the last three years.

- ◆ Driven by our focus on partnering the Government of India in its 'Housing for All' campaign, our subsidiary, Bajaj Housing Finance Limited (BHFL) has disbursed more than ₹ 3,780 crore under the PMAY scheme to more than 13,000 customers. It has also facilitated customers for ₹ 227 crore of interest subsidy claim from National Housing Bank.
- ◆ Responsible growth requires unwavering commitment to sustainable development. In line with this ethos, we provide financing for solar equipment

through affordable EMI schemes. This enables customers to access environmentally friendly sources of renewable energy.

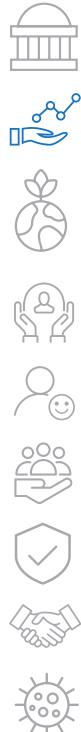
- ◆ We distribute life, health and term insurance products to our customers to ensure that they are adequately covered for life, health and their assets. Over the last three years, BFL Group has distributed over 0.7 million life insurance, 4.3 million health insurance and 1.7 million term life insurance policies.
- ◆ As a responsible partner for our customers, we strive to promote among them a culture of saving. Our Systematic Deposit Plan (SDP) enables them to periodically place small amount of deposits with BFL. Till date more than 38,000 systematic deposits have been placed with the Company.
- ◆ Our subsidiary BFinsec (Bajaj Financial Securities Limited) is registered with the Pension Fund Regulatory and Development Authority (PFRDA) as Point of

Presence-Online (POP – Online) for distribution and servicing of National Pension Scheme (NPS) for citizens through an online platform. NPS is a social security pension and investment scheme initiated by the Government of India.

- ◆ BFL is registered with Insurance Regulatory and Development Authority of India (IRDAI) as a corporate agent for distribution of life, health and general insurance products across nine insurance partners.

Through its operations in smaller towns and villages, BFL Group generates opportunities for the local population in the form of employment generation and creation of a value-chain partner network. Such opportunities enhance local capabilities and create a robust economic cycle in the small towns and villages. Around 60% of on-roll employees as on 31 March 2022, are from areas other than top 10 cities by population<sup>1</sup>.

<sup>1</sup>Top 10 cities by population identified as per Census 2011



# A PLEDGE TO PRESERVE THE PLANET

## Preserving and Protecting Environment

BFL Group is committed to contribute towards ensuring a clean and sustainable environment by continuously improving its environmental and sustainability performance. BFL Group's Code of Ethics and Personal Conduct includes respecting the environment, eliminating waste and conserving resources as working norms. BFL also has an Environmental policy integrating sound environmental practices and governance systems in its day-to-day operations to minimize environmental impacts.

#SAVEEARTH

#STOPPOLLUTION

Let us all come together to take the pledge to try and live a sustainable life. This planet will provide for everyone's needs but not everyone's greed. Climate change is real and the time to act is NOW!



BFL, being a NBFC, neither has a sizeable consumption of any raw material nor produces any tangible goods. Its activities are limited to providing financial solutions to serve the needs of the people. BFL Group nurtures a culture of conservation that emphasises meticulous monitoring of consumption of resources and encourages innovations that aid in reducing the dependence on natural resources.

## BFL has Embarked Upon Four Major Areas in its Environment Awareness and Conservation:

- 1 Environment protection and Sustainability Awareness Campaigns
- 2 Products that preserve and protect the environment
- 3 Reducing paper consumption; and
- 4 Eco-friendly Practices.

These initiatives are detailed below:

### 1. Environment Protection and Sustainability Awareness Campaigns:

We believe that in order to achieve desired results, sustainable practices are a collective effort of the mankind and cannot be achieved by an individual or an organisation. Keeping this virtue in mind, we initiated awareness campaigns on sustainable practices for our employees and for the world at large leveraging our social media presence. Various creatives were used to promote the message of **#SaveEarth, #SaveWater, #SaveElectricity, #SaveTrees, #StopPollution, #ReducePlastics, etc.** under the campaign- **#LiveSustainably** across the Company through use of social media, internal employee device screen savers, displays across office spaces, etc. The campaign also promoted the members to take a pledge at the end for the above agenda messages.



### 2. Products that Preserve and Protect the Environment:

Another important way of supporting the environment is providing financial offerings to our customers that assist in preservation and protection of environment. A few to mention include:

- ◆ Financing solar power generation facilities
- ◆ BFL has an [Environmental Policy](#) in place which sets out commitments of the Company

to bring in environmental and social friendly practices in its system. In its commercial lending business, the Company commits not to extend funding to polluting industries unless the units have a valid clearance from pollution control authorities and have installed effluent treatment plants.

- ◆ BFL offers financing for e-Scooters, this enables customers to access environmentally friendly modes of transport. During the last

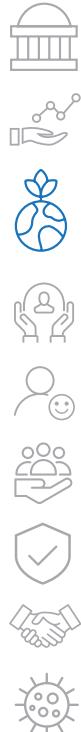
3 years, BFL financed more than 1,500 e-Scooters and disbursed approximately ₹ 15 crore.

### 3. Reducing Paper Consumption:

It has been an endeavor of BFL Group over last many years to keep reducing paper consumption across all its business operations. BFL Group has been increasingly focused on integrating digital applications across all aspects of its business operations which not

“

Through various such initiatives, BFL Group in the last three years, reduced consumption by approximately 900 million sheets of paper, saving approximately 1 lakh of trees.”



only helps to improve efficiency, lower cost and enhance customer experience, but also aids in environmental protection by reducing paper consumption.

Through various such initiatives, BFL Group in the last three years, reduced consumption by approximately 900 million sheets of paper, saving approximately 1 lakh of trees.



A few initiatives supporting the above theme are listed below:

Across customer's loan and deposit lifecycle:

- ◆ e-agreements and OTP-based agreements across low ticket and high-volume businesses
- ◆ enabling customers to place deposits online - till date over 77,000 deposits have been placed digitally
- ◆ end-to-end web-based onboarding of retail broking and loan against securities customers
- ◆ paperless loans on e-commerce and wallet platforms, and through tele-binding process for existing customers
- ◆ replaced physical EMI cards to digital EMI cards
- ◆ prioritising digital KYC enabled by Aadhar and video KYC over paper KYC
- ◆ accepting digital invoice copy from retailers for consumer B2B financing
- ◆ encouraging dissemination of insurance, extended warranty, comprehensive asset care policies and bureau report by partners through digital medium

- ◆ providing e-mandate registration process for EMI repayment – e-mandates now contributes to nearly 50% of new business and
- ◆ focusing on migrating all mandatory and voluntary customer communications over email and messaging apps, etc.

#### Across Other Areas

- ◆ shifting from issuance of physical purchase orders to electronic purchase orders
- ◆ discontinuing issuance of paper visiting cards to employees – visiting cards are now being issued in digital format only
- ◆ shifting a large proportion of its invoice processing to e-invoicing; and
- ◆ password-enabled centralised printing system to reduce paper waste.

#### Eco-friendly Practices

Some of the initiatives undertaken by BFL under this category include:

- ◆ As committed in our report for FY2021, we have completed the accounting of our GHG emissions for FY2021 and FY2022 for BFL and its subsidiaries and independent assurance has been obtained on the same. Refer Page 90 for the detailed report.
- ◆ Installation of solar panels at two locations and same is operational having solar power generation capacity 69.6 kilowatt peak. Further, the Company is evaluating to install solar panels at different locations.
- ◆ E-waste policy encompassing safe disposal and handing over of e-waste to certified handlers for proper disposal. BFL group hands over its e-waste to registered vendors and has received certificate of e-waste disposal form the registered vendor. Total e-waste generated for FY2022 was 7.5



**BFL has an Environmental Policy in place which sets out commitments of the Company to bring in environmental and social friendly practices in its system.**

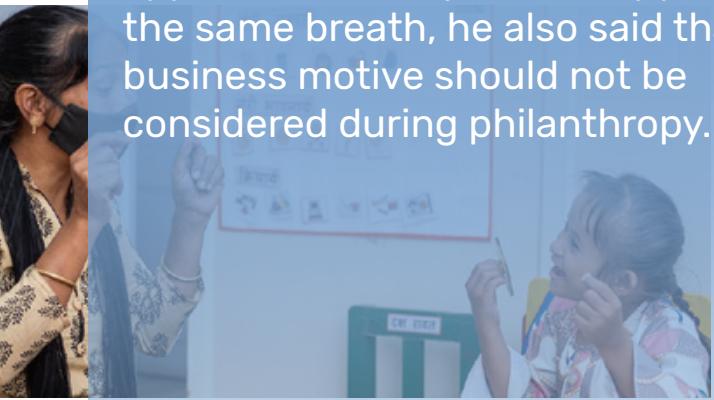
Metric Tonnes and same has been disposed off in a scientific and eco-friendly manner.

- ◆ Selecting and designing offices to facilitate maximum natural light utilisation. Over 960 BFL Group branches are provided with LED light fittings as a standard feature
- ◆ Installed over 4,500 TR ozone-friendly air conditioners manufactured with R32 refrigerant – resulting in 68% lower carbon emission
- ◆ usage of recycled tissue papers at its corporate offices
- ◆ meeting and training through digital mediums – resulting in reduction of travel related impact on the environment
- ◆ using cloud-based virtual servers to increase energy efficiency and data security
- ◆ using digital platform for circulating documents for Board and senior management meetings.
- ◆ As a continuing endeavour towards the 'Go Green' initiative launched by Ministry of Corporate Affairs (MCA), BFL sends documents such as notice calling the annual general meeting, postal ballot notice, audited financial statements, Directors' Report, Auditors' report, credit of dividend intimation letters, etc. in electronic form to the email addresses provided by the members and made available by them to the Company through the depositories.



# Empowering Society

Bajaj Group's philanthropic philosophy was articulated by its founder late Shri Jamnalal Bajaj who had advised that all business activities should look for opportunities for philanthropy. In the same breath, he also said that business motive should not be considered during philanthropy.



**1.68 LAKH+ INDIVIDUALS VACCINATED AT THE COVID-19 MEGA VACCINATION DRIVE  
A CSR HEALTH INITIATIVE BY BAJAJ GROUP IN ASSOCIATION WITH ZILLA PARISHAD, PUNE.**



**THANK  
YOU**

#StrongerTogether



While collaborating with other companies in the Bajaj Group, BFL has its own flagship projects that resonate closest to its social objectives of healthcare, education and livelihood.

A few projects undertaken by BFL Group through its parent company BFS are outlined in the commentary below.

#### **Our Approach:**

Most of the projects supported by us are executed by credible grassroot organisations - ranging from very

small local entities to those with a pan-India presence. Since 2014, we have worked with 87 partners organisations across 186 projects.

All CSR proposals undergo appropriate checks to ensure that they meet the stipulated criteria and also have a potential for delivering to target beneficiaries.

We along with the Bajaj Group use social sector experts and independent professional to conduct social and financial assessments of projects.

“

**Since 2014, we have worked with 87 partners organisations across 186 projects.**

”

During the year 11 projects of BFL underwent a third-party review on various aspects. The Group endeavours to expand the coverage of assessments by external agencies to more projects/organisations in the coming years.



#### **Healthcare**

More than

**75,000** kids

Children focused projects

More than

**157,000**

females

Women focused projects

More than

**67,000**

individual

Other health initiatives

Note: The beneficiaries are estimated for active projects and not necessarily for the year.



We have directed our focus towards projects that would help in i) creation and augmentation of healthcare infrastructure, ii) reduction in malnourishment and infant and maternal mortality rates, iii) communicable and non-communicable diseases, and iv) specialized surgeries and treatment.

Some of the notable positives of these initiatives have been as under:

- ◆ More than 82,000 in-meal supplements and nutrition supplements provided for cancer suffering kids
- ◆ More than 60,000 counselling sessions provided for cancer patients since 2018.



ESG initiatives



Statutory reporting



- ◆ Rehabilitation and treatment support to more than 2,300 children suffering from cancer.
- ◆ Cleft Reconstructive Surgeries for more than 62,000 underprivileged children across India since 2014, of whom 41% were female beneficiaries and 51% surgeries are for beneficiaries aged below 18 months.
- ◆ Since 2020 over 51,000 individuals from the tribal & rural communities of Gadchiroli benefitted from access to primary healthcare and lab facilities.
- ◆ Reaching out to children across 404 villages in 16 districts of Maharashtra and Rajasthan by providing more than 21,000 in-meal supplements and nutrition facilities along with health, education and protection measures.
- ◆ During the year, more than 5,180 individuals and children (including specially abled) were provided with health awareness programmes, medical care, early childhood care, treatment and support for diabetes, medical support for epilepsy, etc.

## Happy Story

A child in Gaudgaon village, was identified as severe underweight as at the age of 4 years 7 month, the child's weight was 11 kg and height 90 cm in Sept 2014. As a first step, the parents were counselled about the child's situation, what precautions were required and information on health and nutrition. With regular meetings, they were made aware through different methods – the ways to combat malnutrition. They were informed about nutritious diet and how to pay attention to the care and feeding of the child. They were also supported with protein/ vitamins supplements necessary for the child followed by parent participation in awareness drives in the village. This was followed by regular visits for monitoring and tracking the child's condition. The parents responded positively to the support and as a result in the month of October the child came out of severe malnutrition and his weight was 14.5 kg and height 92 cm.



## Education

Certificate Programme in Banking, Finance and Insurance (CPBFI) annual enrolments crossed

**10,000**

for the year with the programme entering 18 states

More than

**17,000** Children

Children have been provided with educational facilities, awareness programmes, etc.

More than

**44,000** individual

received other learning facilities

Note: The beneficiaries are estimated for active projects and not necessarily for the year



ESG initiatives



Statutory reporting

Education initiatives focus strongly on primary education with special focus on improving i) low learning outcomes, ii) early childhood education, iii) learning disabilities, and iv) out-school programmes. Some of the notable impact of these initiatives has been as under:

- ◆ From FY2021 onwards, more than 10,500 children benefitted with a host of various educational facilities provided through non formal education centres, evening and night schools, school learning advancement programmes, and alike.
- ◆ Supported children, individuals and specially-abled children by providing holistic support like enabling access to education, healthcare, and

livelihood opportunities – more than 7,800 beneficiaries were supported.

- ◆ Supported capacity building of organisations on addressing developmental disabilities by training more than 27,000 development specialists through various workshops since 2020.
- ◆ 5,260 beneficiaries benefitted with mental health awareness programme.
- ◆ During the year, around 2,900 children benefited from education facilities provided for empowering de-notified tribes, migrant laborers working at construction/quarry sites, and vulnerable communities.
- ◆ More than 2,300 students benefitted through career

guidance programme, networking with employment agencies and exposure visits during last 3 years. Successfully transformed 1,376 youth who have been able to break through their family's vicious generational cycle of poverty. In addition, there are more than 8,000 youth who are pursuing higher education and who will soon be able to enhance the economic status of their families in particular and their village, communities and the society at large. Over 3,000 rural girls pursing higher education currently.

- ◆ Provided education awareness and support to run-away and separated children in 4,476 resettlement project.



## Career Guidance Program, Networking with Employment Agencies - Light of Life Trust

Through Project Anando Plus under aegis of Light of Life Trust, a female student has been appointed as a Police Constable in the Police Department. The student belongs to a tribal community, she has three younger sisters, her parents are laborers, her house is still a mud house. In such a situation, after 12<sup>th</sup> standard, she went to Amravati to study for B.Sc. through Anando Plus Program. She was also given financial help for her education. She continued her practice of police recruitment; she was recruited in 2019 and was appointed in December 2021. In fact, she faced difficulties and proved herself.



## Night School Transformation Program- Masoom

Masoom has developed a three-pronged intervention model to provide good quality education – called Night School Transformation Programme (NSTP). Under NSTP, they provide infrastructure and material, arrange capacity building training for night school stakeholders and advocate night school issues for policy level changes. Bajaj Group has partnered with Masoom to implement NSTP model at 11 Night Schools in Mumbai, 3 in Pune and 4 in Ahmednagar and an Evening Learning Centre project in Pune. The focus of this project is to improve enrolment, attendance and learning outcomes.



## Bajaj Finserv - BEYOND

Our employability initiative viz. Bajaj Finserv BEYOND is the flagship CSR initiative of Bajaj Finserv aimed to make graduates, especially first-generation graduates from small towns, employable for financial services industry. Under BEYOND we conduct a customised 100-hour certification programme viz. Certificate Programme in Banking, Finance and Insurance (CPBFI) for final-year under-graduate students. CPBFI comprehensively covers all aspects of employability i.e. attitude, skills and knowledge and unlike conventional skilling programmes, prepares the students for more than 10 roles in financial services industry. The programme also produces a unique talent pool of "industry trained graduates" for the entire BFSI industry,

which offers an excellent balance between cost and productivity compared to their traditional target segments. FY2022 was a record year for CPBFI with annual enrolments crossing 10,000 – of which 67% being female students and the programme entering 18 states. With a certified alumni base of close to 8,000 graduates, a placement division is now set up under BEYOND to provide career opportunities to CPBFI alumni.

We have partnered with a top management school and experts in the mental health space to develop the curriculum and pedagogy for the programme. Our alumni are trained for the industry through intense 100-hour training sessions covering aspects of industry-readiness viz. attitude-skill- knowledge along with soft skill

“

FY2022 was a record year for CPBFI with annual enrolments crossing 10,000 – of which 67% being female students and the programme entering 18 states.”



trainings. A round of mock interviews is also conducted by recruiters from the industry, where the students gain experience of a corporate recruitment process and receive feedback about their own readiness for industry. This programme is available for a nominal fee, with rest of the cost being borne by the Group.

## BEYOND's Journey So Far

|           | 2016 | 2017 | 2018 | 2019  | 2020  | 2021  | 2022   |
|-----------|------|------|------|-------|-------|-------|--------|
| States    | 1    | 1    | 1    | 4     | 7     | 8     | 18     |
| Towns     | 1    | 4    | 6    | 16    | 41    | 58    | 114    |
| Enrolment | 36   | 166  | 406  | 1,022 | 3,810 | 4,081 | 10,530 |

Male 33%: Female 67% | First-generation graduates 66% | Commerce 63%: Management 29%: Others 8% | Graduates 74% : Post-Graduates 26% | Employability<sup>4</sup> of students reached 74% in FY2022

<sup>4</sup> Employability is measured based on results of interview by corporate recruiters



ESG initiatives



Statutory reporting



# Livelihood

## More than

**1,500**

kids benefitted

## Children focused projects

More than

20,000

females

## Women focused projects

Note: The beneficiaries are estimated for active projects and not necessarily for the year.

The BFS Group undertakes two modes of livelihood activities i) farm / agro based and ii) non-farm based. Further, we also undertake projects in childcare and protection. Some of the notable positives of these initiatives have been:

- ♦ Improved livelihoods for the deprived female headed households through provision of assets, temporary financial support, mandatory

savings, skills training, linkage with available Government schemes and move them into self-reliance through sustainable enterprise, regular income and thereby mainstreaming into social and financial ecosystems – over 19,200 families benefitted from the project.

- ◆ Over 700 women are being trained in villages of Kashmir, Ladakh and Aurangabad on topics of

## A Better Future for Young India

Youth 4 Jobs' (Y4J) vision is hands-on and grass-root transformation of persons with disabilities (PWD) lives at the country level and a thought leader at the global level. Y4J has job-linked skilling centres in 32 locations across 29 states of India ranging from tier-2 towns to metros, from Coimbatore in Tamil Nadu to Guwahati in the north-east, focusing on PWD employability/employment from unreached villages. It also works with educated youth with disabilities enrolled in colleges/universities for market led training and placements. In the last 9 years, Y4J has emerged as the largest organisation in this space. It has trained 25500 young men and women with disabilities. 30% of the trainees are girls with disabilities. Y4J has touched over 7.04 million households in advocacy. Y4J works closely with about 800 companies of which 280+ are first time hirers of PWD.

## Our Response to COVID-19

In March 2020, Bajaj Group announced a commitment of ₹ 100 crore towards the fight against COVID-19. In May 2021, given the severity of second wave of the pandemic, an additional ₹ 200 crore was committed by the

group to alleviate the immediate on-ground challenges and to build capabilities and resources to tackle a possible third wave of the pandemic.

The Bajaj Group COVID-19 response activities were carried out in two phases. During first wave of COVID-19,



the focus was laid on immediate need for mitigation in terms of healthcare systems upgradation and during the second wave the focus was on mitigating the urgent oxygen crises that had hit the country.



## ESG initiatives



## Statutory reporting

## Key Highlights:

### COVID-19 First Wave: Healthcare Systems Upgradation – Urban and Rural

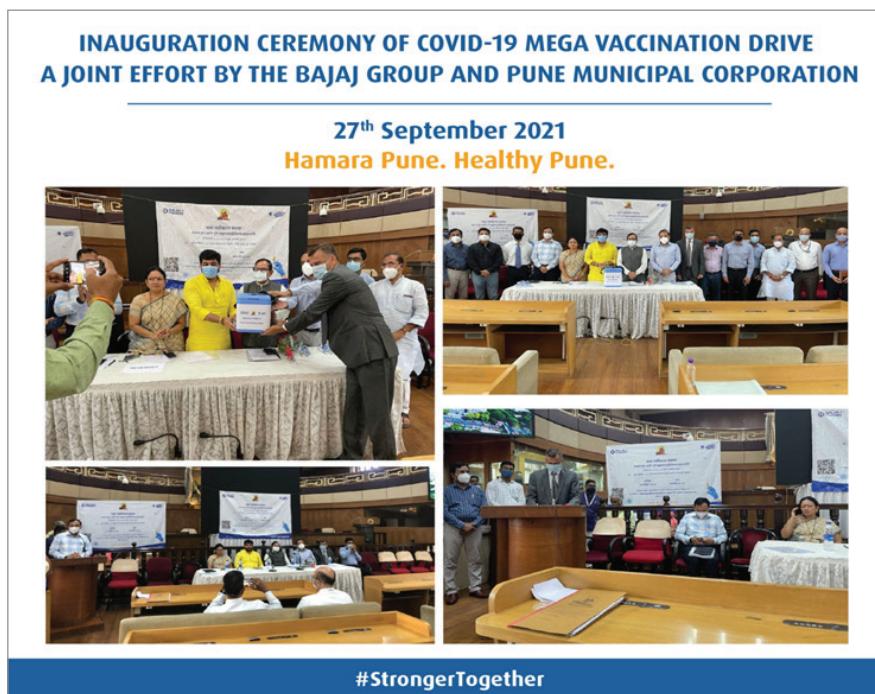
- The entire contribution was spent towards procurement of medical equipment, consumables, protective gear and setting up of COVID-19 care centers.
- Key hospitals across the city of Pune were distributed medical equipment such as Ventilators, HFNOs, Extra Corporeal Membrane Machines and CT Scan Machines.
- Pune's largest COVID Care Center was set up in Viman Nagar with a capacity of 2,800 beds with

the support of the Group's COVID Response Funds.

- 17 facilities were targeted for key healthcare upgradation in a phased manner. These facilities played a key role in the second wave as all were used as COVID response facilities.
- Operation of Tele ICU in Khed and Bhor (Pune) was initiated to transform remote rural hospitals into functional ICUs.

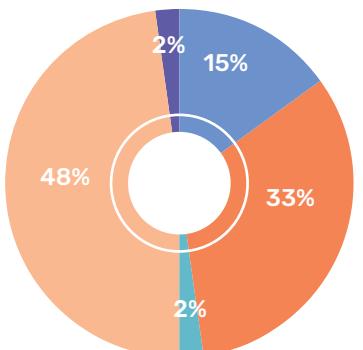
### COVID-19 Second Wave: Mitigating the Oxygen Crisis and Vaccination Drive

- Bajaj Group, through its mega vaccination drive, was able to

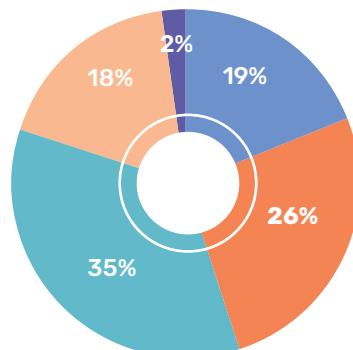


Summary of CSR expenditure by BFL during the year:

**FY2022**



**FY2021**



administer over 1 million doses of the COVID-19 vaccine to the beneficiaries in Pune and Aurangabad districts.

- Bajaj Group has been a core supporter of project #MissionVayu: an industry led effort by Pune Platform for COVID-19 Response (PPCR), anchored at MCCIA, to alleviate the ongoing oxygen crises through airlifting oxygen concentrators and BiPAP machines from Singapore to India.
- The Bajaj Group made its contribution in fight against COVID-19 with 12 Oxygen Plants, upgradation of 17 rural healthcare COVID-19 ICU and isolation wards, support through MCCIA to COVID hospitals for 23 high flow nasal oxygen therapy, 10 vaccine refrigerators, 70 BiPaPs, and 32 oxygen concentrators, 37 ventilators and operationalisation of 15 tele ICUs in Pune.
- The Bajaj Group supported certain rural places- Manchar (100 beds), Chandoli (45 beds), Narayangaon (30 beds) and Vadgaon Maval (30 beds), to alleviate the load on the Pune urban health infrastructure by providing more than 200 oxygen supported beds in different parts of the district.
- Other support to these facilities included providing key additional infrastructure including oxygen piping and uninterrupted power supply to ensure that admitted patients receive the best of care.

For statutory disclosures on CSR, refer page 124 of the Annual Report.



# Customer Obsession

## Imbibing Customer Obsession to Drive Responsible Growth

At BFL Group, we have imbued the organisational fabric with the ethos of 'Customer Obsession' for the realisation of our vision of driving responsible growth. It remains continuously connected with its customers and heed their voice across every facet and function of its business. BFL Group remains focused on enabling an organisation-wide transformation through targeted, customer-oriented initiatives, aimed at delivering a seamless experience to the customers through their lifecycle – from pre-disbursal to closure of a loan.

# EMI maane Equated Monthly Instalment

ABC of EMI

BE COMMITTED TO FAIRNESS IN FORM AND SPIRIT!

Practice the following rules to maintain utmost transparency and fairness in all your dealings:



## DO YOU KNOW?

You can view & customise charts on **BFSLTRADE** according to your requirement

[Click here to learn »](#)

### Visit Samadhan

A one step solution for all your queries

[Visit Now!](#)



### #BeCyberSafe

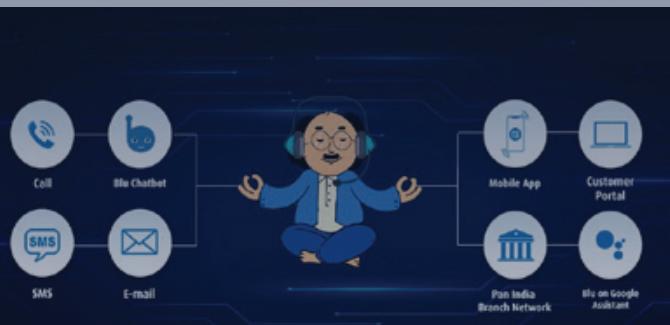
## Kabhi kabhi shopping can be shocking!

Fraudsters create websites that look genuine

Fake products are billed but never shipped



SAVDAHAAN  
RAHEIN  
SAFE  
RAHEIN



SERVICE  
AT YOUR FINGERTIPS

BFL Group's customer-centric evolution is catalysed by its deep insights and understanding of its customers transforming needs and aspirations. These insights are garnered through BFL Group's multiple channels to regularly capture 'Customer feedback' and 'Employee feedback on voice of customer'. This enables us to work on simplifying our processes, enhancing customer experience, and ensuring sustained customer delight.

## Customer-centric Approach

- ◆ BFL Group has developed several communication and service channels to engage with its customers, and to address their queries and requests expeditiously.
- ◆ BFL has dedicated customer experience teams, within operations and across businesses, to drive our initiatives to measure customer experience, improve processes, and build customer-centric culture.

## Customer Service Practices

BFL Group's customer service proposition is steered by a set of well-structured systems and well-crafted practices. These systems and practices find resonance in BFL Group's diversified product suite, deep geographical footprint and vast distribution network. Collectively, these ensure that our financial products and services reach millions of Indians. This is discussed in detail in the section – "Reaching financial services to millions of Indians and providing sustainable and safe products and services".

A glance at some of the practices driven by customer obsession philosophy:

- ◆ To connect with customers, all critical documents, such as loan agreements, fair practice code (FPC) and branch notices, are provided

**BFL has dedicated customer experience teams, within operations and across businesses, to drive our initiatives to measure customer experience, improve processes, and build customer-centric culture.**

in the vernacular language of their choice.

- ◆ Customer communications through digital channels, like IVR and mobile apps, are available to customers in English and vernacular languages.
- ◆ Initiation of multilingual response for queries received on social platform in various regional languages. Hindi responses have gone LIVE.
- ◆ A self-service chatbot provides support to customers across our website, portal and mobile app.
- ◆ For digitally non-savvy customers, BFL has provisioned a 'Dynamic Missed Call Service' for getting life-stage based details of latest relationships with BFL.
- ◆ To ensure quick response to certain generic customer queries, BFL has enabled an interactive voice-based self-service capability on Google Assistant and Alexa.
- ◆ To protect our customers' credit history, BFL proactively sends them reminders on EMI dues well before the due date. This ensures that customers keep their bank accounts funded and do not suffer unintentional defaults.
- ◆ We keep our customers updated through our messaging apps, which help in improving our communication reach and effectiveness – around 3.96 million

customers have consented for receiving important updates through such means.

- ◆ Our messaging apps are equipped with 18 use cases like personal loan welcome letter, no dues certificate, communication of mandate success, etc.
- ◆ BFL's "8 pm to 8 am Calling" initiative is a consent-based calling system, launched for queries received on social platform. This has helped improve customer satisfaction and turn-around-time for resolution.
- ◆ Our subsidiary – BFinsec has launched its new mobile app – BFSLTRADE, along with a SAMADHAN platform, designed to offer customer services via self-help Q&As & ticket-based query resolution.
- ◆ BHFL has introduced Repo Rate benchmark-based lending in Salaried Home Loan – the first such offering by HFC.
- ◆ BFL has successfully reduced the turnaround time for customer registration, from approximately 15 days to nearly real time, with our e-mandate registration process. In FY2022, e-mandate constituted nearly 50% of new business.
- ◆ Created a dedicated team to work on customer communication. The team is tasked with (i) standardisation of communications across businesses, channels and platforms; (ii) ensuring that customers are informed sufficiently in advance with respect to various lifecycle events to avoid communication gap; and (iii) ensuring maximum coverage in terms of customers receiving intended communications.



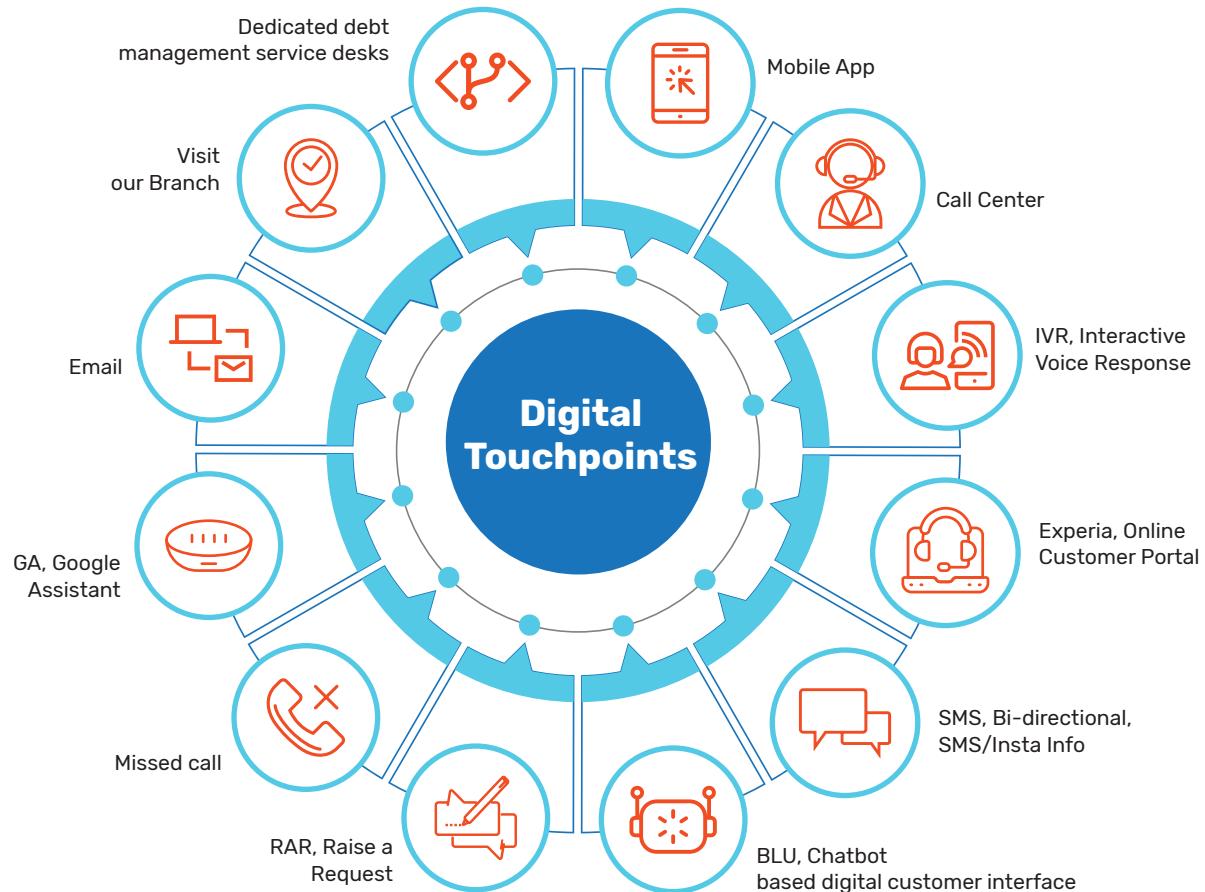
## Scaling Customer Experience to the Next Level

At BFL Group, we are focused on continuously transforming our business landscape to deliver seamless experience and service to our customers. BFL Group's efforts

are centred around driving significant enhancements in the self-service infrastructure, thus enabling superior experience, greater stickiness and larger share of customers' financial services wallet.

In line with this approach, BFL has instituted multiple cross-functional

teams to identify areas requiring process simplification across businesses, operations and collections to deliver superior customer experience. Accordingly, we undertake periodic process, policy and system changes to propel enhanced customer experience.



## Business Transformation

BFL's business transformation efforts are focused on building an 'omnichannel' model to deliver significant business velocity, reduction in operating costs and improvement in customer experience. With an integrated offering of products and services, this model is structured to enable BFL to become a 'moment of truth' enterprise for its customers.

- ◆ Our Omnipresence strategy marks a huge structural shift, requiring us to reinvent the way we do everything, every day.

- ◆ It will enable our existing and new customer to move between offline and online in a frictionless manner, helping them in engaging, transacting and getting serviced from online to offline and vice versa.
- ◆ The strategy starts from customer and ends with products and processes, as against the traditional approach that starts from products and processes and ends with customers.

## Other Initiatives

- ◆ To enable quick, automated response to customer requests, BFL leverages Machine Learning (ML) and Robotic Process Automation (RPA) in a big way. During FY2022, we responded to approximately 87% of the service requests on a near-to-real-time basis without human intervention.
- ◆ BFL has in place a dedicated customer complaint reduction unit to identify the root cause of customer complaints through data analysis.



- ◆ BFL's dedicated team monitors customer queries and grievances on various social media channels and provides quick resolution.
- ◆ We have opened dedicated debt management service desks across top 25 branches.
- ◆ To improve controllership, BFL has set up a centralised call monitoring infrastructure for our outsourced debt management agency network. All agencies are mandated to make debt management calls only through this infrastructure. Debt management calls are now being recorded and monitored periodically to ensure compliance with the debt management code of conduct. Also, requisite training is provided for improvement.
- ◆ BFL has designed a suo-moto internal programme Debt Management Change Agent Programme, in line with the Debt Recovery Agent (DRA) content, to train our agents and bring alignment with the behaviour standards expected by the regulatory authority. The training is designed in various modules, to be imparted in different phases. During the year, training of approximately 17,800 agents has been completed.
- ◆ BFL has adopted Net Promoter Score (NPS) as a mechanism to gauge customer experience, including debt management processes. 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.

## Being Responsible to Customers Amid the Pandemic

To provide relief on debt servicing obligations, the RBI permitted financial institutions to provide its borrower with moratorium during March to August 2020, followed by One Time Restructuring 1 and 2 and guaranteed lending support through

Emergency Credit Line Guarantee Scheme (ECLGS). Accordingly, BFL and BHFL has also provided one-time restructuring and emergency credit line support to eligible borrowers.

## Protecting and Educating Customers

Through its small-ticket financing options BFL enables millions of customers embark on their credit journey with bureaus and become part of the formal financial ecosystem. Over the last three years, BFL has offered financing to nearly 9 million such customers.

BFL by collaborating with various agencies promotes financial discipline among customers by keeping them updated about various credit metrics evaluated by financiers. BFL also undertakes measures to create customer awareness about devious schemes run by fraudsters, thus protecting the interests of our customers.

- ◆ Through its financial fitness report offering, BFL helps its customers to understand their leverage position and ability to avail further borrowings.

“

**BFL has designed a suo-moto internal programme Debt Management Change Agent Programme, in line with the Debt Recovery Agent (DRA) content, to train our agents and bring alignment with the behaviour standards expected by the regulatory authority. The training is designed in various modules, to be imparted in different phases. During the year, training of approximately 17,800 agents has been completed. ”**

- ◆ To help them better understand their credit performance, BFL provides to its customers a simplified version of credit bureau report.

- ◆ Through prompt EMI reminders, BFL ensures that its customers keep their bank accounts funded, so that unintentional defaults affecting their credit history can be avoided. BFL launched a campaign – “**Har Time EMI On Time**” – to spread public awareness through social media on the importance of paying EMI on time.





- As part of our ongoing education efforts to protect customers from perpetrators, we launched a campaign called "**Savdhaan Rahein. Safe Rahein**" across all our customer portals and social media channels to create awareness about the various consumer frauds that take place in the financial services ecosystem, such as lending frauds, customer service frauds, job frauds.
- BFL also published service-related awareness branded posts with the theme "**GharBaitheBaithe**" and **#ServiceAtYourFingerTips**- an educational series through social media communication on its customer portal, with the theme, to educate customers about the features and benefits of the portal.
- BFL's website has a lot of educational material on information security as well as phishing and vishing frauds. To educate customers on the usage of new apps, BFL has created a series of 28 small video clips as tutorial videos to enable seamless navigation of the app sections, like My Accounts, Payments, Onboarding, Profile Update, Mandate Registration, EMI Card, Document Center etc.
- We have also published a cautionary post on social media fraud.

## Protecting Privacy of Customers' Personal Data:

As a responsible corporate, we are fully committed to safeguarding our customers' personal data. We ensure

such data protection through various concerted measures.

- All information related to customers is stored as per regulatory requirements.
- All loan details are stored in compliance with the extant regulatory guidelines.
- Customer's Personally Identifiable Information (PII) is stored in an encrypted format.
- Customer PII display is masked in the front-end applications.
- We ensure redaction of customers' KYC details, such as Aadhaar number.
- Access to customer PII is masked and restricted access is granted on a need- to-know basis, with due approval.
- We engage with our customer via our call centre for sales and

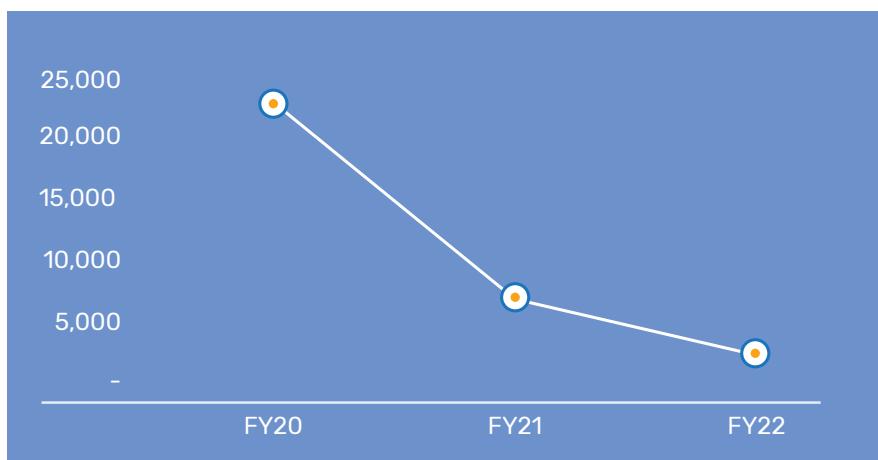
services. All data uploaded on dialler is stored in an encrypted format and no access to customer's PII is granted to the calling agent.

- Data Loss Prevention Solutions have been deployed to monitor and detect data loss incidents, if any.
- We review our information security processes periodically and get these audited by external audit firms. BFL and BHFL has received ISO 27001 (ISMS: Information Security Management Framework) certification for its IT security.
- Our Data Privacy policy is displayed on our website, and these, inter alia, cover the details regarding consent, collection, use, sharing, processing and retention of customer data. Customers can raise privacy related concerns through the website.

## Strengthening the customer service governance framework

As on 31 March 2022, BFL's customer franchise extended across 57.6 million people approximately, and it disbursed 24.7 million new loans during the year. BFL Group received 2,284 customer complaints in FY 2022, and none is pending, with all having been suitably resolved. There was no complaint regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

The below image depicts customer complaints trend:



As an ethical organisation, we have developed a robust customer services governance framework. Some of these are as under:

- ◆ BFL has a Board-approved [Fair Practice Code \(FPC\)](#), compliance of which is periodically reviewed by the Board.
- ◆ BFL has constituted a Customer Service Committee of the Board.
- ◆ As part of BFL's Board approved Grievance Redressal Mechanism policy, the Board conducts quarterly review of customer grievances and complaints received from RBI. The focus of the review is on identification of root cause, corrective action plans and customer service initiatives.
- ◆ The BFL Group has a "Contact US" tab on its website homepage for anyone to reach us in case of queries/ concerns. The grievance resolution timeline, escalation matrix, etc. is publicly disclosed on this tab. These queries/concerns are manned by seasoned resources, equipped with good communication skills and product/ process knowledge.
- ◆ BFL has customer experience teams, within operations and across businesses, to drive our initiatives to measure customer experience, improve processes and build customer- centric culture.
- ◆ BFL has implemented the Internal Ombudsman (IO) scheme within the organisation to deal with customer concerns and complaints. More recently, RBI introduced the Internal Ombudsman scheme extended to NBFCs on a selective basis in which the IO at the apex of the NBFC's shall independently review the resolution provided by the NBFC in case of wholly or partially rejected complaints. BFL has appointed two IOs, who will independently review the resolution provided by the Company in case of wholly or partially rejected complaints.
- BFL has in place a management committee to approve changes in loan-related fees and charges.

**#ServiceAtYourFingertips**

## Missed an EMI payment? Fikar Not!

Pay your missed **EMI payments** and avoid penalties on our **Customer Portal**

**SERVICE**  
AT YOUR FINGERTIPS



- ◆ Internal Audit (IA) conducts quarterly review of customer experience, collections and complaints received from online channels, along with their remedial measures.
- ◆ BFL has created [citizen's charter](#), which is available on the website, to promote fair practices. It gives our customers a high degree of transparency with respect to our various financial product and service offerings.
- ◆ BFL's 'Reparation Policy' is based on principles of transparency and fairness in treatment of customers. It seeks to compensate customers for service deficiencies as per agreed metrics.
- ◆ BFL and its subsidiaries follow a strict [Code of Conduct \(CoC\)](#) for their outsourced agents. The CoC escribes stringent guidelines, such as maintaining privacy of prospect and existing customer, providing accurate product information, telemarketing etiquettes etc. The CoC for our outsourced agents is available on our website.
- ◆ We have started imparting situational training to agents to ensure that they are well versed with the DOs and DON'Ts, and strictly follow the fair practices set by the organisation. An agent must mandatorily watch the situational training video to access our Debt Management One App.
- ◆ We have made CoC acceptance and acknowledgement mandatory for all agents and agencies for accessing our Mobility App.
- ◆ BFL's debt management agency monitoring framework helps review the performance of the Debt Management agency and enables us to take suitable action in terms of warning, penalty and termination for deviations.



A helmet keeps you safe  
as your family awaits!

# Human Capital Management

## Committed to Employee Growth

As a responsible corporate committed to inclusive growth and development, we are continuously investing in the progress of all stakeholders. We believe our people to be a key stakeholder for the company and are steadfastly focused on nurturing their growth.

CAB  
Exclusively for  
women employees

All our female employees now have the option to avail our exclusive cab facility.

**Available between 8:00 PM – 7:00 AM**

This service can be availed for official commitment, customer visits, branch visits etc.

**HOW TO BOOK A CAB**

## Welcome On-board

As part of our Bajaj Young Tech Engineer programme **260** Tech Interns have recently joined us at **#Theplace2be**.

We look forward to some exciting ideas and collaboration with them in the coming months.

# 30 UNDER 30



Celebrating **HER** and the spirit of endless possibilities **SHE** stands for.

**HAPPY INTERNATIONAL WOMEN'S DAY**



## Human Capital Management

We strongly believe that "happy customers start with happy employees". We value our people as they power our success. In line with this philosophy, at BFL Group, we are committed to attracting, engaging and retaining the right talent, as they contribute to delivering superior business performance. This, in turn, provides an opportunity for them to maximise performance-linked earning. We are focused on creating a thriving, safe and inclusive workplace for our employees, while keeping them engaged and providing

opportunities for professional and personal development and growth. The Company has received accolades for its HR practices and policies from leading institutes specialising in human resource practices. These accolades are based on an anonymous survey of a diverse set of employees and evaluates the Company on credibility, respect, fairness, pride and camaraderie.

## Our People

As on March 31, 2022, BFL Group, has 35,425 full-time employees with diversified educational and professional backgrounds and

age brackets. Around 69% of our employees are under the age of 30 and average age of the employees at BFL Group is around 31 years. BFL Group added 6,876 employees in FY2022. Around 64% of the employees, as on March 31, 2022, are from areas other than the top 10 cities by population\*. Our corporate office witnessed an increase in female employee ratio to 28% in FY2022 as against 19% in FY2021. BFL Group also has 6 specially abled employees. BFL Group provided employment opportunities to over 4,900 undergraduates. This diversity of employee base helps build stronger teams at BFL Group.



## Culture building at BFL

BFL Group thrives to create responsible leaders who build long-term profitable business keeping in mind the best interest of all stakeholders and a workplace where innovation, agility and ownership prospers. Culture is the predominant patterns of behavior and interactions at the workplace. To

enable the achievement of this purpose, and to build a One BFL Leadership DNA, we have defined a set of leadership mindsets and behaviors that encapsulate the target culture which will propel the BFL Group to the desired future, in alignment with the purpose of the BFS Group. We look at leadership as a practiced behaviour and a choice and hence all BFL Group employees are expected to display the leadership mindsets and behaviors. There are 4 leadership mindsets and 4 leadership behaviors and together they constitute the cultural DNA of Bajaj Finserv Group. These leadership mindsets and behaviors combine to produce a culture that is highly customer-centric, agile, entrepreneurial, empowering and innovative.

The 4 leadership mindsets and the associated capabilities are detailed in the Code of Ethics and Personal Conduct adopted consistently across all the BFS group companies.

### Leadership Mindsets

-  Founder's Mindset
-  Customer Obsession
-  Talent Builder
-  Being Responsible

### Leadership Behaviours

-  Dream to Deliver
-  Innovate to Simplify
-  Delegate & Develop
-  Do the Right Thing

\*Top 10 cities by population identified as per Census 2011

## Our People Strategies

We are committed to the creation of an inclusive workplace for our employees and take steps to ensure that these commitments are embedded in our policies and practices. We always seek to provide opportunities to our employees to learn, grow and develop professionally. The Company has strategically moved to digital learning models; in addition significant number of our training are conducted by internally certified trainers. This has resulted in more relevant and aligned training of the employees.

In line with its business transformation strategy, the Company has made significant changes to its HR policies and practices. We along with our subsidiaries have adopted a twin lens approach in its human resource practices: one that caters to the needs of its large-distributed employee base across its offices, and the second which focuses on rapidly scaling its talent pool across critical domains, such as technology, analytics and data science.

This transformation aims to build future-focused, employee-centric and technology-enabled practices and processes. The core of this transformation is structured around empowerment of managers to chart out the career progression of their

teams. The manager is enabled and empowered with data and technology platforms that help him take on this responsibility. The HR function takes the responsibility of enablement, governance and assisting the cultural shift.

COVID-19 created an unprecedented health crisis, especially during the Delta wave. We at, BFL Group took multiple initiatives to ensure the safety and well-being of employees and their families and extended financial and logistical support towards diagnosis and treatment. These include a dedicated 24x7 helpline to track the health of our employees, assistance for doctor consultation and financial aid. We committedly focused on the safety of our employees by giving them an option of working from home and enabling COVID-19 related safety measures at the workplace.

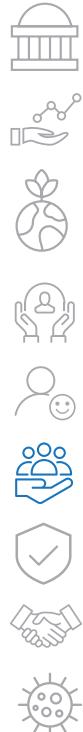
Our people strategies are crafted under four categories viz i) fair, safe and transparent workplace; ii) pay, rewards and benefits; iii) talent development and retention; and iv) ethics and compliance.

### i. Fair, safe and transparent workplace:

We strive to create a culture which is fair, open and transparent, and where employees can openly

share their views. We transparently communicate our policies and practices, such as company plans, compensation approach, performance metrics, performance pay grids and calculation, career enhancements, compliance and other processes. Some of our practices along with the practices of our subsidiaries wherever applicable, under this umbrella are as follows.

- ◆ Our commitment to employees is enshrined in our '[Employee Charter – Human Rights Statement](#)', which sets out what employees can reasonably expect from the Company (Employee Rights), and the responsibilities and qualities that are expected from them while performing their duties (Employee Responsibilities). It also lays down the principles of equal opportunity and non-discrimination, anti-corruption and bribery, prohibition of forced and child labour, transparency, safe, healthy and harassment-free workplace, amongst others.
- ◆ We have 14 cultural anchors which form the backbone of our culture and are publicized across the organisation to attract and retain talent.



## 14 culture anchors



ESG Initiatives



Statutory reporting

**BFL Group invests significant time and resources in training and developing its employees, to keep them abreast and ahead of the latest trends and technology.**

- ◆ We are an equal employment opportunity provider to all eligible individuals and does not discriminate on the basis of age, sex, colour, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/Aids), etc. We have also adopted an [Equal Employment Opportunity and Non-discrimination Policy](#) and the said policy is available on the website of BFL. BFL Group, through this policy, also prohibits discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender Persons (Protection of Rights) Act, 2019 and HIV AIDS (Prevention and Control) Act, 2017.
- ◆ We are committed to meritocracy-based recruitment and career advancement. Career advancement through Auto Promotion policy is based on tenure of a person in a role in conjunction with the performance of the individual as reflected in the incentives earned.
- ◆ We offer competitive remuneration and benefits based on effort, commitment and contribution, and without any bias or discrimination based on age, sex, colour, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/Aids), etc. The same is enshrined in our Employee Charter – Human Rights Statement and Equal Employment Opportunity and Non-Discrimination policy.
- ◆ We strive to provide a safe and healthy workplace and comply with applicable laws and regulations with respect to safety at workplace.

- ◆ The Company has initiated **#StayHealthy #StaySafe** campaign for our employees- issuing healthy and safety tips and creating awareness amongst the employees on topics like eat healthy, stay hydrated, use stairs, maintain right posture, etc.
- ◆ Through **#BetterTomorrow** campaign, the Company has created awareness amongst employees on the importance of safety – wear seat belt, avoid using mobile phones while driving, always wear helmet, etc.
- ◆ '1-to-1 Help' is an employee counselling programme through which our employees can connect with professional counsellors on various issues w.r.t mental health and wellbeing. More than 4,000 registered users and more than 200 employees were benefited by this counselling programme in this reporting year.
- ◆ In case of death of an employee, assistance is extended to the families of the deceased through iCare fund release, payment from Group Term Life insurance, etc. Further, under the Family Assistance Programme, additional benefit for COVID-19 specific demise was extended in the form of: medical expense reimbursement; monetary family assistance for 48 months; child education upto the age of 21 years; and employment opportunity for spouse, if found suitable. The pandemic took a toll in the fiscal under review, with the BFL Group losing 25 colleagues to COVID-19 and, accordingly, support was extended to the family members of the deceased.
- ◆ We train our employees on safety protocols; by conducting periodic trainings on fire safety and evacuation drills for them. During the year, 1,634 fire audits and 784 drills were conducted. Further, fire-fighting systems have been installed at more than 183 corporate offices/ branches of BFL Group.

- ◆ We understand and value the importance of a healthy work-life balance. A generous leave policy and an option of flexible office timing enable employees to spend quality time with their families and leisure while managing work.
- ◆ "Open" is BFL's employee portal and employees' one-stop-shop for everything they need to know about BFL's products, processes, initiatives and people. From contests, offers, news updates from around the world, to various happenings within the company, events, policy updates, R&R, to people and much more, employees get a whole lot of interesting and engaging content at one place on this portal.
- ◆ Spouse Working as Consultant policy of BFL Group encourages qualified spouses to work on special projects in the Company, on a flexible timing basis, to fulfil their career aspirations while balancing the family demands at home. We also encourage full-time employment of spouse.

## ii. Pay, rewards and benefits

We follow a philosophy of 'Do More Earn More' to reward people for their performance and contribution. This is anchored on metricised deliverables, which are directly reflected in an employee's earning potential. Accordingly, we have created strong performance pay, rewards, recognition and benefit plans for our employees.

- ◆ We recognise efforts and contributions of our employees in various internal forums such as Confluence (a company-wide employee forum), apart from individual units and businesses having their own townhalls and business connects.
- ◆ Employee remuneration consists of fixed pay, performance pay (monthly/ quarterly / annual), and long-term incentive in the form of stock options as applicable. In addition, we also offer rewards to employees for superlative



performance and significant contribution. In FY2022, over 10,000 employees were recognized for their superlative performance and significant contribution.

- ◆ The Company conducts a Quarterly Townhall led by the MD to which all employees are invited to participate via digital medium. Similarly, across 1,000 branches, leaders conduct such townhalls for the branch allocated to them under a framework called "Own My Branch (OMB)". In these townhalls the performance of the company, significant policy changes, employee career advancement etc. are shared.
- ◆ Performance pay is anchored on outcome driven metricised deliverables, giving control of their earning potential to the employees.
- ◆ Salaries are paid to the employees on or before the last day of the month.
- ◆ BFL Group offers a fortnightly salary option – over 1,300 employees availed this benefit in FY2022.
- ◆ To support employees in times of financial distress due to a personal exigency, BFL Group offers two options for financial support: a) Advance salary : Under this programme an employee can take upto three months of gross salary as advance and repay over two to three months; over 75 employees availed this benefit in FY2022; b) "Money on call" provides emergency funds within 24 hours to an employee which can be repaid within a month;

more than 3,500 employees availed this benefit in FY2022.

- ◆ The 'Spectrum' policy provides several benefits to women employees, relating to safety, cab facility, travel policy, flexible working hours, preferential transfer policy, maternity-linked benefits, crèche benefits etc.
- ◆ BFL offers 180 days of paid maternity leaves and 5 days of paid paternity leaves to employees.
- ◆ BFL Group has insured its employees under group term insurance, health insurance and accidental insurance policies. It spent ₹ 43.03 crore in FY2022 – 2,800 employees have received the benefit under these insurance policies.
- ◆ BFL Group has an employee participatory financial assistance programme called 'i-Care' for emergency situations, whether medical or otherwise. It encourages employees to enroll and contribute a small amount from their monthly salaries, which is matched by BFL Group contributing an equal amount. In FY2022, over 32,000 employees registered under this programme and 158 employees received financial support of over ₹ 8.2 crore.
- ◆ To enthuse employees to go from 'Good to Great', BFL Group has in place a robust reward and recognition framework. It rewards and recognises exemplary performance, unique contribution

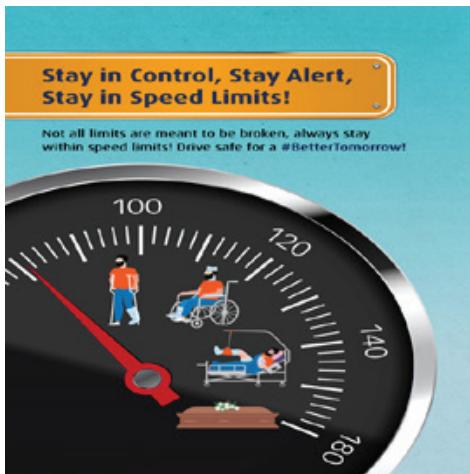
and change-catalysing efforts. A select group of employees (approximately 1%) join the exclusive club of achievers called the 'Excelsior League' every year. The league invites the selected employees and their families to join the recognition celebration at a company-level function.

- A new special award category was created to reward the 'COVID Warriors' who supported the employees and their families during the pandemic - 105 employees were recognised under this programme during the year.

### **iii.Talent development and retention:**

We have a strong orientation to learning and development. Our learning approach is designed to enhance the individual and organisational capabilities needed to execute business efficiently. All employees, from a new joiner to a tenured one, are provided tailored learning opportunities as per their role, level, and specific focus area. At early career stages, the focus is on making the employee role ready through functional knowledge and skill-based training, moving to managerial capability building at mid-levels, and leadership at senior levels. Even the topmost levels of leadership undergo a leadership programme every year.

Building a talent pipeline is a critical aspect of BFL Group's training and development philosophy. While



ESG initiatives



Statutory reporting

choosing in the 'develop versus hire' talent model, BFL Group places a larger emphasis on developing talent. This strategy is enabled by hiring employees near the entry level and developing them through a 'grow from within' career management framework.

We provide our employees opportunities to learn, grow and take their career forward through transparent Internal Job Posting (IJP) and Auto-Promotion policies. IJP allows employees to apply for a role of their interest, thus giving them the choice to acquire multi-disciplinary skills to shape their career. It also leads to development of well-rounded talent for the Company. The Group IJP process now allows an employee to move to a company within the BFS group in a similar transparent way

- ◆ To promote local employment, BFL Group is prioritising on hiring local talent within 20-50 kms of its offices.
- ◆ BFL Group invests significant time and resources in training and developing its employees, to keep them abreast and ahead of the latest trends and technology.

During the year, more than 25,000 employees with tracked training hours of 470,000 million hours participated in at least one of the developments programmes viz. functional, managerial and leadership skill enhancement programmes helping them in upskilling / multi-skilling. Around 60% of the female employees and 72% of male employees during the year participated in atleast one of the functional / skill upgradation trainings.

In addition to various awareness campaigns, more than 20,000 hours of training were provided to employees during the year on fraud prevention, cyber security, and data privacy.

- ◆ BFL operates 'Rural Training Centres' in four locations to equip its rural employees with requisite functional and technical skills.
- ◆ In FY2022, more than 13,000 of our employees moved to different or higher roles through Auto-Promotion and IJP.
- ◆ BFL Group employees undergo quarterly, biannual and annual performance assessments, which are conducted in a transparent manner and focused on structured development conversations.
- ◆ The Company introduced #MyInterestPlaylist for employees, offering them a wide range of courses; employees can undertake the courses based on their hobbies and interests.
- ◆ For the benefit of women employees, the Company has introduced curated courses to enhance their leadership skills. This initiative was tagged under the campaign named "#womentatwork - #breakingsterotypes".
- ◆ Change Guru Series – 'ADAPT' is an initiative that has proved to be a game changer. It is a holistic intervention aimed at shortening the employee's change management curve. It is also enabling people managers to have an effective approach to accelerate change management at an individual, team and organisation level. Change Guru Series has been designed to listen to the change initiatives, journey, progress and experiences of senior leaders.
- ◆ 30 Under 30 programme is designed to identify and groom top 30 young talents under the age of 30, across the BFS group companies. This programme is designed to strengthen the young talent pool, by focusing on developing capabilities and skills required for the future.
- ◆ Recognising the importance of structured onboarding and training



**In FY2022, more than 13,000 of our employees moved to different or higher roles through Auto-Promotion and IJP. ‼️**

of new joinees, a new framework of On-the-Job-training (OJT) has been launched. This provides for planned conversations between a new employee and the manager for a period of one year, to ensure hand holding, training and support. A platform, Employee 360 has been built to facilitate and record these conversations and feedbacks.

- ◆ To support the digital transformation agenda of the company, the need for tech talent was recognised and a young talent programme called 'Bajaj Young Technical Engineers' (BYTE) was launched. A campus programme, BYTE aims to attract and build ground-up tech talent for the company. In the fiscal under review, 260 new engineers were invited to join BFL from seven chosen campuses. This programme will become a foundational frame for the Company, with the objective to staff over 60% of the technical manpower requirements over the next few years.
- ◆ Two employee surveys were conducted during FY2022 by BFL – (i) One Finserv – Employee Engagement Survey 2022 in collaboration with Kincentric. During FY2022, more than 22,000 employees participated in the survey and overall engagement score for the Company was 88%. (ii) Great Place to Work: The survey is designed to collect and represent views on an organisation's ability to create & sustain a high-trust, high-performance culture by surveying employees.

#### iv. Ethics and compliance

- ◆ 14 culture anchors form the backbone of our values and principles. These cultural anchors are periodically fortified through real-life examples of employees



**To promote local employment, BFL Group is prioritising on hiring local talent within 20-50 kms of its offices. ‼️**



displaying these cultural values, and through interactive programmes, trainings, case studies, etc. BFL ensures that all its employees follow the highest standards of ethics and compliance.

- ◆ We along with our subsidiaries ensure compliance of the Minimum Wages Act, 1948 and the Payment of Bonus Act, 1965. BFL Group is compliant with all applicable labour laws.
- ◆ Our employees are not part of any employee association.
- ◆ BFL Group did not receive any complaint related to child, forced, or involuntary labour during FY2022.
- ◆ We and our subsidiaries enable employees to work without fear of prejudice, gender discrimination and harassment. we have zero tolerance

towards any non-compliance of these principles.

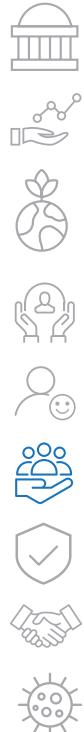
- ◆ BFL Group received three complaints related to sexual harassment, and the same were appropriately addressed.
- ◆ BFL Group has 'Code of Ethics and Personal Conduct' (CoEPC), 'Whistle Blower' and 'Mind Your Behaviour' frameworks serving as grievance mechanisms for its employees and value-chain partners to report or raise their concerns confidentially and anonymously, and without fear of any retaliation.
- ◆ We ensure that our employees are conversant with our compliance policies and processes and adhere to the same. In FY2022, BFL Group conducted training programmes of more than 66,500 hours for



**For the benefit of women employees, the Company has introduced curated courses to enhance their leadership skills. This initiative was tagged under the campaign named "#womenatwork - #breakingsterotypes".**



employees covering topics like acceptable behaviour, human rights, anti-corruption and bribery, anti-money laundering and facilitation payments, fraud prevention, insider trading, prevention of sexual harassment, etc.



## Employee ESG Awareness Campaigns

BFL carried out various campaign during the year to create awareness amongst its employees on responsible and sustainable business conduct principles and to familiarise and engage them with the BFL's ESG practices and initiatives. Social media posts, use of intra-net communication platform for subject matter dialogues, device screen savers, display across office spaces, email flashes, etc. were some of the targeted mediums used for the ESG awareness.

### Mapping the ESG journey of BFL

At BFL, we believe in building businesses while being socially and environmentally conscious. The Environmental Social Governance report captures our efforts in the pursuit of creating a better tomorrow.

[CLICK HERE](#) to read the full report for FY'21

### Financial services for sustainable livelihood

At BFL, we strongly believe that all individuals and businesses should have access to relevant, sustainable and affordable financial services that meet their financial needs. Our financial products and services enable millions of people to secure a sustainable livelihood, healthcare, education, homes, protection, and savings.

[CLICK HERE](#) to read the full report for FY'21

### Extending a helping hand

The Bajaj Group pledged Rs.100 crore to provide an impetus to the relief efforts of the nation in collaboration with 200 NGOs. Measures like offering moratorium, one-time loan restructuring, providing existing eligible customers to convert their loans into hybrid Flexi Loans, etc. provided the flexibility to customers to manage their finances.

[CLICK HERE](#) to read the full report for FY'21

### Conserving the environment and empowering the community

Bajaj Group's philanthropic philosophy was articulated by its founder Shri Jamnalal Bajaj who had advised that all business activities should look for opportunities for philanthropy. In the same breath, he also said that a business's motive should not be considered during philanthropy. Keeping this in mind, BFL is committed to creating a clean and sustainable future. So far, we have reduced consumption by 400 million sheets of paper and planted over 231,950 saplings across 910 locations.

BFL's core philosophy includes integrating philanthropic initiatives within seeking business opportunities. We have been able to do this by working closely with 90 partner organisations on more than 160 projects. BFL also has its Bajaj projects that work towards this common goal.

[CLICK HERE](#) to read the full report for FY'21





## Awards & Recognition

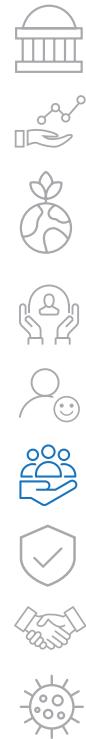
Bajaj Finance has been Recognised in the top 30 Best Places to Work for in the BFS Sector 2022 by the 'Great Place to Work' Institute



Rajeev Jain, Managing Director, was conferred with the 'Champion of Champions', honour in the prestigious Business Today-PwC India's Best CEOs rankings.



Sandeep Jain, Chief Financial Officer, was lauded as one of the best CFOs in the country at the highly acclaimed FE CFO Awards, 2022, in the category of Large Enterprises - Servicing Sector.



# Information Security, Cyber Security and Fraud Controls

Information is a valuable asset, regardless of its source and nature. The importance of information security, cyber security and fraud controls cannot be over-emphasised in this technological age. The need for robust control over these areas finds a dominant place in BFL Group's information technology framework. These controls obviate disruptions and security threats endangering loss of customer data and disruption in business operations.



## Our IT Framework

BFL Group has a comprehensive Information Technology (IT) framework which inter alia covers governance, policy, operations, security, audit, outsourcing and Business Continuity Plan (BCP) to overcome the threats and challenges pertaining to information security, cyber security and fraud

We have adopted an information security framework to establish, implement, monitor and constantly improve its information security posture. BFL and its subsidiaries wherever applicable are compliant with:

- i. ISO 27001:2013 Information security management system;
- ii. ISO 22301:2012 business continuity management system; and
- iii. RBI's Master Direction – "Information Technology Framework for the NBFC Sector".
- iv. NHB's Policy circular – "Information Technology Framework for HFC Sector".
- v. SEBI compliant Cyber Security and Resilience Framework .

To protect systems and data against the threats in "Work from Home times" BFL Group has also implemented Data Loss Prevention (DLP) solutions such as:

- Endpoint & Email DLP,
- Conditional access to Office 365,
- Global protect (VPN) access on Business Applications,
- Mobile Device Management (MDM) for corporate mobile apps, etc.

All data protection controls are enhanced periodically and evaluated at least once in a year.

BFL Group has defined and implemented policies/ frameworks/ practices on cyber security and data privacy as per existing regulatory requirements.

## Cyber Security

BFL Group has institutionalised a cyber security policy to protect its information infrastructure on internet, prevent and respond to cyber threats; reduce vulnerabilities; and minimize damage from cyber incidents. This is achieved through a combination of dedicated teams, control processes and technology. Some of the operational measures to monitor and respond to data breaches and cyber-attacks are:

- ◆ Security operations center managed by a reputed cyber security service provider;
- ◆ Surface Web and Dark Web monitoring: carried out through two different service providers; and
- ◆ Customer related fraud events: detected, managed and mitigated through risk control unit along with cyber risk team

## Data Privacy:

Led by a strong commitment to protecting the privacy of personal data, we have formulated a well-structured [Data Privacy Policy](#) which incorporates:

- ◆ Commitment to obtain user data through lawful and transparent means, with explicit consent of the data subject where required
- ◆ Clear terms involving the collection, use, sharing and retention of user data, including data transferred to third parties
- ◆ Collection and processing of user data that is limited to the stated purpose
- ◆ Commitment to notify data subjects in a timely manner in case of policy changes or data breach

## Privacy of Personal Information

BFL Group is committed to safeguard customer's personal data. It has adopted various measures to ensure security of customer's personal information. Please refer to "Customer obsession" section of this Report at page 30.



**We have adopted an information security framework to establish, implement, monitor and constantly improve its information security posture.**

BFL Group is evaluating the requirements of the proposed Personal Data Protection Bill, 2019 and its impact on existing policies and processes. BFL Group has zero-tolerance for breach of data confidentiality and privacy. Further, BFL Group has defined disciplinary actions, ranging from suspension, to termination, penalty, legal action, etc., for noted instances of data breach. During the year, there were no instances of data breaches involving personally identifiable information of customers across BFL Group.



## Audits and Assessments

BFL and BHFL conducts regular internal security audits, vulnerability assessments and penetration testing of its systems, products and practices affecting user data, in compliance with ISO 27001 standards.

BFL and BHFL conducts periodic application security assessment like pre-production, six monthly application security assessment and a yearly structured exercise at various stages of its business enhancements, APIs, Bots etc.

BFL Group systems, products and practices affecting user data goes through an extensive audit assessment by external experts wherever applicable, including:

- ◆ ISO 27001 surveillance audit
- ◆ ISO 22301 surveillance audit
- ◆ Audit under the RBI's Master Directions – "Information Technology Framework for the NBFC Sector"



- ◆ Information technology governance, risk and compliance audit by the internal auditors of the Company
- ◆ Red Team exercise for internet facing systems and IT Infrastructure
- ◆ Audits under NHB's Master Directions.
- ◆ Audit by Stock Exchanges (NSE, BSE) and third party deployed by Stock Exchanges.

## Business Continuity Management

BFL Group has a robust and resilient business continuity strategy and framework which is also compliant with regulatory requirements.

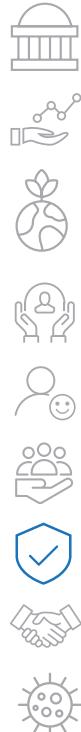
Business Continuity Plan (BCP) envisages likely disruptive events, their probability and impact on business operations which is assessed through business impact analysis. It aims to eliminate or minimize potential disruption to critical business operations.

BCP includes Disaster Recovery (DR) procedures to quickly recover from an emergency. DR plan includes planning, developing and implementing disaster recovery management for IT services. Annual BCP drills ensure that it is effective given the current nature of business processes, infrastructure, personnel, etc. BCP, drills and its effectiveness is reviewed by internal audit as well.

The BCP of BFL and its subsidiaries have Board oversight. BFL is compliant with the standards of BCM system.

## Governance Structure

All IT Security related projects and operations are reviewed by the IT Strategy Committee/Technology Committee comprising Board members and/or senior executives of the respective BFL Group. The Committee meets on a half-yearly frequency. BFL and BHFL has dedicated information security and cyber risk units to manage cyber security programme and operations for all digital initiatives.



## Fraud Risk Management

To check any fraudulent activities across our business operations, we closely assess the various fraud risks to which we are exposed. We have in place a robust framework/ policy on fraud risk management, along with a pro-active fraud detection process. Our anti-fraud programme is crafted to prevent such risks. Fraud risk audits are conducted at least annually. Fraud risk policies and frameworks are also reviewed annually. Fraud risks are monitored at least quarterly, and have Board oversight through Audit committee, Risk committee and Whistle blower committee. Our four pillars of Fraud Risk Strategy are:



### A. Prediction & Prevention

Our Prediction & prevention strategy is structured around:

- 1) Fraud Framework
  - 2) Fraud Awareness
- 1) Fraud Framework:** BFL has in place a robust framework/ policy on fraud risk management for lending business, along with a pro-active fraud detection process, for payment business. It broadly covers:
- Board approved policy
  - Roles and responsibilities
  - Technology set up for fraud identification, monitoring, verification disposition and reporting
  - Operational Process for fraud monitoring through centralized HO and decentralized field teams
  - Proactive monitoring and engagement with sourcing channels
  - Due diligence while on-boarding partners
  - Regular communications to keep stakeholders updated on emerging trends
  - Dedicated sales compliance framework in each business for distribution control
- 2) Fraud Awareness:** Our fraud awareness focus encompasses targeted initiatives and programmes covering (i) customers and (ii) employees.





## B. Detection

1. **Predictive Analysis:** Created and implemented a Fraud Predictive Model using Artificial Intelligence and Machine Learning by studying historical data of fraudulent cases and current experiences. Basis the high-risk instances results noted from the model output, identified cases are further sent for field investigations
2. **Early Warning Signals:** Deployed Early Warning signals through Cognitive Analytics, which provides an exception report of suspicious cases logged. This has helped in improving our agility to identify and curb frauds immediately on detection.
3. **Default Investigation:** Investigation of early default cases to understand root cause of default and proactive involvement in case of frauds. Apart from RCU checking early default cases, a process has been created for debt management team and services team to flag off suspected fraud cases/ complaints to RCU for response.



## C. Response

1. Investigations and Strict Consequence Management
  - o Conducting investigations on the suspicious profiles identified.
  - o Taking strict disciplinary action against distributors / employees found involved in fraud.
  - o Ensuring confidentiality and security to individuals who report fraud through whistle blower mechanism
2. FIRs and Police Complaints: Company lodge FIRs and police complaints against fraudsters, creating deterrence.



## D. Collaboration

1. **Police Trainings:** Creating awareness among the Law Enforcement agencies on Banking Frauds, through trainings.
2. **Collaboration with Sales:** Fraud risk markers are being shared with sales team monthly. Basis this, fraud mitigation steps are being implemented at the ground level, including strict consequence on the errant distributors and employees.
3. **Collaboration with RBI/ National Payment Corporation of India (NPCI):** Collaboration with NPCI, RBI for taking deterrence actions against perpetrators like freezing bank accounts used for crediting fraud value, blocking VPA handles used in fraud.
4. **Industry Collaboration:** Collaboration with banking ecosystem to identify new trends. Also for taking deterrence actions against perpetrators like freezing bank accounts used for crediting fraud value, blocking VPA handles used in fraud.



## Awareness and Training

- ◆ BFL Group creates cyber security and data privacy awareness across stakeholders including employees, value-chain partners, business partners, etc., as may be applicable through multiple channels such as training, emails, posters, brochures, etc.
- ◆ Trainings are imparted on security requirements, applications and other information processing facilities to employees and vendors who use customer facing application and assets. BFL also conducts phishing drills periodically.
- ◆ Educates customers/ users on privacy, security awareness and confidentiality aspects, the Group companies run campaigns on NOT sharing OTP, Fraud alerts, no asking/ sharing of personal details on calls, phishing emails, etc. In addition to awareness campaigns, during the year for fraud prevention, cyber security and data privacy by BFL Group, more than 20,000 hours of training were provided to permanent employees.

## Cyber Security and Fraud Prevention Campaigns:

**#BeCyberSafe:** BFL consistently makes sure that customer is aware of cyber crooks and does not fall prey to common traps, loan frauds etc. #BeCyberSafe Campaign - deployed a 360-degree customer awareness campaign for RBL's cyber security awareness drive throughout October month of FY2022.



**"Savdhaan Rahein.Safe Rahein":** Being a key player in the financial services space, the safety and protection of borrowers are critical. Often, it becomes essential to educate and hand-hold the customers in recognising the financial fraud risks and the modus operandi of fraudsters based on real-life cases. BFL, in association with the Bajaj Group, launched its public awareness campaign, 'Savdhaan Rahein.Safe Rahein', across digital and social media platforms. It not only made customers aware of financial fraud risks and how to stay protected but also empowered them with easy tips to differentiate between a genuine Bajaj executive and an unauthorised agent.



## Fraud Prevention Campaign – Savdhaan Raein. Safe Rahein

7+

Platforms

10+

Themes

130+

Blogs

10,000+

Content

343 MN+

Impressions

15 MN+

Engagements

167 MN+

Video Views

500+

Media Coverage



### Gupta ji ki Pathshala

This was an employee awareness campaign which highlighted the importance of using official lines to make promotional calls as well as raising service requests in employee 360 portal and the consequences of not doing so. Gupta Ji, our mascot, came to the rescue and through various offline and online medium did an education series where a step-by-step process video on how to raise a service request was also showcased.



### Awards and Recognition



**Gold at the  
AFAQS DIGIES 2021 in the  
'BEST USE OF SHORT  
VIDEO PLATFORM'**



**Silver at the IAMAI India Digital  
Awards (IDA) 2021, for the  
'BEST SOCIAL INFLUENCER  
CAMPAIGN' IN THE BEST SOCIAL  
MEDIA AWARDS CATEGORY2**



**GOLD AT ADGULLY'S  
DIGIXX 2022  
SAVDHAAN RAHEIN. SAFE RAHEIN.  
- BFSI SERVICES CATEGORY -  
GOLD**



ESG initiatives



Statutory reporting

# Stakeholders' Engagement

## **Engaging with Stakeholders Responsibly**

The key stakeholders of BFL Group are shareholders and investors, lenders and depositors, value-chain partners, customers, employees, society, as well as the government and regulators. As a responsible corporate, we, at BFL Group, are committed to effectively addressing their expectations and concerns. We hold periodic interactions with all our stakeholders for this purpose.

**SAMVAAD**

DIALOGUES TO SUCCESS

We have steadfastly dedicated ourselves to upholding and protecting human rights of all our stakeholders. We ensure sustained compliance with all applicable laws pertaining to human rights. In FY2022, BFL Group did not receive any complaint relating to violation of human rights.

## Shareholders and Investors:

Our commitment to protecting the interests of our shareholders and investors is evident in the fact that we maintain some of the highest standards of business information disclosure amongst financial services companies in India. We communicate with our shareholders, investors, lenders and deposit holders through quarterly investor presentations, earnings call, stock exchange announcements, investor conferences and non-deal roadshows.

We have in place a well-crafted Stakeholders Relationship Committee to review the grievances of debenture

and deposit holders, in addition to the shareholders of the Company. All complaints received from shareholders were suitably resolved except for 1 which was pending as of 31 March 2022, which has been resolved subsequently.

## Value-chain Partners:

We strongly believe in the mutual and inclusive growth of our value-chain partners, including retailers, direct selling agents, direct marketing agents, recovery agents, etc. We ensure their compliance with the highest standards of ethics through our Board-approved [Code of Conduct \(CoC\)](#) for our value-chain partners. Through this Board approved Code of Conduct, BFL monitors the performance of the value chain partners and takes suitable disciplinary action in terms of warning, penalty and termination if any.

Led by our strong focus on training and development of our partner ecosystem, we imparted training to

approximately 17,800+ partners during the year.

We conduct an annual meet "Samvaad - Dialogues to Success" to strengthen relationship with our business partners and to address their concerns. We felicitate and recognise outstanding performance of our partners at such forums. Around 1,000 large retailers attended this session in person in the pre-COVID-19 period. In FY2022, due to travel restrictions, 'Samvaad' was conducted in a digital manner and was broadcast LIVE; over 11,000 retailers participated and interacted live with the senior management virtually.

The Company conducts awareness and training programmes for its value chain partners (especially agents and other intermediaries), depending upon business needs, stakeholder feedback and regulatory requirements, relating to code of conduct, skill upgradation, functional trainings, etc.

## Customers

### Customer Obsession



[Refer Page 30](#)

## Employees

### Human Capital Management



[Refer Page 36](#)

## Society

### Empowering Society



[Refer Page 23](#)



[ESG initiatives](#)



[Statutory reporting](#)

## Government and Regulators

We proactively share our views on formulating new industry standards or regulatory developments pertaining to the NBFC sector. In doing so, we strive to balance the interest of various stakeholders. We engage regularly with Government agencies and regulators and remain steadfastly committed to providing timely and accurate information, suggestions and recommendations, feedback on draft policies, etc. as and when required. During such interactions, we also discuss areas of focus and concerns.

Our participation in the public and regulatory policy development process encompasses providing suggestions on draft notifications, and interactions with various bodies / regulators on matters significant to the industry and the society at large. We also give recommendations, from time to time, to various regulators in the larger interest of the industry.

## Partnering Regulatory Change Journeys

- BFL, along with a few industry peers, accounting professionals and regulatory personnel, was part of the

working group on re-designing of Ind AS regulatory requirements into consideration.

- There is a structured engagement framework with various RBI offices, spanning periodic reconciliation of customer escalations, pro-active engagement meetings, participation in Nodal Officers' meetings and regional conferences, Customer Awareness Townhalls and Outreach Programmes. During FY2022, representatives attended a total of 20 nodal officer meetings, 10 engagement meetings and 5 zonal conferences.
- BFL team was invited to make a presentation on "Process followed for redressal of customer grievances and updation of credit information with Credit Information Companies (CICs)" and on the Internal Ombudsman (IO) process at BFL, at a conference organised by RBI Ombudsman Mumbai. The conference was attended by the RBI Executive Directors.
- BFS Group is member of various trade and industry chambers, associations, councils and such other collective platforms ('forums'). It proactively contributes to various

discussions and resolutions within the scope of these forums.

- BFS is a member of the World Economic Forum and CII, through which it actively engages in policy advocacy. These engagements are overseen by Sanjiv Bajaj, Chairman of the Company, and the President of CII, from May 2022.

“

**Family Assistance Programme' (i) financial support to the impacted family for 48 months; (ii) educational assistance to children till the age of 21 (iii) employment opportunity for spouse, if found suitable; (iv) lumpsum financial assistance (v) Cost of mediclaim to be borne by the Company for 5 years and (v) Group Term Life insurance ”**



# TOUGH TIMES DON'T LAST BUT PEOPLE DO!

## Committed to Responsible Care amid COVID-19

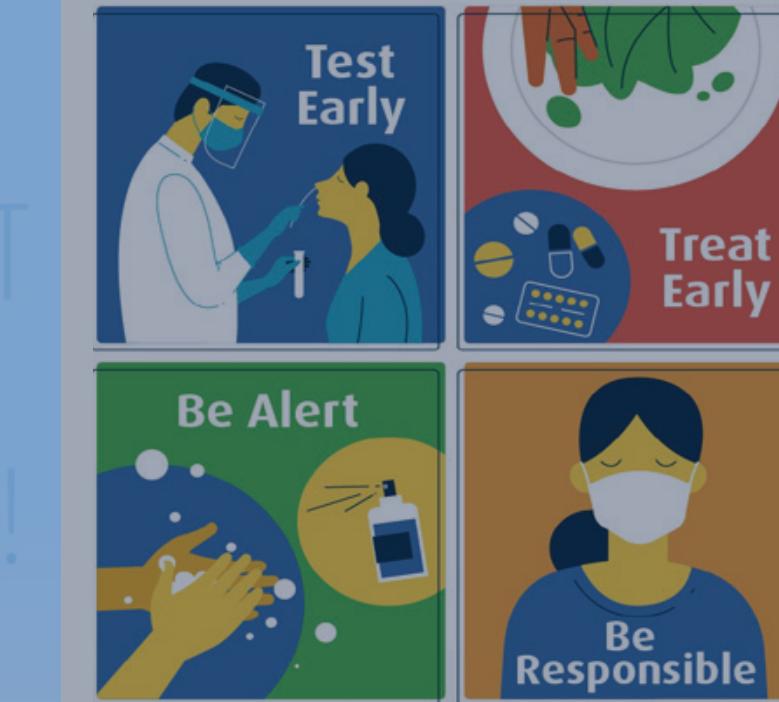
Let's show our strength during this tough time by standing together as one. Our collective effort will help us overcome this crisis and emerge stronger.

In line with its commitment to responsible growth, BFL, along with its subsidiaries, took a multitude of measures during the year to ensure the safety of its employees and the society at large.



Adar Poonawalla ✅

@adarpoonawalla · Follow



### COVID-19 MASS VACCINATION DRIVE

A CSR HEALTH INITIATIVE BY BAJAJ GROUP

IN ASSOCIATION WITH ZILLA PARISHAD PUNE.

Visit [www.cowin.gov.in](http://www.cowin.gov.in) to register and select your nearest vaccination centre.

**Hamara Pune. Healthy Pune**

**31<sup>st</sup> August, 2021**



BAJAJ FINANCE LIMITED



A CSR INITIATIVE BY BAJAJ GROUP OF COMPANIES

IN ASSOCIATION WITH PUNE MUNICIPAL CORPORATION(PMC), PIMPRI-CHINCHWAD MUNICIPAL CORPORATION(PCMC), PUNE ZP & AURANGABAD MUNICIPAL CORPORATION(AMC)

# 10,000,000+

600+ CVCs, 5,000+ Frontline, Healthcare Staffs

Thank you for helping us achieve this milestone

We salute the constant hard work, commitment and dedication of the frontline workers, healthcare staffs and local district authorities of Pune and Aurangabad for making this milestone possible.

## Pune dist first in state to administer over 2L vaccine doses in a single day

**ANURADHA  
MASCARENHAS**  
PUNE, AUGUST 31

PUNE ON Tuesday administered 2.52 lakh doses of Covid-19 vaccine to beneficiaries – its highest daily dose so far.



Express that nurses and paramedical staff have worked continuously without a break to vaccinate as many people as possible. Overall, Pune district has administered 80 lakh doses of vaccine to its residents. According to Dr Sanjay Deshmukh, assistant director of the Pune municipal corporation, the city has administered 1.5 million doses of the vaccine.

We responded with agility to support our employees, customers, and other stakeholders amid the unprecedented health crisis triggered by COVID-19, especially during the Delta wave. Our initiatives were focused on ensuring the safety and well-being of our employees and their families, customers and society, by extending financial and logistical support towards diagnosis and treatment.

## Our COVID-19 Across Stakeholder Segments Included:

### For Employees

During the Delta wave, BFL and its subsidiaries initiated several impactful measures to prevent the spread of the pandemic. These encompassed: (i) digital trainings and conferences, (ii) curtailed domestic travels, (iii) extensive precautionary measures like sanitisation of offices, availability of hand sanitisers and masks, (iv) introduction of multiple shifts to ensure the presence of fewer employees at the workplace at a given time, enabling social distancing, (v) implementation of various COVID -19 related policies for the welfare of the employees.

Following are the major COVID-19 centric initiatives we took during the year for the safety and well-being of our employees:

### COVID – 19 Awareness

We came out with a number of campaigns and collaterals to spread awareness among the employees on the pandemic precautions and safety compliances.

**COVID-19 Financial Aid:** BFL Group introduced financial aid for the COVID-19 infected employees. This was in addition to the medical cover provided to them and was aimed at reducing the financial burden of treatment and isolation. During the reporting year, BFL and its subsidiaries extended support of ₹ 5.22 crore for more than 2700 employees.



### Family Assistance Programme:

The pandemic took a massive toll during the year, with BFL Group losing 25 colleagues to COVID-19. We extended support to the families of the deceased employees under the 'Family Assistance Programme'. This covers (i) financial support to the impacted family for 48 months; (ii) educational assistance to children till the age of 21 (iii) employment opportunity for spouse, if found suitable; (iv) lumpsum financial assistance (v) Cost of mediclaim to be borne by the Company for 5 years and (v) Group Term Life insurance

**COVID-19 Leaves:** Employees infected by COVID-19 were allowed to avail 7 to 14 days of paid leave by the BFL Group, over and above the yearly leave quota available to them. More than 6,250 employees availed the same.



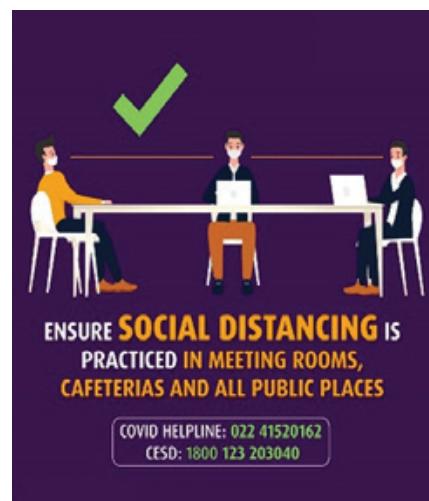
### COVID-19 Health Risk Assessment:

We had in place a well-calibrated tracking and monitoring mechanism, through which contact tracing was done for more than 9,600 unique BFL

Group employees and their families during the reporting year. We also organised an anti-body testing camp, with approximately 2,100 employees availing its benefit.

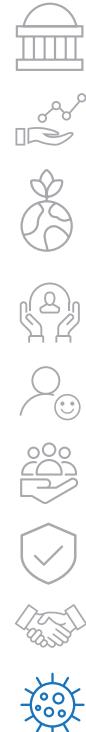
**COVID-19 Helpline:** BFL launched a dedicated 24\*7 helpline to support its employees and their families. Doctor consultations, COVID-19 testing and support towards hospitalisation, if required, were some of the forms in which assistance was extended through the helpline. The COVID-19 helpdesk served more than 8,000 BFL Group employees and their family members in FY2022.

**Direct Employee Connect:** We directly connected with nearly 99% of our employees over calls for a quick pulse check during the crisis.



**Free Doctor Consultations:** Our employees and their dependents availed more than 10,000 free doctor consultations through BFL. The doctors helped address their concerns and queries related to health and COVID-19.

**Employee Counselling:** BFL Group introduced 1-to-1 Help, an employee counselling programme to connect with professional counsellors on various issues w.r.t mental health and well-being. A total of approximately 4,000 registered users and more than 200 employees benefitted from the initiative during the year from this counselling programme in this reporting year.



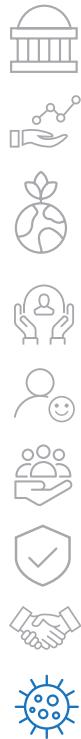
**COVID-19 Vaccination for Employees and Children** - As vaccines became available, the Company supported employees in completing their vaccination. We also organised a Walk-in Vaccination Camp for children aged between 15 and 18 years. More than 60,000 employees, their family members including children and value chain partners completed their vaccination.

## For Customers

Please refer to “**Customer obsession**” section of the Report.

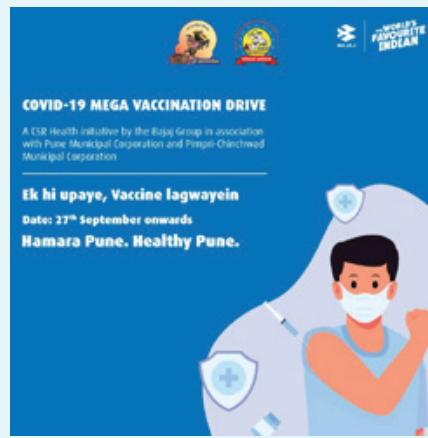
## For Society

Please refer to “**Empowering Society**” section of the Report.



### #StayStronger – COVID-related Awareness

- ◆ This was aimed at educating Punekars and general public on various COVID-19 related precautions and symptoms, and to spread awareness around COVID-19 vaccination.
- ◆ To spread awareness about our Mega Vaccination Drives, launched in collaboration with PMC and PCMC for supporting the nation-wide goal of achieving 100% vaccination, various social media platforms, were used, along with radio outreach, newspaper advertisements, media coverage.



# Statutory Reporting

- A. BRSR Independent Verification Statement
- B. Statutory Disclosures - BRSR
- C. GHG Independent verification statement



## Independent Assurance Statement

### **Introduction**

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finance Limited ('the Company' or 'Bajaj Finance', Corporate Identification Number: L65910MH1987PLC042961) to undertake an independent assurance of Bajaj Finance's Business Responsibility and Sustainability Reporting ('BRSR') disclosures (the 'Report') which shall form part of the Company's Business Responsibility and Sustainability Report FY 2022 in its digital/online format. The disclosures in this Report have been prepared based on the requirements of SEBI Circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, prescribing format of the BRSR and the guidance notes and the nine principles of the National Guidelines on Responsible Business Conduct, 2019 ('NGRBC') of the Ministry of Corporate Affairs, Government of India. The intended user of this assurance statement is the Management of Bajaj Finance ('the Management') and its stakeholders. Our assurance engagement was planned and carried out during March 2022 – June 2022 covering the Company's non-financial/sustainability performance during 1st April 2021 - 31st March 2022. We performed a limited level of assurance based on our assurance methodology, VeriSustain<sup>TM1</sup>.

### **Responsibilities of the Management of Bajaj Finance and of the Assurance Provider**

The Management has the sole responsibility for the preparation of the Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analyzing and reporting the information presented in the Report. Bajaj Finance is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on sustainability performance. In performing this assurance work, DNV's responsibility is to the Management of Bajaj Finance; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of Bajaj Finance.

We do not provide any services to Bajaj Finance which in our opinion constitutes a conflict of interest with this assurance work. Our assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and are free from material misstatements.

### **Scope, Boundary and Limitations**

The reporting scope and boundary encompasses economic, environmental, social and governance performance of Bajaj Finance in India covering the financial and insurance services-related operations of Bajaj Finance Limited and its subsidiaries – (i) Bajaj Housing Finance Limited (BHFL) and (ii) Bajaj Financial Securities Limited (BFinsec) as brought out in Section A: General Disclosures of the BRSR.

The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) activities, and other financial data are based on financial statements prepared by Bajaj Finance and audited by its statutory auditors which is subject to a separate audit process. We were not involved in the review of financial information within the Report.

### **Basis of our Opinion**

As part of the assurance process, a multi-disciplinary team of sustainability specialists performed assurance work for selected sample sites of Bajaj Finance. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to Bajaj Finance's business and its key stakeholders. We carried out the following activities:

- Reviewed the approach to stakeholder engagement and materiality determination process and its outcomes as brought out in the Report.
- Conducted interviews with selected representatives responsible for management of sustainability issues and implementation of the NGRBC Principles and carried out reviews of selected evidence to support topics

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<sup>1</sup> The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from [www.dnv.com](http://www.dnv.com)



and claims disclosed in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver Bajaj Finance's overall sustainability objectives.

- Carried out remote verification of sustainability performance data and sample evidence related to the sampled offices of Bajaj Finance Limited and its subsidiaries – BHFL and BFSL to review the processes and systems for aggregating site-level sustainability information, as well as overall aggregation and consolidation of data from sites by the sustainability team at the Corporate Office at Pune in Maharashtra.
- Reviewed the process of reporting on BRSR requirements including Section A: General Disclosures, Section B: Management and Process Disclosures, and Section C: Principle-wise Performance Disclosures.
- Carried out an assessment of the processes for gathering and consolidating performance data related to the NGRBC Principles and, for a sample, checked the processes of data consolidation to assess the Reliability and Accuracy of performance disclosures reported based on BRSR requirements.
- Verification of the data consolidation of reported performance disclosures in context to the Principle of Completeness as per VeriSustain for a limited level of verification.
- An independent assessment of the reports non-financial information against the requirements of BRSR and the guidance notes

### **Opinion and Observations**

Based on the verification undertaken, nothing has come to our attention to suggest that the Report together with referenced information does not adhere to the requirements of BRSR including the General Disclosures, Management and Process Disclosures, and Principle-wise Performance Disclosures.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

#### **Materiality**

*The process of determining the issues that is most relevant to an organization and its stakeholders.*

The Report brings out the broad range of issues which the Company has identified as being material to its business which are mapped as risks and opportunities, along with the rationale for considering the issue as being material. The Company may strengthen its process of materiality identification and prioritisation of material topics through engagement and feedback with internal and external stakeholders.

***Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.***

#### **Stakeholder Inclusiveness**

*The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.*

The Report brings out the key stakeholder groups identified by Bajaj Finance, that is, shareholders and investors, customers, government and regulators, value chain partners, employees, and society. The formal and informal modes of engagement with these stakeholder groups as well as the key topics and concerns which have come out from these engagement channels are brought out within the Report.

***Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.***

#### **Responsiveness**

*The extent to which an organization responds to stakeholder issues.*

The Report brings out the approaches adopted by the Company to adapt and/or mitigate impacts related to its identified material issues, as well as responses to key stakeholder concerns. The disclosures bring out the descriptions of structures, policies and processes implemented by Bajaj Finance towards adopting and reviewing the NGRBC Principles, as well as performance data, and processes for governance.

***Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.***

#### **Reliability**

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

The Report brings out the processes that Bajaj Finance has established towards capturing and reporting its sustainability performance related to each Principle of NGRBC. The majority of the data and information verified through our remote assessments with the Company's management teams and data owners at the operations sampled by us as part of our assurance engagement were found to be fairly accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation



and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed for correctness.

**Nothing has come to our attention to believe that the Report does not meet the principle of Reliability.**

#### **Completeness**

*How much of all the information that has been identified as material to the organisation and its stakeholders is reported?*

The Report brings out the Company's performance during FY 2021-22 related to economic, environmental, social and governance-related aspects of the BRSR and covering the operations of Bajaj Finance Limited and its subsidiaries, covering the performance related to the nine NGRBC Principles. Bajaj Finance may further strengthen its processes towards capturing and reporting information and data related to Essential and certain Leadership Indicators of Principle-wise Performance Disclosures in future reporting periods.

**Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.**

#### **Neutrality**

*The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.*

The Report brings out Bajaj Finance's sustainability performance during the reporting period in a neutral tone in terms of content along with descriptions of key risks and opportunities during the reporting period.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.**

#### **Statement of Competence and Independence**

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct<sup>2</sup> during the verification engagement and maintain independence where required by relevant ethical requirements as detailed in DNV VeriSustain. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data except for this Assurance Statement, the GHG Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. We did not provide any services to Bajaj Finance in the scope of assurance during FY 2021-22 that could compromise the independence or impartiality of our work.

For DNV Business Assurance India Private Limited

Lankalapali, Bhargav

Bhargav Lankalapalli  
Lead Verifier  
DNV Business Assurance India Private Limited,  
India.

24<sup>th</sup> June 2022, Mumbai, India.

Digitally signed by  
Lankalapalli, Bhargav  
Date: 2022.06.24  
16:29:11 +05'30'

Radhakrishnan, Kiran

Kiran Radhakrishnan  
Technical Reviewer  
DNV Business Assurance India Private Limited,  
India.

Digitally signed by  
Radhakrishnan, Kiran  
Date: 2022.06.24  
16:47:40 +05'30'

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

<sup>2</sup> The DNV Code of Conduct is available on request from [www.dnv.com](http://www.dnv.com) (<https://www.dnv.com/about/in-brief/corporate-governance.html>)



# Statutory Disclosures

## Business Responsibility & Sustainability Report

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity

|  |  |                            |                 |              |          |  |
|--|--|----------------------------|-----------------|--------------|----------|--|
| 1. Corporate Identity Number (CIN) of the Listed Entity  | L65910MH1987PLC042961  |                            |                 |              |          |  |
| 2. Name of the Listed Entity   | Bajaj Finance Limited<br><i>Referred to as 'the Company' / 'BFL'</i>   |                            |                 |              |          |  |
| 3. Year of incorporation   | 1987   |                            |                 |              |          |  |
| 4. Registered office address   | Akurdi, Pune-411035  |                            |                 |              |          |  |
| 5. Corporate address   | 4th Floor, Bajaj Finserv Corporate office,<br>off Pune-Ahmednagar Road, Viman Nagar, Pune- 411014  |                            |                 |              |          |  |
| 6. E-mail  | <a href="mailto:investor.service@bajajfinserv.in">investor.service@bajajfinserv.in</a>   |                            |                 |              |          |  |
| 7. Telephone   | 020-71576072   |                            |                 |              |          |  |
| 8. Website   | <a href="https://www.bajajfinserv.in/corporate-bajaj-finance">https://www.bajajfinserv.in/corporate-bajaj-finance</a>                                      |                            |                 |              |          |  |
| 9. Financial year for which reporting is being done  | 2021 – 2022  |                            |                 |              |          |  |
| 10. Name of the Stock Exchange(s) where shares are listed  | BSE Ltd. and National Stock Exchange of India Ltd.   |                            |                 |              |          |  |
| 11. Paid-up Capital  | ₹ 120.66 crore   |                            |                 |              |          |  |
| 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report   | Name and designation of the person   | R Vijay, Company Secretary | Contact details | 020-71576072 | Email ID | <a href="mailto:vijay.r@bajajfinserv.in">vijay.r@bajajfinserv.in</a> |
| 13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Consolidated basis<br><i>Collectively referred to as 'BFL Group'</i><br><i>(For more details on entities considered for consolidation refer #21 below)</i> |                            |                 |              |          |  |

#### II. Products/services

##### 14. Details of business activities (*accounting for 90% of the turnover*):

| S. No. | Description of Main Activity     | Description of Business Activity | % of Turnover of the entity |
|--------|----------------------------------|----------------------------------|-----------------------------|
| 1.     | Financial and Insurance Services | Other Financial activities       | 99.63%                      |

##### 15. Products/Services sold by the entity (*accounting for 90% of the entity's Turnover*):

| S. No. | Product/Service   | NIC Code | % of total Turnover contributed |
|--------|---|----------|---------------------------------|
| 1.     | Non-Banking Finance Company engaged in lending and allied activities                                | 65923    | 88.02%                          |
| 2.     | Housing Finance (other credit granting)- Home loan, loan against property and construction funding. | 64920    | 11.61%                          |



### III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

| <b>Location</b> | <b>Number of plants</b> | <b>Number of offices</b> | <b>Total</b> |
|-----------------|-------------------------|--------------------------|--------------|
| National        | Not applicable*         | 3,504 <sup>#</sup>       | 3,504        |
| International   |                         | NIL                      | NIL          |

\* BFL and its subsidiaries provides financial services and does not undertake any manufacturing activity.

# Includes all the branches and corporate offices as at 31 March 2022.

17. Markets served by the entity:

- a. Number of locations

| <b>Locations</b>                 | <b>Number</b> |
|----------------------------------|---------------|
| National (No. of States)         | Pan India     |
| International (No. of Countries) | NIL           |

- b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil

- c. A brief on types of customers:

The Company's customer franchise as on 31 March 2022 stood at 57.6 million, and has strong geographic presence across 3,504 locations and 1,33,200+ distribution points. The Company acquired over 9 million new customers in FY2022.

**Borrowers:** BFL focuses mainly on acquiring Mass Affluent customers. Further, BFL also strives to maintain appropriate mix of lending to all income segments like salaried / self-employed / professionals/ corporate customers/SME.

**Depositors:** BFL accepts deposits from retail and corporate clients. The major contribution towards deposits is from retail customers.

BFL operates mortgage business through a 100% subsidiary – Bajaj Housing Finance Limited (BHFL), which is engaged in various aspects of housing finance and development. BFL also has another 100% unlisted subsidiary called Bajaj Financial Securities Limited (BFInsec), which is registered with the SEBI as a stockbroker and depository participant providing its clients a full suite of investment products and services in an all-in-one digital platform.

### IV. Employees

18. Details as at the end of Financial Year:

- a. Employees (including differently abled)\*:

| <b>S.<br/>No.</b> | <b>Particulars</b>             | <b>Total (A)</b> | <b>Male</b>    |                | <b>Female</b>  |                |
|-------------------|--------------------------------|------------------|----------------|----------------|----------------|----------------|
|                   |                                |                  | <b>No. (B)</b> | <b>% (B/A)</b> | <b>No. (C)</b> | <b>% (C/A)</b> |
| 1.                | Permanent (D)                  | 35,425           | 33,982         | 96%            | 1,443          | 4%             |
| 2.                | Other than Permanent (E)       | 0                | 0              | 0              | 0              | 0              |
| 3.                | <b>Total employees (D + E)</b> | <b>35,425</b>    | <b>33,982</b>  | <b>96%</b>     | <b>1,443</b>   | <b>4%</b>      |

\* Note: Provided details with respect to permanent employees only

The Company does not have any 'worker'.



## b. Differently abled Employees\*:

| S.<br>No. | Particulars                                      | Total<br>(A) | Male     |            | Female   |            |
|-----------|--|--------------|----------|------------|----------|------------|
|           |  |              | No. (B)  | % (B/A)    | No. (C)  | % (C/A)    |
| 1.        | Permanent (D)                                    | 6            | 5        | 83%        | 1        | 17%        |
| 2.        | Other than Permanent (E)                         | -            | -        | -          | -        | -          |
| 3.        | <b>Total differently abled employees (D + E)</b> | <b>6</b>     | <b>5</b> | <b>83%</b> | <b>1</b> | <b>17%</b> |

\* Provided details with respect to permanent employees only.

## 19. Participation/Inclusion/Representation of women

|                                 | Total<br>(A) | No. and percentage of Females |         |
|---------------------------------|--------------|-------------------------------|---------|
|                                 |              | No. (B)                       | % (B/A) |
| Board of Directors (BoD)        | 11           | 1                             | 9%      |
| Key Managerial Personnel (KMP)* | 3            | 0                             | 0%      |

Note: The above information pertains only to the Company as at 31 March 2022

\* Key Managerial Personnel are as defined under section 203(1) of the Companies Act, 2013

## 20. Turnover rate for permanent employees

|                     | FY2022 |        |       | FY2021 |        |       | FY2020 |        |       |
|---------------------|--------|--------|-------|--------|--------|-------|--------|--------|-------|
|                     | Male   | Female | Total | Male   | Female | Total | Male   | Female | Total |
| Permanent Employees | 27%    | 30%    | 28%   | 20%    | 18%    | 20%   | 23%    | 24%    | 23%   |

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

## 21. (a) Names of holding / subsidiary / associate companies / joint ventures

| S.<br>No. | Name of the holding/subsidiary/<br>associate companies/joint<br>ventures (A) | Indicate whether<br>holding/subsidiary/<br>associate/<br>joint venture | % of shares<br>held by<br>listed entity | Does the entity indicated<br>at column A, participate in<br>the Business Responsibility<br>initiatives of the listed entity?<br>(Yes/No) |
|-----------|--|--|---|--|
| 1.        | Bajaj Finserv Limited  | Holding Company  | 52.49%                                  |  |
| 2.        | Bajaj Housing Finance Ltd.   | Subsidiary   | 100%                                    | Refer Note   |
| 3.        | Bajaj Financial Securities Limited.  | Subsidiary   | 100%                                    |  |

Note: Keeping in mind that the nature and conduct of the businesses across BFL Group companies are distinct, to the extent relevant, the Company through its [Responsible and Sustainable Business Conduct Policy](#) (i) engages with and enjoins upon its subsidiary companies to participate in the responsible and sustainable business conduct and (ii) requires its subsidiaries to embody a similar policy. Accordingly, the business responsibility initiatives of the subsidiaries could be similar.

## VI. CSR Details

## 22.

|      |   |           |
|------|---|-----------|
| i.   | Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/ No) | Yes       |
| ii.  | Consolidated Turnover for FY2022 (₹ in crores)                                | 31,640.41 |
| iii. | Consolidated Net worth for FY2022 (₹ in crores)                               | 43,712.69 |



## VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in place (Yes/No) | FY2022                                     |  |   | FY2021                                     |  |         |
|---|---|--|--|---|--|--|---------|
|   |   | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks   | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Shareholders and Investors                        | Yes   | 15   | 1  | Complaint pending as on 31 March 2022, has been appropriately resolved subsequently | 13   | 0  | -       |
| Customers   | Yes   | 2,284                                      | 0  | -   | 7,060                                      | 0  | -       |
| Government and Regulators                         | Yes   | -  | -  | -   | -  | -  | -       |
| Value Chain Partners                              | Yes   | -  | -  | -   | -  | -  | -       |
| Employees   | Yes   | -  | -  | -   | -  | -  | -       |
| Society   | Yes   | -  | -  | -   | -  | -  | -       |

As a principle, in line with policies, practices and processes, BFL Group engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and if warranted takes corrective measures. There are certain policies which are internal documents and are not accessible to public, in addition to the policies available on company's website, regarding conduct with stakeholders, including grievance mechanisms.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

| S. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity   | In case of risk, approach to adapt or mitigate  | Financial implications of the risk or opportunity (Indicate positive or negative implications)                         |
|--------|---------------------------|--|--|---|--|
| 1.     | Customer Experience       | Risk                                       | Given that BFL Group provides financial products and services to millions of customers, any undesirable customer experience could result in loss of customers or even reputational loss. | Listening to customers and driving continuous transformation to provide them a frictionless experience is what BFL Group has always strived for. Ethics, transparency, and accountability are deeply ingrained and practiced in daily operations, including in dealing with customers. For a better customer experience, BFL Group appropriately addresses their grievances. Customer experience is enhanced by offering products and | Negative<br><br>Loss of reputation can result in loss of customer thereby adversely impacting businesses of BFL Group. |



| S. No. | Material issue identified  | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity   | In case of risk, approach to adapt or mitigate   | Financial implications of the risk or opportunity (Indicate positive or negative implications)   |
|--------|--|--|--|--|--|
|        |  |  |  | <p>services which meet the needs of customers, as well as adaptation of innovative technology solutions to provide a seamless and an "on the go" customer journey through its digital platforms. Some of the illustrative initiatives in this regard are:</p> <ol style="list-style-type: none"> <li>1. A dedicated customer complaint reduction unit has been instituted to identify the root cause of customer complaints and taking corrective actions to modify the processes, to avoid such grievances.</li> <li>2. A separate team has been setup to monitor customer queries and grievances on various social media channels and provide quick resolution.</li> <li>3. BFL Group runs various awareness campaigns for the public at large making them aware about fraudsters, scam schemes, etc.</li> </ol> |  |
| 2.     | Financial inclusion  | Opportunity                                | The reach of financial products and services is still shallow in India, especially in the mass segment and semi-urban / rural parts of India.  | <p>BFL Group's customer reach is achieved through distribution networks, adaptation of innovative technology solutions to provide a seamless customer journey through its digital platforms and customized product offering.</p> <p>BFL has opened 50 financial inclusion branches in unbanked rural centers in FY2022 and FY2023. For FY2023 it proposes to open further 50 financial inclusion branches.</p>   | <u>Positive</u><br>BFL has created deep distribution in medium and small towns, and villages across the country thereby taking financial solutions closer to society. Such distribution creates opportunity for BFL.   |
| 3.     | Climate Change vulnerability<br>– Carbon Emission/<br>Product footprint/<br>Financing environmental impact | Risk and Opportunity                       | <p><b>Risks</b></p> <p>The end use of finance extended to the borrowers, especially through its commercial lending vertical, may have adverse impact on the environment, society and governance.</p> <p>Reputational risk in case BFL is not able to meet the stakeholder expectations on climate related disclosures and initiatives.</p> | <p>BFL, through its environmental policy, has identified certain exclusions for its lending activities.</p> <p>BFL's ESG reporting is now beyond the minimum statutory reporting and is being enhanced year on year. For example, disclosures on GHG emissions and voluntary early adoption of BRSR in FY2022.</p>   | <u>Negative</u><br>Conforming with environment related standards could result in increased expenses / loss of business which would have been underwritten.<br><br><u>Positive</u><br>Being relatively newer class of assets, BFL's experience and depth of balance sheets could allow it to harness these opportunities. |



| S. No.               | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk/opportunity   | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|----------------------|---------------------------|--|--|--|--|
| <b>Opportunities</b> |                           |  |  |  |  |
|                      |                           |  | Increased awareness about climate change has accelerated the adoption of environment friendly products such as renewable power, electric vehicles etc, thereby creating an opportunity to finance and insure such class of assets. |  |  |

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions   | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9   |
|--|----|----|----|----|----|----|----|----|--|
| <b>Policy and Management processes</b>   |    |    |    |    |    |    |    |    |  |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)                             |    |    |    |    |    |    |    |    | Yes (Please refer note below)  |
| b. Has the policy been approved by the Board? (Yes/No)   |    |    |    |    |    |    |    |    | Yes<br>‘Responsible and Sustainable Business Conduct Policy’ covering the above-mentioned principles has been approved by the Board.<br><a href="https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents">https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents</a>  |
| c. Web-Link of the policies, if available  |    |    |    |    |    |    |    |    |  |
| 2. Whether the entity has translated the policy into procedures. (Yes/No)  |    |    |    |    |    |    |    |    | Yes. The Company has translated the policies and imbibed the same into procedures and practices of the Company, as applicable.   |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No)  |    |    |    |    |    |    |    |    | The Company strives to influence its partners in the value chain to participate in the responsible and sustainable business conduct depending upon their means and resources.<br>For this purpose, the Board of BFL has approved Code of Conduct for Direct Selling Agents (DSA)/Debt Recovery Agents(DRA), Fair Practice Code, Whistle Blower Policy, etc enabling / requiring participation of value chain partners. |
| 4. Name of the national and international codes / certifications / labels / standards adopted by your entity and mapped to each principle. |    |    |    |    |    |    |    |    | All policies have been developed based on industry practices, as per the regulatory requirements and through appropriate consultation with relevant stakeholders.  |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any.   |    |    |    |    |    |    |    |    | BFL Group strives for the following for: <ul style="list-style-type: none"><li>Environment restoration - plantation, migration to electric vehicles, water conservation, solar installations, etc.</li><li>Opening of another 50 financial inclusion branches in rural and backward areas in FY2023.</li></ul>   |
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.          |    |    |    |    |    |    |    |    | As committed in FY2021: <ul style="list-style-type: none"><li>BFL Group completed accounting and independent assurance of its GHG emissions for FY2021 and FY2022, the results of which are included in this report and</li><li>50 financial inclusion branches have also been opened during the year.</li></ul>   |

Note: Detailed list policies are provided below.



**Governance, leadership and oversight**

|   | P1  | P2                | P3 | P4 | P5 | P6 | P7 | P8 | P9   |
|---|---|-------------------|----|----|----|----|----|----|--|
| 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements                                  |   |                   |    |    |    |    |    |    | <i>Please refer to message from the Chairman and Managing Director</i> |
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).   | Name  | Rajeev Jain       |    |    |    |    |    |    |  |
|   | Designation   | Managing Director |    |    |    |    |    |    |  |
|   | DIN   | 01550158          |    |    |    |    |    |    |  |
| 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes   |                   |    |    |    |    |    |    |  |
|   | The Company has an executive level ESG Committee consisting of senior management personnel of the Company to monitor various aspects of social, environmental and governance responsibilities of the Company.   |                   |    |    |    |    |    |    |  |
|   | The Company's business responsibility performance is reviewed by the Board of Directors on an annual basis. During the year, a separate meeting of all the BoD was convened specifically to discuss and update on the sustainable and responsive business conduct initiatives across BFL Group. |                   |    |    |    |    |    |    |  |
|   | In addition, the Risk Management Committee also assesses internal/ external risks pertaining to sustainability as identified.   |                   |    |    |    |    |    |    |  |
| 10. Details of Review of National Guidelines on Responsible Business Conduct (NGRBCs) by the Company:   |   |                   |    |    |    |    |    |    |  |

| Subject for Review  | Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee   | Frequency (Annually/ Half yearly/Quarterly/Any other – please specify) |
|---|---|--|
| Performance against above policies and follow-up action   | As a practice, all the policies of the Company are reviewed periodically or on a need basis by department heads, business heads, senior management personnel/ respective committees and placed before the BoD as and when required. During this assessment, the efficacy of these policies is also reviewed and necessary changes to policies and procedures are implemented. |  |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances  | The Company is in compliance with the extant regulations, as applicable.  |  |
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | Evaluation is a continuous process and is done internally.  |  |

Note: Policies other than those placed on the Company's website (<https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents>) are internal documents and are not accessible to public.



P1

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

### **PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable**

#### **Essential Indicator**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

| <b>Segment</b>                    | <b>Total number of training and awareness programmes held</b>   | <b>Topics/principles covered under the training and its impact</b>  | <b>% of persons in respective category covered by awareness programmes</b> |
|-----------------------------------|---|---|--|
| BoD                               | On an ongoing basis, the Company carries out familiarisation programs for its directors, as required under the SEBI Listing Regulations and on an ongoing basis keep the Directors and KMPs abreast on matters relating to the industry, business models, risk metrics, mitigation and management, governing regulations, ESG, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company, etc.  | A declaration from the Directors and Senior Management's affirmation to the Code of Conduct for Directors and Senior Management communicated to all stakeholders by the Managing Director, through the Annual Report. | 100%   |
| KMPs                              |   |   |  |
| Employees other than BoD and KMPs | BFL Group invests significant time and resources in the training and development of its employees, to help them stay ahead of latest trends and technology. Further, for certain relevant topics periodical awareness programs are carried out through emails, posters / banners (physical and digital) and other modes of internal communication.<br><br>Such training / awareness programs are on array of topics, such as Code of Conduct, Ethics, Cyber Security, Data Privacy, ESG Awareness, Fraud Prevention, Functional Trainings, Health and Safety, Insider Trading, Prevention of Sexual Harassment, Skill Upgradation, etc.<br><br>During the year, more than 5.45 lakhs hours of logged trainings were completed by employees on above mentioned topics. |   | 100%   |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| <b>Monetary</b> | <b>Name of the regulatory/ enforcement agencies/ judicial institutions</b> | <b>Amount (In ₹)</b> | <b>Brief of the case</b> | <b>Has an appeal been preferred? (Yes/No)</b> |
|-----------------|--|----------------------|--------------------------|---|
| Penalty/Fine    |  |                      |                          |   |
| Settlement      |  | NIL                  |                          |   |
| Compounding fee |  |                      |                          |   |



P1

**Non-Monetary**

|    | <b>Name of the regulatory/enforcement agencies/judicial institutions</b> | <b>Brief of the case</b> | <b>Has an appeal been preferred? (Yes/No)</b> |
|----|--|--------------------------|---|
| P2 |  |                          |   |
| P3 | Imprisonment   | NIL                      |   |
| P4 | Punishment   |                          |   |

- P5 3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

| <b>Case Details</b> | <b>Name of the regulatory/ enforcement agencies/ judicial institutions</b> |
|---------------------|--|
| P7 P8 Nil           | Nil  |

- P9 4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes.

BFL and its subsidiaries have zero tolerance towards unethical business practices and prohibits bribery and corruption in any form in all of its business dealings through necessary policies, codes and charters.

The [Code of Ethics and Personal Conduct \(CoEPC\)](#) consistently adopted across BFL Group reiterates our commitment on anti-bribery. All employees of BFL Group companies must adhere to the commitment of integrity and other responsible business conduct principles laid down in CoEPC. Further, Employee Charter - Human Rights Statement adopted by BFL and its subsidiaries also lays down the principle and commitment on anti-corruption and bribery.

Some of these policies, codes and charters are available on Company's website: <https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents>

5. Number of Directors/KMPs/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

|           | <b>FY2022</b> | <b>FY2021</b> |
|-----------|---------------|---------------|
| Directors | Nil           | Nil           |
| KMPs      | Nil           | Nil           |
| Employees | Nil           | Nil           |

*Note: Based on the information available with the Company*

6. Details of complaints with regard to conflict of interest:

|  | <b>FY2022</b> |                | <b>FY2021</b> |                |
|--|---------------|----------------|---------------|----------------|
|  | <b>Number</b> | <b>Remarks</b> | <b>Number</b> | <b>Remarks</b> |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil           | Nil            | Nil           | Nil            |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs      | Nil           | Nil            | Nil           | Nil            |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

No corrective actions pertaining to above mentioned parameters was necessitated by BFL Group during the year under review.



P1

**Leadership Indicators**

P2

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

- BFL strives to influence its value chain partners to participate in the responsible and sustainable business conduct depending upon their means and resources. BFL carries out awareness / training programmes for its value chain partners (especially agents and other intermediaries), depending on the business needs, stakeholder feedback and regulatory requirements covering various topics.
- BFL has Board approved Code of Conduct for its value-chain partners. Acceptance of Code of Conduct and acknowledgement of the same is mandatory for all the agents and agencies.
- Suo-moto Debt Recovery Agent (DRA) training and Change Agent program for its collection agents. All agents associated with collections are covered under this program –training imparted to more than 17,800 agents.

P3

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same.**

P4

Yes.

BFL and its subsidiaries have zero tolerance towards unethical business practices and ensures adherence to relevant principles including in relation to conflict of interest.

The Company has a separate [Code of Conduct \('CoC'\) for Directors and Senior Management](#) which provides that 'Directors and Senior Management shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement'. The said CoC requires them to not to engage in any material business relationship or activity, which conflicts with their duties towards the Company. A declaration from the Directors and Senior Management's affirmation to the said CoC is communicated to all stakeholders by the MD, through the Annual Report.

In addition to the above, BFL Group's CoEPC covers potential areas where conflict of interest may be encountered. It also provides specific guidelines on avoiding and dealing with possible conflicts of interest and the requirement to disclose potential conflicts of interest by employees.

BFL and its subsidiaries have policies on related party transaction which requires all the transactions done in ordinary course of business are at arm's length price.

**Link:** <https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents>

## **PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**

### **Essential Indicators**

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Given the nature of BFL Group's business, BFL Group continuously make a capital expenditure in specific technologies. In FY2022, BFL Group has invested ₹ 802.36 crore on IT hardware and software. Greater adoption of digital platforms not only brings in increased efficiencies of operations but also ensures substantially through reduced consumption of paper.

Further, as part of its initiative to reduce the carbon footprint of its operations, ₹ 1.14 crore have been invested for rooftop solar power generation plants at certain offices during the year.

**2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

BFL Group companies provides financial products and services, and thus neither has a sizeable consumption of any raw material nor produces any tangible goods. Its activities are limited to providing financial solutions to serve the needs of the people; hence we do not currently maintain records for sustainable sourcing. However, BFL Group nurtures a culture of conservation of resources and encourages innovations that aid in reducing the dependence on natural resources.

**b. If yes, what percentage of inputs were sourced sustainably?**

Refer a above.



ESG initiatives



Statutory reporting

- P1 3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

P2 Given the nature of the business, BFL Group provides financial services to its customers and does not manufacture any products, hence we do not currently maintain records for hazardous and other waste generation. However, recycled tissue papers are used at its corporate offices. BFL Group has systems in place to manage e-waste and engages with certified e-waste handlers for disposal of e-waste. Approximately 7.5 Metric Tonne of e-waste generated has been disposed through authorised recyclers in FY2022. BFL has received green, disposable and re-cycling certificates from the respective e-waste vendors.

- P3 4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

P4 Given the nature of our business, the above is not applicable.

## P5 Leadership Indicators

- P6 1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

P7 BFL Group provides varied financial products and services to its customers. The broad lifecycle of these businesses has been summarised below:

### P8 **Loan:**

**Sourcing:** Loans are sourced through multiple channels such as walk-in at branches / offices, own digital platforms (website / mobile apps), agents / intermediaries etc. Depending on the type of product, information / applications are obtained from the customer either physically or electronically.

**Underwriting:** The Company has robust underwriting practices and continuous risk monitoring which ensure that portfolios stay within acceptable risk levels. The Company has also deeply invested in business specific underwriting units. All loans products go through an underwriting mechanism, where eligibility of the customer, validation of the documents provided, genuineness of the transaction, compliance with applicable regulations like anti-money laundering, KYC, etc., are verified.

Depending on the type of product, customer profile and other parameters, the underwriting can either be completely automated or may require manual intervention. Upon satisfaction with the above, including adherence to internal risk parameters, the loan is approved for the customer.

**Servicing:** After granting of loan, there can be various reasons for which a customer may need servicing. Collecting instalments is one of the critical part of customer servicing. However, there can be many more instances when a customer can reach out such as requesting change in personal information, adding / changing nominees, grievance redressal etc. We believe in enhancing customer experience and have a number of digital tools where the customer can self-service or in the alternate, can also reach out at our offices / branches, write to / call us etc.

**Deposits:** The Company offers deposit schemes to the customers as well. This begins with sourcing of the deposit which could be directly by the customer or through a deposit agent / partner, branches, distributor, online portal, mobile apps, etc. The requisite KYC checks and other information details of customers are collected and reviewed to ensure compliance with extant regulations. Post this, a deposit certificate is issued to the customer. Periodic intimations are sent to customers and upon maturity, the deposits are either renewed or repaid to the customer.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

None other than those identified in S. No. 24 of Section A above.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Given the nature of the business, BFL Group companies provides financial services to its customers and does not manufacture any products, hence we do not currently maintain records for recycled/ reused material consumed.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Not Applicable

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

BFL Group provides financial services and thus the above is not applicable.



## **PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

### **P3 Essential Indicators**

1. a. Details of measures for the well-being of employees:

| Category                   | Total<br>(A)  | % of employees covered by |             |                    |             |                    |            |                    |            |                      |            |
|----------------------------|---------------|---------------------------|-------------|--------------------|-------------|--------------------|------------|--------------------|------------|----------------------|------------|
|                            |               | Health insurance          |             | Accident insurance |             | Maternity benefits |            | Paternity benefits |            | Day Care facilities# |            |
|                            |               | Number<br>(B)             | %<br>(B/A)  | Number<br>(C)      | %<br>(C/A)  | Number<br>(D)      | %<br>(D/A) | Number<br>(E)      | %<br>(E/A) | Number<br>(F)        | %<br>(F/A) |
| <b>Permanent employees</b> |               |                           |             |                    |             |                    |            |                    |            |                      |            |
| Male                       | 33,982        | 33,982                    | 100%        | 33,982             | 100%        | NA                 | NA         | 33,982             | 100%       | 33,982               | 100%       |
| Female                     | 1,443         | 1,443                     | 100%        | 1,443              | 100%        | 1,443              | 100%       | NA                 | NA         | 1,443                | 100%       |
| <b>Total</b>               | <b>35,425</b> | <b>35,425</b>             | <b>100%</b> | <b>35,425</b>      | <b>100%</b> | 1,443              | 4%         | 33,982             | 96%        | 35,425               | 100%       |

Note: Above facilities / benefits are available to all permanent employees.

# wherever applicable under regulations, day care facilities are provided

2. Details of retirement benefits, for Current and Previous Financial Year:

| Benefits        | FY2022   |   | FY2021   |   |
|-----------------|--|---|--|---|
|                 | No. of employees covered as a % of total employees | Deducted and deposited with the authority (Yes/No/NA) | No. of employees covered as a % of total employees | Deducted and deposited with the authority (Yes/No/NA) |
| PF              | 100  | Yes   | 100  | Yes   |
| Gratuity        | 100  | Yes   | 100  | Yes   |
| ESI             | 100  | Yes   | 100  | Yes   |
| NPS             | 100  | Yes   | 100  | Yes   |
| Super Annuation | 100  | Yes   | 100  | Yes   |

Note: The above represents benefits provided to all the employees who are eligible/have opted for the said retirement benefits.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

As a principle the Company along with its subsidiaries through its Equal Employment Opportunity and Non-discrimination policy and Employee Charter - Human Rights Statement prohibits any kind of discrimination against any person with disability in any matter related to employment as per the Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019. Various corporate offices of BFL and its subsidiaries, have ramps for easy movement of differently abled people and wheelchair accessible restrooms are available.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes.

BFL Group has adopted Equal employment opportunity and non-discrimination policy in accordance with the provisions of the Rights of Persons with Disabilities Act, 2016 and provides a framework which is committed towards the empowerment of persons with disabilities.

The Company through its Employee Charter - Human Rights Statement prohibits discrimination against any person with disability in any matter related to employment



P1 As enshrined in the 'Responsible and Sustainable Business Conduct Policy', the Company provides remuneration and equal opportunities at the time of recruitment as well as during employment irrespective of age, sex, color, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/Aids) or any other status of individuals, thereby presenting an opportunity to excel and grow best suited to the individual's suitability and ability to perform the related work.

P2 The above are available on our website <https://www.bajajfinserv.in/finance-investor-relations-policies-and-documents>

P3 **5. Return to work and Retention rates of permanent employees that took parental leave:**

| <b>Permanent employees</b> |                            |                       |
|----------------------------|----------------------------|-----------------------|
| <b>Gender</b>              | <b>Return to work rate</b> | <b>Retention rate</b> |
| Male                       | 99.84%                     | 84%                   |
| Female                     | 95.65%                     | 77%                   |
| <b>Total</b>               | <b>99.68%</b>              | <b>84%</b>            |

P4 **6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.**

| <b>Category</b>     | <b>Yes/No (If Yes, then give details of the mechanism in brief)</b>  |
|---------------------|--|
| Permanent Employees | Yes. BFL Group strives to create a culture which is fair, open and transparent and where employees can openly present their views. BFL Group transparently communicates its policies and practices such as plans, compensation, performance metrics, performance pay grids and calculation, career enhancements, compliance and other processes. BFL Group enables employees to work without fear of prejudice, gender discrimination and harassment. It has zero tolerance towards any non-compliance of these principles. BFL has 'Code of Ethics and Personal Conduct' (CoEPC), 'Whistle Policy', 'Prevention of Sexual Harassment' and 'Mind Your Behaviour' framework serving as grievance mechanisms for its employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation. BFL has independent helpline number for employees to report their concerns. BFL has Board approved Disciplinary Action Policy and Board delegated Disciplinary Action Committee to address the grievances. |

P5 **7. Membership of employees in association(s) or Unions recognised by the listed entity:**

P6 BFL Group employees are currently not part of any employee association.

P7 **8. Details of training given to employees:**

| <b>Category</b>            | <b>Total<br/>(A)</b> | <b>FY2022</b>               |                |
|----------------------------|----------------------|-----------------------------|----------------|
|                            |                      | <b>On Skill upgradation</b> |                |
|                            |                      | <b>No. (B)</b>              | <b>% (B/A)</b> |
| <b>Permanent employees</b> |                      |                             |                |
| Male                       | 33,982               | 24,361                      | 72%            |
| Female                     | 1,443                | 873                         | 60%            |
| <b>Total</b>               | <b>35,425</b>        | <b>25,234</b>               | <b>71%</b>     |

**For Health and Safety:**

BFL Group trains its employees on safety protocols – it conducts periodic trainings on fire safety and evacuation drills for employees. During the year, 1,634 fire audits and 784 drills were conducted.

Periodical awareness programs are carried out through emails, posters / banners (physical and digital) and other modes of internal communication. BFL also initiated exhaustive employee engagement campaigns like **"#StayHealthy, #StaySafe"** to imbibe and encourage employees to adopt healthy and safety measures- eating healthy, staying hydrated, using stairs, maintaining right posture, etc. Various campaigns and collaterals were released to spread awareness among the employees on the pandemic precautions and safety compliances.



**9. Details of performance and career development reviews of employees:**

Performance appraisal was conducted during the year for all the eligible employees as per policies.

**10. Health and safety management system:**

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

BFL Group is committed to provide a safe and healthy workplace by minimizing the risk of accidents, injury and exposure to health risks and it complies with applicable laws and regulations with respect to safety at workplace. BFL Group has taken an initiative to frame a comprehensive policy with respect to health and safety management system.

BFL Group trains its employees on safety protocols – it conducts periodic trainings on fire safety and evacuation drills for employees. During the year, 1634 fire audits and 784 drills were conducted. BFL has nominated fire marshals across the offices.

Various facilities are available at BFL and its subsidiaries corporate offices and branches premises such as proper ventilation, branch hygiene & sanitation, yearly safety audit, emergency exits, first aid box, etc.

BFL sends periodic internal communication and alerts to employees and conducts awareness sessions on health and safety related aspects such always wear a helmet, eat healthy, drink enough water, stay on the move, choose to use the stairs, etc.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Given the nature of business, this is not directly applicable. However, hazard identification is a continuous process and conducted by the identified employees.

- c. Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. The COEPC provides for requisite enabling mechanism by guiding on the focal point of contact on various aspects of COEPC implementation including the principles of health and safety.

- d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. BFL Group has insured its employees under group term insurance, health insurance and accidental insurance policies. Please refer to section on [Human Capital Management](#) for further details.

**11. Details of safety related incidents, in the following format:**

| <b>Safety Incident/Number</b>   | <b>Category</b> | <b>FY2022</b> | <b>FY2021</b> |
|---|-----------------|---------------|---------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) |                 | NIL           | NIL           |
| Total recordable work-related injuries  |                 | NIL           | NIL           |
| No. of fatalities   | Employees       | NIL           | NIL           |
| High consequence work-related injury or ill-health (excluding fatalities)     |                 | NIL           | NIL           |

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

Refer 10(a) above

**13. Number of Complaints on the following made by employees:**

|                    | <b>FY2022</b>                |  |                | <b>FY2021</b>                |  |                |
|--------------------|------------------------------|--|----------------|------------------------------|--|----------------|
|                    | <b>Filed during the year</b> | <b>Pending resolution at the end of year</b> | <b>Remarks</b> | <b>Filed during the year</b> | <b>Pending resolution at the end of year</b> | <b>Remarks</b> |
| Working Conditions | Nil                          | Nil  | NA             | Nil                          | Nil  | NA             |
| Health & Safety    | Nil                          | Nil  | NA             | Nil                          | Nil  | NA             |



- P1 14. Assessments for the year:

**% of your plants and offices that were assessed  
(by entity or statutory authorities or third parties)**

|                             |  |
|-----------------------------|--|
| Working conditions          | BFL Group strives to keep the workplace environment safe, hygienic and humane, upholding the dignity of the employees. Offices across the group are internally assessed periodically through internal audits for various aspects of health and safety measures and related working conditions. |
| Health and safety practices |  |

- P2 P3 P4 P5 P6 P7 P8 P9 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

No corrective actions pertaining to above mentioned parameters was necessitated by BFL Group during the year under review.

### Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of employees (Y/N)?  
Yes.

BFL Group companies extend various support and compensatory package in the event of death of permanent employees. Some of these include full month's pay with recovery waivers, iCare fund release, Group Term Life insurance assured amounts, etc. Further various additional benefits were provided for COVID related deaths ranging from medical expense reimbursement, monetary assistance for 48 months to family members, facilitating children education upto the age of 21 years, employment opportunity for spouse where suitable, etc.

Additional details with respect to the same are provided in Human Capital Management Section of BRSR.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

BFL Group strives to influence its partners in the value chain to participate in the responsible and sustainable business conduct depending upon their means and resources. Having said that, there are multiple measures to ensure that statutory dues have been deducted and deposited by them which include contractual commitments, review / audit of value chain partners, seeking confirmations of compliance, etc, which depend on the nature of product / services rendered.

3. Provide the number of employees having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| <b>Total no. of affected employees</b> |               | <b>No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment</b> |               |
|--|---------------|--|---------------|
| <b>Category</b>                        | <b>FY2022</b> | <b>FY2021</b>  | <b>FY2022</b> |
| Employees                              | NIL           | NIL  | NIL           |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

The Company has retirement policy in place which aims to define terms of retirement for employees and the subsequent engagement opportunities with Company. BFL Group invests significant time and resources in the training and development of its employees, help them stay ahead of latest trends and technology. With such trainings, most employees are skilled and tend to be employable upon retirement / termination.

5. Details on assessment of value chain partners:

**% of value chain partners  
(by value of business done with such partners) that were assessed**

|                             |  |
|-----------------------------|--|
| Health and safety practices | BFL Group expects all its value chain partners to follow extant regulations, including health and safety practices and working conditions. |
| Working Conditions          |  |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

In absence of any significant risks / concerns, no corrective action plan has been necessitated.



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## **PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

### **Essential Indicators**

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

Individual or group concerned or interested with or impacted by the activities of the businesses and vice-versa or adds value to the business chain, now or in the future are identified as key stakeholder by the Company. Based on the this the key stakeholders identified by the Company are its customers, investors, lenders, depositors, government, shareholders, regulators, value chain partners, employees and the society.

BFL understands the impact of its policies, decisions, products & services and associated operations on the stakeholders. In line with its policies, practices and processes, BFL engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and if warranted takes corrective measures.

The Company also engages with relevant stakeholders for enhancing the sustainable and responsible business practices

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| <b>Stakeholder Group</b>  | <b>Whether identified as Vulnerable and Marginalised Group (Yes / No)</b> | <b>Channels of communication (Email, SMS, Newspaper, Pamphlets, Adveartisement, Community Meetings, Notice Board, Website), Other</b>   | <b>Frequency of engagement (Annually / Half yearly / Quarterly / others - please specify)</b> | <b>Purpose and scope of engagement including key topics and concerns raised during such engagement</b>   |
|---------------------------|---|---|---|--|
| Shareholder and Investor  | No  | Multiple channels – physical and digital including quarterly investor presentations, press releases and communications through stock exchanges, participation in investor conferences, etc. | Frequent and need-based   | To inform about the performance, major developments and other relevant updates regarding the Company and its subsidiaries.   |
| Customer                  | No  | Multiple channels – physical and digital  | Frequent and need-based   | Servicing throughout the lifecycle of the customer and address queries / grievances that the customer may have.  |
| Government and Regulators | No  | Multiple channels – physical and digital  | Need-based  | To provide timely recommendations/ feedback on draft policies, representations before regulators and associations for advancement and improvement of financial services industry in India. |
| Employees                 | No  | Multiple channels – physical and digital  | Daily   | To create a thriving, safe and inclusive workplace for its employees and providing merit-based opportunities for professional development and growth                                       |
| Value Chain Partners      | No  | Multiple channels – physical and digital including in-person meetings, emails, performance discussions, trainings, company policy/process communication, periodical meets/conferences, etc  | Frequent and need based   | To enhance the access and understanding of relevant and financial products and services of the Company.  |
| Society                   | Yes   | Multiple channels – physical and digital.   | Frequent and need-based   | To promote social welfare activities for inclusive growth, fair and equitable development and well-being of society through our business functioning                                       |



**Leadership Indicators**

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company along with its subsidiaries to the extent considered necessary and permitted by regulations, ensures transparent communication and access to relevant information about its decisions that impact relevant stakeholders, keeping in mind the need to protect confidential competitive plans and information.

Engagement with stakeholders is a continuous process, as part of BFL Group's business activities. Such engagement is generally driven by the responsible business functions, with senior executives also participating based on the need of the engagement. The BoD are updated on various developments arising out of such engagement and they provide their guidance / inputs on such matters.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Continuous engagement with stakeholders helps in aligning expectations, thereby enabling BFL Group to better serve its stakeholders.

The Company personnel interact with various stakeholders to understand the evolution and relevance of ESG topics, their impact and expectations from the Company. Based on such interactions, BFL has over last few years enhanced its reporting on business responsibility and has also started certain new initiatives. The Company believes that it is still learning the evolving aspects of ESG and lays significant importance to such interactions.

For example, during the year, BFL has adopted an Environmental Policy thereby committing not to extend fund through its commercial lending business for specified lines of businesses and specific activities.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Company through its CSR policy has taken up at the various initiatives and activities across work centres and locations of the company, for the benefit of different segments of the society, with focus on the marginalized, poor, needy, deprived, under-privileged and differently abled persons.

## **PRINCIPLE 5: Businesses should respect and promote human rights**

### **Essential Indicator**

1. Employees who have been provided training on human rights issues and policy(ies) of the entity:

Any employee who works for any BFL Group company must adhere to the commitment of BFL Group to integrity and ensure following the principles laid down in CoEPC which amongst other things includes principles of mutual respect, privacy, equal opportunities and non-discrimination, health, safety and environment, sexual harassment.

Our commitment to employees' rights is enshrined in the Employee Charter - Human Rights Statement of BFL Group- which sets out what employees can reasonably expect from the company (Employee Rights) and the responsibilities and qualities that are expected from them while performing their duties (Employee Responsibilities). It also lays down the principles of equal opportunity and non-discrimination, anti-corruption and bribery, prohibition of forced and child labour, transparency, safe healthful and harassment-free workplace, amongst others.

BFL runs ESG awareness programs for its employees to create awareness on ESG initiatives (including human rights) for its employees through use of social media as well as internal communication channels-Intranets, bulletins etc.

2. Details of minimum wages paid to employees, in the following format:

| Category                   | FY2022       |                          |            |                           | FY2021       |                          |            |                           |
|----------------------------|--------------|--------------------------|------------|---------------------------|--------------|--------------------------|------------|---------------------------|
|                            | Total<br>(A) | Equal to Minimum<br>Wage |            | More than<br>Minimum Wage | Total<br>(D) | Equal to Minimum<br>Wage |            | More than<br>Minimum Wage |
|                            |              | No.<br>(B)               | %<br>(B/A) |                           |              | No.<br>(E)               | %<br>(E/D) |                           |
| <b>Permanent Employees</b> |              |                          |            |                           |              |                          |            |                           |
| Male                       | 33,982       | 354                      | 1%         | 33,628                    | 99%          | 27,526                   | 119        | 0%                        |
| Female                     | 1,443        | 34                       | 2%         | 1,409                     | 98%          | 1,022                    | 14         | 1%                        |
|                            |              |                          |            |                           |              |                          |            |                           |
|                            |              |                          |            |                           |              |                          |            |                           |



- P1 3. Details of remuneration/salary/wages, in the following format:

|                                   |        | Male   |                                    | Female |                                    |
|-----------------------------------|--------|--------|------------------------------------|--------|------------------------------------|
|                                   |        | Number | Median remuneration<br>₹ in crore) | Number | Median remuneration<br>₹ in crore) |
| BoD – Non-Executive Directors     | 11     | 0.28   | 1                                  | 0.21   |                                    |
| BoD – Executive Directors         | 1      | 25.32  | NA                                 | NA     |                                    |
| KMPs (excluding BoD)              | 4      | 4.81   | NA                                 | NA     |                                    |
| Employees other than BoD and KMPs | 42,341 | 0.06   | 1,807                              | 0.08   |                                    |

- P2 P5 P6 P7 P8 P9 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues

While BFL Group aims to not have a situation that leads to any grievance; should such a situation arise, BFL Group has a well-defined grievance redressal mechanism for its employees. A formal grievance mechanism is available to all employees, to report or raise their concerns confidentially and anonymously, without fear of any retaliation.

BFL Group regards respect for human rights as one of its fundamental and core values and strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed.

BFL Group believes that every workplace shall be free from violence, harassment, intimidation and/or any other unsafe or disruptive conditions, either due to external or internal threats. Accordingly, BFL Group has aimed to provide reasonable safeguards for the benefit of employees at the workplace, while having due regard for their privacy and dignity. BFL Group also has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological or verbal abuse. As a matter of policy, BFL Group does not hire any employee or engage with any agent or vendor against their free will.

Across BFL Group, Designated Ethics Officer at each of the companies deals with the issues. BFL Group employees must promptly report any violation of CoEPC to their manager and to the Ethics Officer.

6. Number of Complaints on the following made by employees:

|                                      | FY2022                   |  |         | FY2021                   |  |         |
|--------------------------------------|--------------------------|--|---------|--------------------------|--|---------|
|                                      | Filed during<br>the year | Pending<br>resolution<br>at the end<br>of year | Remarks | Filed during<br>the year | Pending<br>resolution<br>at the end<br>of year | Remarks |
| Sexual Harassment                    | 3                        | 0  |         | 1                        | 0  | -       |
| Discrimination at<br>workplace       | 0                        | 0  | -       | 0                        | 0  | -       |
| Child labour                         | 0                        | 0  | -       | 0                        | 0  | -       |
| Forced labour/<br>Involuntary labour | 0                        | 0  | -       | 0                        | 0  | -       |
| Wages                                | 0                        | 0  | -       | 0                        | 0  | -       |
| Other human rights<br>related issues | 0                        | 0  | -       | 0                        | 0  | -       |

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

A formal grievance mechanism is available to all employees to report or raise their concerns confidentially and anonymously, without fear of retaliation, along with mechanism to consult on ethical issues through the explicit means provided by CoEPC, Employee Charter - Human Rights Statement, Disciplinary Action Committee reviews, Whistle Blower and Vigil Mechanism policies. BFL Group prohibits retaliation against any employee who reports in good



P1 faith any suspected or potential violation of the CoEPC of the Company which includes aspects of discrimination and harassment.

P2 It is the duty of every employee to report instances of possible CoEPC violations that they are aware of. At BFL Group, P3 sharing a possible concern about the code honestly and in good faith, even if it turns out to be unfounded – is never P4 an excuse for any kind of retaliation. The Ethics Officers will ensure CoEPC investigations are conducted in a fair P5 and confidential manner and that there will not be any adverse impact on employees who highlight possible CoEPC violations in good faith.

P6 BFL also prohibits retaliation for using any of BFL's complaint reporting procedures, if made in good faith, or for filing, P7 testifying, assisting, or participating in any investigation conducted by a government enforcement agency.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

BFL Group appreciates the inherent, universal, indivisible, inalienable and interdependent nature of human rights. BFL Group strives to percolate these values, through its policies, at all levels in the organization.

**9. Assessments for the year:**

**% of your plants and offices that were assessed  
(by entity or statutory authorities or third parties)**

Child labour

Forced/involuntary labour

Sexual harassment

Discrimination at workplace

Wages

Others – please specify

BFL Group is in compliance with the laws, as applicable.

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above**

No corrective actions pertaining to Question 9 was necessitated by BFL Group during the year under review.

**Leadership Indicators:**

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**  
There have been no significant human rights grievances / complaints warranting modification / introduction of business processes.

**2. Details of the scope and coverage of any Human rights due diligence conducted.**

Not Applicable

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

As a principle the Company and its subsidiaries through Employee Charter - Human Rights Statement prohibits discrimination against any person with disability in any matter related to employment. Further, BFL Group has Equal Employment Opportunity and Non-Discrimination Policy which endeavours to take action to ensure that a conducive environment is provided to employee/persons with disabilities to perform their role and excel in the same. The said policy takes into consideration the requirements of Right of Person with Disabilities Act, 2016 and Transgender persons (Protection of Rights) Act 2019.

Corporate offices of BFL Group companies have ramps for easy movement and wheelchair accessible restrooms for specially abled people.



- P1 4. Details on assessment of value chain partners:

| <b>% of value chain partners<br/>(by value of business done with such partners) that were assessed</b> |  |
|--|--|
| Sexual Harassment  | BFL Group expects and strives to influence its value chain partners to adhere to the same values, principles and business ethics upheld by BFL Group in all their dealings. No specific assessment in respect of value chain partners has been carried out, other than certain elements covered in annual review of processes and controls of select sample of value chain partners by the Company and its subsidiaries. |
| Discrimination at workplace  |  |
| Child labour   |  |
| Forced labour/Involuntary labour   |  |
| Wages  |  |
| Others – please specify  |  |

- P7 5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above

P8 No corrective actions pertaining to Question 4 was necessitated by the Company during the year under review.

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## **PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

### **Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| <b>Parameter</b>                             | <b>Unit of measurement</b> | <b>FY2022</b> | <b>FY2021</b> |
|--|----------------------------|---------------|---------------|
| Total electricity consumption (A)            | Gigajoules                 | 85,022        | 79,489        |
| Total fuel consumption (B)                   | Gigajoules                 | 2,218         | 1,947         |
| Energy consumption through other sources (C) | Gigajoules                 | 145           | -             |
| <b>Total energy consumption (A+B+C)</b>      | <b>Gigajoules</b>          | <b>87,385</b> | <b>81,436</b> |

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No)  
If yes, name of the external agency.

During the year, energy indicators were verified as part of emission accounting by DNV Business Assurance India Private Limited - for FY2021 and FY2022

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not applicable

3. Provide details of the following disclosures related to water, in the following format:

BFL and its subsidiaries' usage of water is restricted to human consumption purposes only. Given that most offices/branches of BFL Group are present in shared premises, total freshwater consumption is not accounted. Efforts have been made to ensure that water is consumed judiciously in the office/branch premises.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Not Applicable



- P1 6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| <b>Parameter</b>   | <b>Unit</b>   | <b>FY2022</b> | <b>FY2021</b> |
|--|---|---------------|---------------|
| Total Scope 1 emissions<br>[a] LPG used for cooking, b) diesel generators, c) company owned vehicles, d) CO2 release due to use of fire extinguishers and e) Refrigerant release in air conditioners and refrigerators.] | (tCO2e)   | 8,342.40      | 6,804.99      |
| Total Scope 2 emissions<br>[Purchased electricity from the grid] (Net of captive solar power consumption)  | (tCO2e)   | 18,616.12     | 17,401.64     |
| Total Scope 1 and Scope 2 emissions  | (tCO2e)   | 26,958.52     | 24,206.63     |
| Total Scope 1 and Scope 2 emissions per crore of consolidated Total Revenue from Operations  | Per Crore of Consolidated Total Revenue from Operations | 0.85          | 0.91          |
| Total Scope 1 and Scope 2 emissions per crore of consolidated Total Loan Portfolio   | Per Crore of Consolidated Total Loan Portfolio          | 0.14          | 0.17          |

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No)  
If yes, name of the external agency.

Yes. During the year, the assessment was carried out by DNV Business Assurance India Private Limited for FY2021 and FY2022. Refer section [Independent Verification statement](#).

- P6 7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

BFL has undertaken various projects on environmental sustainability such as:

**Reducing paper consumption:** It has been an endeavour of BFL over last many years to keep reducing paper consumption across all its business operations.

**Rooftop Solar Panel Generation:** BFL is endeavouring to reduce its own GHG emissions pertaining to its office activities through installation of rooftop solar power generation capacity. Rooftop solar power plants with an installed capacity of 69.6 KWP have been commissioned during the year.

**Environmental Policy:** During the year, BFL has adopted an Environmental Policy thereby committing not to extend fund through its commercial lending business for specified lines of businesses and specific activities.

**Ozone-friendly air conditioners:** Installed ozone-friendly air conditioners manufactured with R32 refrigerant – resulting in 68% lower carbon emission.

**Recycled tissue papers:** Usage of recycled tissue papers at its corporate offices.

**E-waste:** E-waste policy encompassing safe disposal and handing over of e-waste to certified handlers for proper disposal.

- P7 8. Provide details related to waste management by the entity:

| <b>Parameter</b> | <b>FY2022 (in metric tonnes)</b> |
|------------------|----------------------------------|
| E-waste          | 7.5                              |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

E-waste recycling is carried out by various e-waste handlers across all offices of BFL Group. BFL has received green certificate for disposal of e-waste.

- P8 9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Given the nature of the business, there is no usage of hazardous and toxic chemicals by BFL Group companies. BFL Group has systems in place to manage e-waste and engages with certified e-waste handlers for disposal of e-waste.



P1      Approximately 7.5 Metric Tonne of e-waste generated has been disposed through authorised recyclers in FY2022. BFL has received green, disposable and re-cycling certificates from the respective e-waste handlers.

- P2      10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

P3      No

- P4      11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

P5      Not applicable

- P6      12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

P7      Based on the nature of business, BFL Group is in compliance with applicable environmental norms.

### **Leadership Indicators**

- P8      1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

| Parameter   | Unit of measurement | FY2022        | FY2021        |
|---|---------------------|---------------|---------------|
| <b>From renewable sources</b>   |                     |               |               |
| Total electricity consumption (A) *   | Gigajoules          | 145           | -             |
| <b>From non-renewable sources</b>   |                     |               |               |
| Total electricity consumption (B)   | Gigajoules          | 85,022        | 79,489        |
| Total fuel consumption (C)  | Gigajoules          | 2,218         | 1,947         |
| <b>Total energy consumed from renewable and non-renewable sources (A+B+C)</b> | Gigajoules          | <b>87,385</b> | <b>81,436</b> |

\* Rooftop Solar power plants with an installed capacity of 69.6 kwp have been commissioned during the year.

Same as BFS format:Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

During the year, energy indicators were verified as part of emission accounting by DNV Business Assurance India Private Limited for FY2021 and FY2022

- P9      2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter  | Unit  | FY2022   | FY2021   |
|--|---|----------|----------|
| <b>Total Scope 3 emissions</b>   | (tCO2e)   | 5,798.95 | 2,466.71 |
| [a) Purchased goods and services; b) Fuel and energy related activities;<br>c) Upstream transportation of products; d) Waste generated in operations;<br>e) Business travel; f) Employee commute; g) Upstream leased assets;<br>h) Downstream transportation & distribution; i) End of life treatment] |   |          |          |
| Total Scope 3 emissions per crore of consolidated Total revenue from Operations  | Per Crore of Consolidated Total Revenue from Operations | 0.18     | #0.09    |
| Total Scope 3 emissions per crore of consolidated Total Loan Portfolio   | Per Crore of Consolidated Total Loan Portfolio          | 0.03     | 0.02     |

# Scope 3 emission per crore of consolidated total revenue from operations for FY2021 is not representative of BFL Group's operations considering the impact of Covid related lockdown / restrictions.



- P1 Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
- P2 Yes. Independent Limited assurance has been carried out by DNV Business Assurance India Private Limited for FY2021 and FY2022, during the year. Refer xxx for Independent Verification Statement.
- P3
- P4
- P5
- P6
- P7
- P8 3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.
- P9 Not Applicable
- P6 4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives:
- P8 Please refer to response provided at Q. 3, 7 and 9 of the essential indicators above.
- P9 5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.
- Yes. The Company has business continuity strategy and framework which is also compliant with applicable regulatory requirements. BCP envisages the likely disruptive events, their probability and impact on business operations which is assessed through business impact analysis. These aim to eliminate or minimise any potential disruption to critical business operations. The BCP includes Disaster Recovery procedures to quickly recover from an emergency. Annual BCP drills are conducted to ensure that the BCP is effective given the current nature of business processes, infrastructure, personnel, etc. For more details refer Section on "[Information security, cyber security and fraud controls](#)" of Sustainability report.
6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.
- Given the nature of the business, there has been no adverse impact to the environment.
7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.
- Not Applicable

## **PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

### **Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations.  
BFL through its parent company i.e BFS is member of various trade and industry chambers, associations, councils and such other collective platforms ('forums'). It proactively contributes to the discussions and resolutions within the scope of these forums.
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.  
None
2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.  
No corrective action was necessitated by the Group during the year under review.

### **Leadership Indicators**

1. Details of public policy positions advocated by the entity:  
BFL keenly participates in putting forward its views on the setting of new industry standards or regulatory developments pertaining to the NBFC sector. While making recommendations, BFL attempts to balance the interest of various stakeholders.



P1 It maintains regular engagement with the Government agencies and regulators and stands committed to providing timely and accurate information, suggestions and recommendations, feedback on draft policies, etc. as and when required. This also enables BFL to understand their areas of focus and concerns.

P2 P3 P4 P5 P6 P7 P8 P9 BFL engages in public and regulatory policy development process by providing suggestions on draft notifications, and interactions with various bodies / regulators on matters significant to industry and society at large. BFL also makes recommendations to various regulators in the larger interest of the industry. All interactions with the Government and regulators are done by authorised officials of the respective company.

BFS (Parent Company) is a member of World Economic Forum and Confederation of Indian Industries (CII), through which it actively engages in policy advocacy. These engagements are overseen by Mr. Sanjiv Bajaj, Chairman & Managing Director of the Company, also, the President of CII with effect from May 2022.

## **PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

### **Essential Indicator**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:

No project was required to be assessed for their impact during the year under the regulatory requirement. However, BFL Group uses social sector experts and independent professionals to conduct social and financial assessments of the projects. These assessments help in early identification and mitigation of risks to the concerned projects. During the year, 11 projects underwent a third-party review on various aspects. BFL Group further endeavours to expand the coverage of assessments by external agencies to more organisations in the coming years.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

BFL Group has various mechanisms to receive and redress grievances of various stakeholders. Details of such mechanisms and policies is detailed CSR policy disclosed on the website. Please refer to Empowering Society section in BRSR.

4. Input material sourced from suppliers:

(₹ in crore)

|  | <b>FY2022</b> | <b>FY2021</b> |
|--|---------------|---------------|
| Directly sourced from MSMEs/ small producers | 231.00        | 84.40         |

### **Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies-

None

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)

(b) From which marginalised /vulnerable groups do you procure?

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable



- P1 4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

P2 Not applicable

- P3 5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

P4 No corrective actions pertaining to above mentioned parameters was necessitated by BFL Group during the year under review.

- P5 6. Details of beneficiaries of CSR Projects:

P6 Numbers in thousands

| <b>Theme</b>                        | <b>Total Beneficiaries</b> | <b>Beneficiaries of Children focussed projects included in Total Beneficiaries</b> | <b>Beneficiaries of Women focussed projects included in Total Beneficiaries</b> |
|-------------------------------------|----------------------------|--|---|
| <b>Health</b>                       | <b>590</b>                 | <b>75</b>  | <b>157</b>  |
| COVID vaccination *                 | 291                        | -  | -   |
| Meal supplements and ration baskets | 163                        | 6  | 157   |
| Medical treatment, care and support | 63                         | 6  | -   |
| Surgeries                           | 62                         | 62   | -   |
| Health awareness programmes         | 11                         | 1  | -   |
| <b>Education</b>                    | <b>61</b>                  | <b>17</b>  | <b>-</b>  |
| Awareness programmes                | 28                         | 1  | -   |
| Education facilities                | 14                         | 14   | -   |
| Health awareness programmes         | .11                        | -  | -   |
| Capacity Building of Organizations  | 8                          | 2  | -   |
| <b>Livelihood</b>                   | <b>40</b>                  | <b>20</b>  | <b>20</b>   |
| Empowering for employment           | 22                         | 2  | 20  |
| Rehabilitation and resettlement     | 18                         | 18   | -   |
| <b>Grand Total</b>                  | <b>692</b>                 | <b>112</b>   | <b>177</b>  |

- The beneficiaries are for active projects and not necessarily for the year
- \* Mega Vaccination drive administered over 1 million doses of COVID-19 vaccine to the beneficiaries in Pune and Aurangabad region by Bajaj Group
- Beneficiaries are from vulnerable and marginalised groups, as all the CSR initiatives and activities taken up at the various work centres and locations benefit different segments of the society, with focus on the marginalized, poor, needy, deprived, under-privileged and differently abled persons.

For more details on the CSR initiatives undertaken during the year, refer "[Empowering Society](#)" section



## **PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

### **Essential Indicator**

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Timely and appropriate customer grievance redressal is imperative. In fact, we aim to reduce the grievances learning from our experiences, through root cause analysis. BFL Group's dealings with its customers are professional, fair and transparent. BFL Group has a robust customer services governance framework and same are enumerated under the section of "Customer Obsession".

#### 2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information

Transparency and fairness in dealings with customers is followed across BFL Group. None of the products withhold any relevant information needed by the customers to make informed decisions.

#### 3. Number of consumer complaints in respect of the following:

|                             | FY2022                   |                                   |         | FY2021                   |                                   |         |
|-----------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
|                             | Received during the year | Pending resolution at end of year | Remarks | Received during the year | Pending resolution at end of year | Remarks |
| Data Privacy                |                          |                                   |         |                          |                                   |         |
| Advertising                 |                          |                                   |         |                          |                                   |         |
| Cyber-Security              | NIL                      | NIL                               | None    | NIL                      | NIL                               | None    |
| Restrictive Trade Practices |                          |                                   |         |                          |                                   |         |
| Unfair Trade Practices      |                          |                                   |         |                          |                                   |         |
| Others                      | 2,284                    | NIL                               | None    | 7,060                    | NIL                               | None    |

Some of the initiatives in this regard are:

- BFL Group companies, through their charters, policies etc, communicate customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable. These emphasise our commitment to fair practices by maintaining transparency in products and services offered.
- Dedicated customer complaint reduction units are in place, to review the grievance redressal mechanism under oversight of the Boards of respective material subsidiaries.
- Customer grievances are also reviewed with focus on identification of root cause, corrective action plans and customer service initiatives.

#### 4. Details of instances of product recalls on account of safety issues.

Not Applicable.

#### 5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

BFL has adopted an information security framework to establish, implement, monitor and constantly improve its information security posture. We focus on privacy of customer information and data security. The Company has Data Privacy Policy in place and same is available on the website of the Company. The Company is compliant with ISO 27001:2013 Information security management system. The Company also complies with the applicable regulatory framework and guidelines (viz. RBI's Master Direction – Information Technology Framework for the NBFC Sector. For more details please refer to section on "Information security, cyber security and fraud controls".

#### 6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

No penalties/regulatory action has been levied or taken on the above-mentioned parameters.



P1

**Leadership Indicators**

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

BFL envisages to be an omnipresent financial company that will enable our existing and new customer to engage, transact and be serviced online to offline and vice versa.

Information relating to various financial services provided by the BFL Group is available on the website, <https://www.bajajfinserv.in/corporate-bajaj-finserv#more>.

Further, please refer to "Customer Obsession" section for the same.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

As a responsible corporate citizen, it is imperative to not just do business with customers, but also educate them and make them more aware of what could be good or bad for them, frauds, addressing their questions on financial products, etc.

The Company and its subsidiaries has a mechanism to inform customers on usage of products offered. Continuous and contextual communication across the customer lifecycle through - press releases, yearly customer engagements, company website and blogs, social media campaigns, use of video content, awareness campaigns during the pandemic, feature based audio-visual content for ease of understanding, etc. have helped us to educate and create awareness amongst our customers and society at large.

Further, please refer to Customer Obsession section for the same.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

Tech-led seamless customer experiences have been the hallmark of our businesses. Each business is unique and so is its approach towards enhancing customer experience. But the core objectives that tie them together stay the same – simplification of processes, ease of use and quick and appropriate response. The importance of **information security, cyber security and fraud controls** cannot be over-emphasised in this technological age. The need for robust control over these areas find a dominant place in our information technology framework. These controls obviate disruptions and security threats endangering loss of customer data and disruption in business operations.

BFL Group has business continuity strategy and framework in place. Business Continuity Plan (BCP) envisages the likely disruptive events, their probability and impact on business operations which is assessed through business impact analysis

During the year, there were no major disruptions of critical services of BFL Group. Owing to COVID-19 related disruptions, customers were intimated of the same through the call centres, electronic communications or through BFL Group's website. The online portals also ensured that customers could continue to be served during the lockdowns.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/ No/Not Applicable) If yes, provide details in brief.**

Transparency and fairness in dealings with customers is followed across BFL Group. None of the products withhold any relevant information needed by the customers to make informed decisions.

BFL Group companies through their charters, policies, etc. communicate the customer rights, company commitments, grievance redressal mechanism and ombudsman scheme, as applicable which emphasise our commitment to fair practices by maintaining transparency in products and services offered.

5. **Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes. BFL has adopted Net Promoter Score (NPS) as a mechanism to gauge customer experience including collections processes. 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 planning process.

6. **Provide the following information relating to data breaches:**

a. **Number of instances of data breaches along-with impact -** None

b. **Percentage of data breaches involving personally identifiable information of customers –** None. BFL Group has not witnessed any instances of data breaches during the year.



## Principle-wise policies

| Sr. No | Principle wise Policies   | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|---|----|----|----|----|----|----|----|----|----|
| 1      | Responsible and Sustainable Business Conduct Policy#  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  |
| 2      | Environmental Policy#   | ✓  | ✓  |    | ✓  |    | ✓  | ✓  | ✓  | ✓  |
| 3      | Code of Conduct to regulate, monitor and report trading by designated persons*                            | ✓  |    |    |    |    |    |    |    |    |
| 4      | Fair practices code#  | ✓  |    | ✓  |    |    |    |    |    | ✓  |
| 5      | Prevention of sexual harassment at workplace#   | ✓  |    | ✓  |    | ✓  |    |    |    |    |
| 6      | Disciplinary action and grievance redressal#  | ✓  |    | ✓  |    | ✓  |    |    |    |    |
| 7      | Code of conduct for Direct selling agents, Direct Marketing Agents and Recovery Agents#                   | ✓  |    |    | ✓  |    |    |    |    | ✓  |
| 8      | Code for independent directors*   | ✓  |    |    |    |    |    |    |    |    |
| 9      | Code of Conduct for directors and members of senior management#   | ✓  |    |    |    |    |    |    |    |    |
| 10     | Policy for dealing with Frauds*   | ✓  |    |    |    |    |    |    |    | ✓  |
| 11     | Information Security Management policy*   | ✓  |    |    |    |    |    |    |    | ✓  |
| 12     | Information Security Management policy – Payments Systems*  | ✓  |    |    |    |    |    |    |    | ✓  |
| 13     | Cyber security policy*  | ✓  |    |    |    |    |    |    |    | ✓  |
| 14     | Data Privacy Policy#  | ✓  |    |    |    |    |    |    |    | ✓  |
| 15     | Outsourcing policy*   | ✓  |    |    |    |    |    |    |    | ✓  |
| 16     | Vigil and whistle blower policy#  | ✓  |    | ✓  |    | ✓  |    |    |    |    |
| 17     | Know Your Customer Policy*  | ✓  |    |    |    |    |    |    |    | ✓  |
| 18     | Corporate Social Responsibility (CSR) Policy#   | ✓  |    | ✓  |    |    |    |    | ✓  |    |
| 19     | Policy for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information*          | ✓  |    |    |    |    |    |    |    |    |
| 20     | Code of practices and procedures for fair disclosure and unpublished price sensitive information (UPSI)*. | ✓  |    |    |    |    |    |    |    |    |
| 21     | Policy on Materiality of Related Party Transaction policy#  | ✓  |    |    |    |    |    |    |    |    |
| 22     | Policy for determination of materiality for disclosure of events or information#                          | ✓  |    |    |    |    |    |    |    |    |
| 23     | Interest Rate Policy#   | ✓  |    | ✓  |    |    |    |    |    | ✓  |
| 24     | Policy on Fit and proper criteria for directors*  | ✓  |    |    |    |    |    |    |    |    |
| 25     | Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors#                | ✓  |    |    |    |    |    |    |    |    |
| 26     | Code of Ethics and Personal Conduct#  | ✓  |    | ✓  |    |    |    |    |    |    |
| 27     | Mind Your Behavior*   | ✓  |    | ✓  |    | ✓  |    |    |    |    |
| 28     | Equal employment opportunity and non-discrimination#  | ✓  |    | ✓  |    | ✓  |    |    |    |    |
| 29     | Corporate Communication Policy*   | ✓  |    | ✓  |    | ✓  |    |    |    | ✓  |
| 30     | Employee Charter – Human Rights*  | ✓  |    | ✓  |    | ✓  |    | ✓  |    | ✓  |



## Principle-wise policies (Contd.)

| Sr. No | Principle wise Policies   | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|---|----|----|----|----|----|----|----|----|----|
| 31     | IJP policy*   |    |    | ✓  |    |    |    |    |    |    |
| 32     | Auto Promotion Policy*  |    |    | ✓  |    |    |    |    |    |    |
| 33     | Recognition Policy*   |    |    | ✓  |    |    |    |    |    |    |
| 34     | iCare Policy*   |    |    | ✓  |    |    |    |    |    |    |
| 35     | Employee and parental insurance policy*   |    |    | ✓  |    |    |    |    |    |    |
| 36     | Creche policy*  |    |    | ✓  |    |    |    |    |    |    |
| 37     | Staff welfare & team engagement Policy*   |    |    | ✓  |    |    |    |    |    |    |
| 38     | Leaders as trainer policy*  |    |    | ✓  |    |    |    |    |    |    |
| 39     | Fortnightly salary advance*   |    |    | ✓  |    |    |    |    |    |    |
| 40     | Money on call*  |    |    | ✓  |    |    |    |    |    |    |
| 41     | Dividend Distribution Policy#   | ✓  |    |    | ✓  |    |    |    |    |    |
| 42     | Board Diversity Policy*   | ✓  |    |    |    |    |    |    |    |    |
| 43     | Fraud Detection Policy*   | ✓  |    | ✓  |    |    |    |    |    | ✓  |
| 44     | Corporate Audit Services (CAS) Risk Based Internal Audit (RBIA) Policy Document*  | ✓  |    |    |    |    |    |    |    |    |
| 45     | Grievance Redressal Mechanism*  | ✓  |    | ✓  |    |    |    |    |    | ✓  |
| 46     | Internal Ombudsman SOP*   | ✓  |    |    |    |    |    |    |    | ✓  |
| 47     | Internal Ombudsman Scheme for Pre-paid Payment Instruments (PPIs)*                | ✓  |    |    |    |    |    |    |    | ✓  |
| 48     | Customer Protection & Grievance Redressal Policy for Prepaid Payment Instruments* | ✓  |    | ✓  |    |    |    |    |    | ✓  |
| 49     | Sustainable Business Strategy Framework*  | ✓  |    | ✓  | ✓  |    |    |    |    | ✓  |
| 50     | Policy for Monitoring End-Use of Funds*   | ✓  |    |    |    |    |    |    |    |    |
| 51     | Record maintenance and retention policy*  | ✓  |    |    |    |    |    |    |    |    |
| 52     | Risk Management Policy*   | ✓  |    |    |    |    |    |    |    |    |
| 53     | Investment & Market Risk Policy*  | ✓  |    |    |    |    |    |    |    |    |
| 54     | Asset Liability Management Policy*  | ✓  |    |    |    |    |    |    |    |    |
| 55     | Business Continuity Management Policy*  | ✓  |    |    |    |    |    |    |    |    |
| 56     | Policy on dealing in securities of group companies*                               | ✓  |    |    |    |    |    |    |    |    |
| 57     | Remuneration policy*  | ✓  |    | ✓  |    | ✓  |    |    |    |    |
| 58     | Password procedure policy*  | ✓  |    |    |    |    |    |    |    |    |
| 59     | Online Security*  | ✓  |    |    | ✓  |    |    |    |    | ✓  |
| 60     | 30 under 30*  |    |    |    | ✓  |    |    |    |    |    |
| 61     | Retirement Policy*  |    |    |    | ✓  |    |    |    |    |    |

\* internal document; # accessible to public



## Mapping UN SDG Goals

**We have mapped our initiatives under the BRSR principles to the United Nations Sustainable Development Goals**

Principle 1 : Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.



Principle 2 : Businesses should provide goods and services in a manner that is sustainable and safe



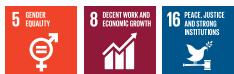
Principle 3 : Businesses should respect and promote the well-being of all employees, including those in their value chains



Principle 4 : Businesses should respect the interests of and be responsive to all its stakeholders



Principle 5 : Businesses should respect and promote human rights



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



Principle 7 : Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



Principle 8 : Businesses should promote inclusive growth and equitable development



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



ESG initiatives



Statutory reporting

## INDEPENDENT GREENHOUSE GAS VERIFICATION STATEMENT

### **Introduction**

DNV Business Assurance India Private Limited ('DNV') has been commissioned by the management of Bajaj Finance Limited ('the Company' or 'Bajaj Finance Limited', Corporate Identification Number: L65910MH1987PLC042961) to carry out an independent verification of Bajaj Finance Limited's Scope 1, Scope 2 and Scope 3 Greenhouse Gas Emissions (the 'GHG Emissions') data in spreadsheets and for its two (2) subsidiaries for the period 1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021 and 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022. This verification has been carried out as part of the overall work of assurance of Bajaj Finance Limited's Business Responsibility and Sustainability Reporting for FY 2021-22 and other disclosures as applicable.

The Company has prepared its GHG emissions based on the requirements set out in Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised edition) published by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) to calculate its GHG emissions and reported in the Business Responsibility and Sustainability Reporting as mandated under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The verification provides a limited level of customized engagement as per DNV's VeriSustain™ protocol, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised\* for Defining Report Content and Quality. This verification applies a ±5% uncertainty threshold towards errors and omissions.

Bajaj Finance Limited is responsible for the collection, analysis, aggregation, preparation (conversion factors, assumptions, methodology, calculations) and presentation of GHG Emissions as part of its sustainability disclosures. Our responsibility of performing this work is to the management of Company and in accordance with terms of reference agreed with the Company. The verification engagement is based on the assumption that the data provided to us is complete, sufficient, true and free from material misstatements. DNV disclaims any liability or co-responsibility for any decision a person or entity would make based on this verification statement. The verification was carried out from March 2022 to May 2022 by a team of qualified sustainability and GHG assessors.

### **Scope, Boundary and Limitations of Verification**

The scope of work agreed upon with Company includes verification of its GHG emissions as below:

- Scope 1 emissions arising from stationary and mobile combustion of fossil fuels – Diesel and Petrol. Fugitive emissions from the leakage of refrigerants
- Scope 2 emissions arising from consumption of purchased electricity from the grid.
- Scope 3 emissions arising from employee commute, business travel (air, train and road), shared diesel generators, freight goods and hotel stay.

The operational boundary selected for reporting and the consolidation approach is based on operational control criterion adopted by Bajaj Finance Limited and includes the following two subsidiaries in India:

- Bajaj Housing Finance Limited
- Bajaj Financial Securities Limited

We did not come across any limitations to the agreed scope of work except the use of default values to calculate GHG emissions.

### **Verification Methodology**

The verification was conducted by DNV in accordance with the requirements as set out in VeriSustain for a limited level of verification while adopting a risk-based approach and selection of samples. We carried out the following activities:

- Desk review of the Company's emissions data for FY 2020-21 and FY 2021-22 provided in spreadsheets.
- Review of activity data and related evidence maintained in corresponding dashboard systems.
- Interaction with key managers and data owners to review data consolidation systems of the Company and sampled operational sites including reviews of emission factors and assumptions used for calculations.
- Remote verification of activity data and sample evidence related to the sampled offices of Bajaj Finance Limited (Consumer finance & Auto finance)
- Review of the consolidated GHG emissions data in order to calculate the total emission of Bajaj Finance Limited and its subsidiaries with the corresponding environment and sustainability teams.

Due to the outbreak of the COVID-19 pandemic and related travel restrictions, we carried out remote assessments following DNV's remote audit methodology, as one-to-one discussions and onsite location audits were not feasible.

### **Conclusion**

On the basis of our verification methodology and scope of work agreed upon, nothing has come to our attention to believe that the GHG data (absolute emissions) as below are not a correct representation of Bajaj Finance Limited's and its subsidiaries GHG emissions profile during FY 2020-21 and FY 2021-2022:

*The VeriSustain protocol is available on request from [www.dnv.com](http://www.dnv.com)*

*\* Assurance Engagements other than Audits or Reviews of Historical Financial Information.*



| <b>Emissions for FY 2020-21</b>             |                              |                                      |   |
|---|------------------------------|--------------------------------------|---|
| <b>Indicator</b>                            | <b>Bajaj Finance Limited</b> | <b>Bajaj Housing Finance Limited</b> | <b>Bajaj Financial Securities Limited</b> |
| <b>Scope 1 Emissions (tCO<sub>2</sub>e)</b> | 6,370.37                     | 405.52                               | 29.09                                     |
| <b>Scope 2 Emissions (tCO<sub>2</sub>e)</b> | 15,884.54                    | 1,463.25                             | 53.85                                     |
| <b>Scope 3 Emissions (tCO<sub>2</sub>e)</b> | 2,247.18                     | 190.63                               | 28.90                                     |
| <b>Total (tCO<sub>2</sub>e)</b>             | 24,502.09                    | 2,059.40                             | 111.84                                    |

| <b>Emissions for FY 2021-22</b>             |                              |                                      |   |
|---|------------------------------|--------------------------------------|---|
| <b>Indicator</b>                            | <b>Bajaj Finance Limited</b> | <b>Bajaj Housing Finance Limited</b> | <b>Bajaj Financial Securities Limited</b> |
| <b>Scope 1 Emissions (tCO<sub>2</sub>e)</b> | 7,534.01                     | 729.92                               | 78.46                                     |
| <b>Scope 2 Emissions (tCO<sub>2</sub>e)</b> | 16,903.18                    | 1,500.20                             | 212.74                                    |
| <b>Scope 3 Emissions (tCO<sub>2</sub>e)</b> | 5,361.99                     | 389.71                               | 47.25                                     |
| <b>Total (tCO<sub>2</sub>e)</b>             | 29,799.18                    | 2,619.83                             | 338.46                                    |

Note 1: The average retail price of diesel and petrol used for calculating DG set consumption and owned diesel & petrol cars consumption is based on the data provided by Petroleum Planning and Analysis Cell data, Ministry of Petroleum and Natural Gas dated 17-March 2022.

Note 2: The average mileage of Company Owned Vehicles – Diesel for Bajaj Finance Limited is assumed as 11 km / litre.

Note 3: The emission factor associated with all fuel types was obtained from UK Government GHG Conversion Factors for Company Reporting

Note 4: Emissions factors for purchased electricity - Grid Emission factor based on weighted average factor of 0.79 tCO<sub>2</sub>/MWh from the CO<sub>2</sub> Baseline Database for the Indian Power Sector User Guide Version 16.0 March 2021.

#### Summary of Emissions:

| <b>Indicator</b>         | <b>Factors</b>  | <b>Emissions for FY 2020-21 (tCO<sub>2</sub>e)</b> | <b>Emissions for FY 2021-22 (tCO<sub>2</sub>e)</b> |
|--------------------------|---|--|--|
| <b>Scope 1 Emissions</b> | a) LPG used for cooking, b) diesel generators, c) company owned vehicles, d) CO <sub>2</sub> release due to use of fire extinguishers and e) Refrigerant release in air conditioners and refrigerators.   | 6,804.98   | 8,342.39   |
| <b>Scope 2 Emissions</b> | Purchased electricity from the grid   | 17,401.06  | 18,616.12  |
|                          | <b>Total Scope 1 &amp; Scope 2 Emissions</b>  | 24,206.04  | 26,958.51  |
| <b>Scope 3 Emissions</b> | a) Purchased goods and services; b) Fuel and energy related activities; c) Upstream transportation of products; d) Waste generated in operations; e) Business travel; f) Employee commute; g) Upstream leased assets; h) Downstream transportation & distribution; i) End of life treatment | 2,466.71   | 5,798.95   |
|                          | <b>Total Scope 1, Scope 2 &amp; Scope 3 Emissions</b>   | 26,672.75  | 32,757.46  |

#### DNV's Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct<sup>1</sup> during the verification engagement and maintain independence where required by relevant ethical requirements as detailed in DNV VeriSustain. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data except for this Verification Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. DNV did not provide any services to Bajaj Finance Limited and its subsidiaries in the scope of verification during FY 2020-21 and FY 2021-22 that could compromise independence or impartiality of our work.

For DNV Business Assurance India Private Limited,

|  |   |
|--|---|
| <b>Lankalapalli,<br/>Bhargav</b><br><br>Bhargav Lankalapalli<br>Lead Verifier<br>DNV Business Assurance India Private Limited, India. | <b>Vadakepatth,<br/>Nandkumar</b><br><br>Vadakepatth Nandkumar<br>Technical Reviewer<br>DNV Business Assurance India Private Limited, India. |
|--|---|

Mumbai, India, 31<sup>st</sup> May 2022.

DNV Business Assurance India Private Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

<sup>1</sup> [DNV corporate governance & code of conduct - DNV](#)





Corporate Governance



Reaching Financial Services to Millions of Indians and Providing Sustainable and Safe Products and Services



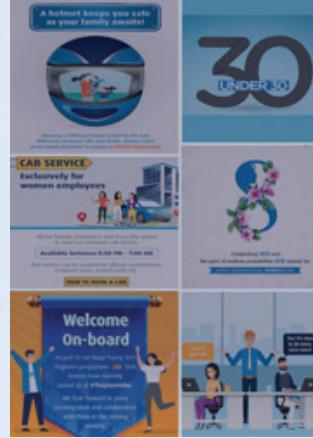
Preserving and Protecting Environment



Empowering Society



Customer Obsession



Human Capital Management



Information Security, Cyber Security and Fraud Controls



Stakeholders' Engagement