

Responsible and Sustainable Business Conduct Policy

Bajaj Housing Finance Limited

April 2022

Contents

A. INTRODUCTION:.....	3
B. SCOPE AND PURPOSE OF THE POLICY:.....	3
C. AUTHORITY AND RESPONSIBILITY:	3
D. EFFECTIVE DATE	4
E. KEY PRINCIPLES OF RESPONSIBLE AND SUSTAINABLE BUSINESS CONDUCT:	4
➤ Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable:	4
➤ Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe:	5
➤ Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains:	6
➤ Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders:.....	7
➤ Principle 5: Businesses should respect and promote human rights:	7
➤ Principle 6: Businesses should respect and make efforts to protect and restore the environment:.....	8
➤ Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent:	8
➤ Principle 8: Businesses should promote inclusive growth and equitable development: 9	
➤ Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner:.....	9
F. AREAS OF FOCUS.....	11

A. INTRODUCTION:

The Company is a part of the Bajaj group – one of the oldest and most respected business houses, the Company recognizes that its responsibility and accountability is not only limited to its investors from a financial perspective but also to the larger society in which it operates.

For sustainable development, the management of the Company will continue its efforts to strike a balance between the economic, social and environmental performance in dealing with various stakeholders of the Company namely its customers, investors, government, regulators, value chain partners, employees and the society. The Company is not a publicly equity listed company, its non – convertible debentures are listed on BSE Ltd.

B. SCOPE AND PURPOSE OF THE POLICY:

This Policy lays out the key principles (also commonly known as Environmental, Social and Governance (ESG) principles), besides serving as a statement of intent, towards achieving a judicial balance between economic, social and environmental commitment to its stakeholders. This policy is formulated in accordance with Regulation 34 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Policy also reiterates the Company intends to abide by the applicable principles laid down in the National Guidelines on Responsible Business Conduct published by the Ministry of Corporate Affairs (“NGRBCs”) while conducting its business.

The Company shall strive to influence its partner in value chain to participate in the responsible and sustainable business conduct depending upon their means and resources.

The Company has enlisted some of its policies, codes etc. (refer Annexure A) which aid in conduct of its business practices/ activities in line with the below key principles.

C. AUTHORITY AND RESPONSIBILITY:

This policy may be reviewed and amended from time to time in line with the changes in the regulatory requirements as well as changes in the Company’s policies / business and all material changes will be placed before the management committee constituted for ESG. Any change during the year, as may be approved by the management committee, will be placed before the Board for consolidated approval once in a year. Implementation of this Policy shall be supervised by management committee comprising Senior Employees of the Company.

D. EFFECTIVE DATE

This Policy shall be effective from March 31, 2022 and shall supersede any prior policy or understanding or statement in this regard.

E. KEY PRINCIPLES OF RESPONSIBLE AND SUSTAINABLE BUSINESS CONDUCT:

The Company shall conduct its business practices/ activities in line with the following key principles which are broadly based on the principles envisaged in the NGRBCs in the interest of social set up, environmental and governance framework:

- **Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable:**
- ❖ The Company shall ensure appropriate governance structures, procedures and practices for ethical conduct at all levels. It shall also strive to promote the adoption of this principle across its value chain.
- ❖ The Company shall, to the extent considered necessary and permitted by regulation, ensure transparent communication and access to relevant information about its decisions that impacts relevant stakeholders.
- ❖ The Company shall not engage in practices that are abusive, corrupt or considered as anticompetitive under applicable laws.
- ❖ The Company shall truthfully discharge its responsibility on financial and other mandatory disclosures.
- ❖ The Company shall be a responsible corporate citizen by promoting social welfare activities and strive to promoting sustainability and minimizing the adverse impact of Company operations on the environment.
- ❖ The Company shall neither practice nor tolerate discrimination based on age, sex, colour, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/Aids) or any other status of individuals unrelated to the individual's ability to perform work.
- ❖ The Company shall maintain accounts and records which reflect the true and fair picture of the Company's business activities in compliance with accepted accounting principles and standards for financial reporting.
- ❖ The Company's dealings with its customers shall be professional, fair and transparent. The Company respects its customers' right to privacy in relation to their personal data. The Company shall safeguard its customers' personal data, in accordance with applicable laws.

- ❖ The Board members and employees shall ensure and take all reasonable measures to protect the confidentiality of non-public information about the Company, its business, customers and other materially significant information obtained or created in connection with any activities with the Company and to prevent the unauthorized disclosure of such information unless required by applicable laws, regulatory process or for any other legitimate purpose.
- ❖ The Board members and employees of the Company shall always act in the interest of the Company and ensure that any business or personal association does not create a conflict of interest with their roles and duties in the Company or its operations.
- ❖ The Board members / employees shall comply with all the applicable laws, rules and regulations.
- ❖ The Company shall ensure timely and complete payment of all undisputed applicable Statutory Dues in the letter and spirit of the laws and regulations governing such payments.
- **Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe:**
 - ❖ The Company being an HFC, neither has a sizable consumption of any raw material nor produces any tangible goods. Its activities are limited to providing financial solutions to serve the financial needs of the customers. The Company shall however continuously strive to reduce its own carbon footprint, by adopting various initiatives and shall endeavor to influence the stakeholders to encourage them to reduce their carbon footprint.
 - ❖ The Company shall make efforts to dispose waste in a responsible manner, including through authorized recyclers.
 - ❖ The Company understands that its employees and customers can play a major role in reducing the environmental impact and thus shall create awareness regarding its various initiatives having a positive environmental impact. The Company shall engage with its employees and encourage them to adopt environment friendly practices.
 - ❖ The Company shall make efforts to initiatives that work towards the conservation of the environment.
 - ❖ The Company shall ensure adherence to all relevant environmental laws and regulations applicable to its business operations.
 - ❖ While designing its products and processes the Company shall endeavor to give due regard to social, ethical and environmental considerations.

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

- ❖ The Company believes that “happy customers start with happy employees”. It is committed to create a thriving, safe and inclusive workplace for all its employees. To achieve this, it drives various employee engagement initiatives.
- ❖ The Company shall provide remuneration and equal opportunities at the time of recruitment as well as during employment irrespective of age, sex, colour, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/Aids) or any other status of individuals unrelated to the individual’s ability to perform work.
- ❖ The Company shall prohibit use of child labour, forced labour or any form of involuntary labour, paid or unpaid.
- ❖ The Company shall ensure timely payment of wages, as per applicable labour laws.
- ❖ The Company shall take cognizance of work-life balance of all its employees, especially that of women, and shall seek to provide appropriate facilities for the employee well-being.
- ❖ The Company shall keep the workplace environment safe, hygienic and humane, upholding the dignity of the employees.
- ❖ The Company shall respect freedom of association as a human right and accept collectivism whenever employees wish to organise themselves.
- ❖ The Company shall ensure continuous upgradation of skill and competence of employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. It shall promote career development through human resource interventions.
- ❖ The Company shall create a harassment free workplace with due systems and practices in place for employees to feel safe and secure while discharging their responsibilities.
- ❖ Endeavors shall be made for adoption of these principles across the value chain.

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

- ❖ The Company shall respect interest of, and be responsive towards all stakeholders namely customers, government and regulators, value chain partners, employees and the society.
- ❖ The Company shall understand the impact of its policies, decisions, products & services and associated operations on the stakeholders. The Company shall engage with its stakeholders and strive to resolve differences with them in a just, fair, equitable and consistent manner and if warranted takes corrective measures.
- ❖ The Company shall make its products and services available to all qualified applicants without discrimination and treat all customers consistently and fairly.
- ❖ The Company, through its Corporate Social Responsibility (CSR) policy, shall continue to drive initiatives towards the benefit of disadvantaged, vulnerable and marginalized stakeholders.
- ❖ The Grievance Redressal Policy of the Company and the feedback mechanism is available for stakeholders to assess the service levels and other complaints shall follow the spirit laid down herein.

➤ **Principle 5: Businesses should respect and promote human rights:**

- ❖ The Company appreciates the inherent, universal, indivisible, inalienable and interdependent nature of human rights. The Company shall strive to percolate these values, through its policies and practices, at all levels in the organization.
- ❖ The Company shall always strive to integrate respect for human rights in management systems, wherever applicable, through assessing and managing human rights impact of operations. Access to grievance redressal mechanisms shall be ensured for all individuals whose human rights are impacted by the Company or its operations.
- ❖ The Company shall recognize and respect the human rights of all stakeholders. The Company shall endeavor to promote the awareness and realization of human rights across the value chain and not be complicit in human rights abuses.
- ❖ The Company shall take continuing efforts to ensure adherence to the code of conduct for Direct Selling Agents, Direct Marketing Agents and recovery agents.

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

- ❖ The Company shall facilitate and adhere to the principle of respecting, protecting and restoring the environment.
- ❖ The Company shall promote ecological sustainability and green initiatives by adopting energy saving mechanisms and sensitizing employees to reduce carbon footprint of the Company through initiatives like proper disposal of waste, promote use of recycled items and alternate sources of energy, adopt and follow environment friendly practices and the like.
- ❖ The Company shall take initiatives towards utilization of natural and manmade resources in an optimal and responsible manner.
- ❖ The Company shall encourage using electronic methods of communication within and outside offices and discourage use of paper to make a positive difference. The Company shall strive to promote culture of e-meetings to reduce travel, eventually leading to reduction in its carbon footprint.
- ❖ The Company shall comply with applicable environmental regulations and other requirements.

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

- ❖ The Company, being an HFC shall aim to make recommendations/ representations before regulators and associations for advancement and improvement of financial services industry in India.
- ❖ While pursuing policy advocacy, the Company shall ensure that its advocacy position is consistent with the principles and core elements contained in the NGRBCs. To the extent possible, the trade and industry chambers, associations and such other collective platforms shall be utilized to undertake policy advocacy.
- ❖ As a corporate citizen, the Company shall operate within the democratic setup and constitutional framework.
- ❖ The Company shall strive to perform the function of policy advocacy in a transparent and responsible manner while engaging with the authorities considering the Company's as well as the larger national interest.

➤ **Principle 8: Businesses should promote inclusive growth and equitable development:**

- ❖ The Corporate Social Responsibility (CSR) philosophy of the Company has been formulated under the vision and principles of the Bajaj Group's Founding Father, Late Shri Jamnalal Bajaj, who believed in creating shared value through fair and equitable business functioning. The Group and the Company believes that 'majority of expenditures under CSR are converted to 'investments in resource creation' for use over generations.'
- ❖ Through its social investments, Bajaj group addresses the needs of communities, taking sustainable initiatives in the areas of health, education, environment, women empowerment, infrastructure, rural development, community development and response to natural calamities.
- ❖ The core elements of our CSR activities include continuing commitment by business to ethical principles, protection of human rights, care for the environment, while improving the quality of life of all the stakeholders, including the local community and society at large.
- ❖ These initiatives shall be designed to reflect the needs of the target population. In order to ensure community ownership and sustainability of the CSR program, key stakeholders such as governments, NGOs, local communities and other local institutions shall be actively engaged during project planning as well as implementation.
- ❖ For inclusive growth and equitable development, the Company through its CSR activities shall focus on the areas as enumerated in the Corporate Social Responsibility Policy, as amended from time to time.

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

- ❖ The Company shall strive to create a culture of 'Customer Obsession' and endeavor to provide a frictionless experience across the lifecycle, from pre-disbursal to closure of loan, deposit accepting activities and other value-added services.
- ❖ The overall well-being of the customers and that of society shall be considered while serving the needs of customers. The Company shall refrain from restricting the freedom of choice or free competition while designing, promoting and selling its products and services.
- ❖ The Company has Code of Conduct for Direct Marketing Agents, Selling Agents and Recovery Agents. These Codes, inter alia, prescribes the guidelines for tele-calling such as maintaining privacy of the prospects, explaining the product, not making misleading/misrepresentation claims, telemarketing etiquettes, etc.

- ❖ The Company also has a Fair Practices Code (FPC) that is made available across all their respective branches, in vernacular languages as well. This helps customers to understand its contents better, which includes the grievance redressal mechanism.
- ❖ The promotional and advertorial collaterals of the Company shall contain the relevant information, as considered necessary, and shall not be created with an intent to mislead the customer.
- ❖ The Company in its business of lending shall treat all customers with fairness and shall adhere to the Fair Practices Code and code of conduct laid down by the Company as well as the regulatory authorities.
- ❖ The Company shall provide adequate training to employees and its value chain partners to meet the challenges of a dynamic business environment and adequate grievance handling mechanisms to address customers concerns and feedback.
- ❖ The Company's dealings with its customers shall be professional, fair and transparent. Customers' right to privacy in relation to their personal data is respected and such data shall be safeguarded, in accordance with applicable laws.

F. AREAS OF FOCUS

While the key principles enumerated above cover the overall landscape of responsible and sustainable business conduct within which the Company shall endeavor to operate, however, in order to have greater impact, following shall be our areas of focus:

1. **Governance** - Conduct and govern business with integrity in a manner that is ethical, transparent and accountable.
2. **Financial inclusion** - Provide access to relevant and affordable financial products and services that meet needs of larger society.
3. **Preserving and protecting environment** - Strive to adopt environmental practices and processes that minimize the adverse impact of Company operations on the environment.
4. **Empowering society** - Promote social welfare activities for inclusive growth, equitable development and well-being of society.
5. **Customer centricity** - Innovate / invest in products, technologies and processes that enhance customer experience and promote professional, fair and transparent dealings.
6. **Employee wellbeing** - Create a thriving, safe and inclusive workplace for its employees and provide merit-based opportunities for professional development and growth.
7. **Cyber security/Data Privacy** - Adopt robust information security, cyber security and fraud controls. Customers' right to privacy in relation to their personal data is respected and such data shall be safeguarded, in accordance with applicable laws.
8. **Stakeholder engagement** – Engage with relevant stakeholders for enhancing the sustainable and responsible business practices.

Annexure A

Following are some of the policies, codes etc. which aid the Company in abiding by the principles of NGRBCs:

Significant Board approved policies:

- Code of Conduct to regulate, monitor and report trading by designated persons.
- Fair practices code
- Prevention of sexual harassment at workplace
- Disciplinary action and grievance redressal
- Code of conduct for Direct selling agents, Direct Marketing Agents and Recovery Agents
- Code for independent directors
- Policy for dealing with Frauds
- Information Security policy
- Cyber security
- Outsourcing policy
- Vigil and whistle blower policy
- Know Your Customer Policy
- CSR Policy
- Institutional mechanism for dealing with leak or suspected leak of Unpublished Price Sensitive Information
- Code of practices and procedures for fair disclosure and unpublished price sensitive information.
- Policy on Materiality and dealing with Related Party Transaction
- Interest Rate Policy
- Policy on Fit and proper criteria for directors
- Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors
- Policy on record retention

Other policies:

- Employee Charter
- Code of Conduct
- Disciplinary Action and Grievance Redressal
- Policy on dealing in securities of group companies
- Equal Employment opportunity and Non-Discrimination
- IJP policy
- Auto Promotion Policy
- Build your own Career Policy

- Remuneration policy
- Recognition Policy
- iCare Policy
- Employee and parental insurance policy

- Creche policy
- Staff welfare & team engagement Policy
- Train the trainer policy
- Fortnightly salary advance
- Money on call
- Password procedure policy
- Online Security

"RESOLVED THAT, in supersession of the resolution passed by the Board of Directors at their meeting held on 26 April 2021, the amended Business Responsibility Reporting Policy (now Responsible and Sustainable Business Conduct Policy), as per the draft circulated with the Agenda be and is hereby approved."