

ANNEXURE II TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019
Business Responsibility Report for the year 2018-19

(Pursuant to Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|--|---|--|
| 1. Corporate Identity Number (CIN) of the Company | : L65921MH1991PLC059642 | |
| 2. Name of the Company | : Mahindra & Mahindra Financial Services Limited | |
| 3. Registered address | : Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India. | |
| 4. Website | : https://www.mahindrafinance.com | |
| 5. E-mail | : investorhelpline_mmfs@mahindra.com | |
| 6. Financial Year reported | : 1st April, 2018 to 31st March, 2019 | |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise): | Description of the main products/services | NIC code for the product or service |
| | Asset Financing | 64990 |
| 8. List three key products/services that the Company manufactures/provides (as in balance sheet): | 1) Vehicle/Tractor Financing 2) Small and Medium-sized Enterprises (SME) Financing 3) Investments and Advisory | |
| 9. Total number of locations where business activity is undertaken by the Company | i. Number of International Locations (Provide details of major 5) | ii. Number of National Locations |
| | The Company has presence in India and also operates through its Joint Venture (JV) company Mahindra Finance USA LLC, in United States. | 1,321 offices as on 31st March, 2019. |
| 10. Markets served by the Company - Local/State/National/International | : The Company serves Local/State and National Level markets with focus on rural and semi-urban areas of India. | |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | |
|---|--|
| 1. Paid up Capital (INR) | : 12,297.54 Lakhs |
| 2. Total Turnover (INR) | : 8,80,981.17 Lakhs |
| 3. Total profit after taxes (INR) | : 1,55,706.35 Lakhs |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | : INR 2,687.30 Lakhs 2.00% of average Net Profits of the preceding three Financial Years. |
| 5. List of activities in which expenditure in 4 above has been incurred | <ul style="list-style-type: none"> ♦ Jeevandan: Organizing Blood Donation Camps with the help of employees across India. ♦ Sehat: <ol style="list-style-type: none"> 1. Promoting access to healthcare for marginalised population by providing ambulances. 2. Supporting maintenance of Day Care Centers for Thalassemia. 3. Conducting various medical camps for general health and providing medical aid. 4. Promoting awareness about hygiene and sanitation in semi-urban and rural regions. |

5. Disaster relief work by distributing relief material kits to families.

◆ **Swachh Bharat:** Supporting Prime Minister's clean India campaign by spreading awareness about Swachh Bharat Abhiyan.

◆ **Gyandeeep:** Assisting education of under privileged community by providing quality education, uniforms, notebooks, textbooks, laptops, necessary infrastructure and facilities to educational and other institutions, etc.

◆ **Hunnar:** Imparting vocational skills such as:

1. Driving skills training for women to employ them as drivers for the sustainable livelihood.

2. Multiple sector skills to Persons With Disability to employ them in sectors such as Retail, Hospitality and ITES.

3. Automotive (vehicle repairing) Training Program for Women.

4. A livelihood training school providing 3 months intensive training in ITES, Retail and Hospitality to youth from socially & economically disadvantaged backgrounds.

◆ **Mahindra Finance Scholarship:** Scholarship for Graduate & Undergraduate needy students from rural areas.

◆ **Nanhi Kali:** Supporting education of marginalised girls.

◆ **Financial Literacy:** Sensitizing community to inculcate good financial practices for better money management.

◆ **Samantar:** Providing financial support to maintain old age homes, orphanages, homes for the differently abled and providing educational aid to orphans and differently abled.

◆ **Hariyali:** Increasing green cover in the country by planting trees in multiple locations across India and supporting Environmental conservation & restoration projects.

◆ **Culture:** Preservation and promotion of fine arts & culture.

◆ Relief & Rehabilitation Project.

◆ Welfare of the armed forces.

◆ **Sports:** Promoting Taekwondo amongst school students.

SECTION C: OTHER DETAILS

| | |
|--|--|
| 1. Does the Company have any Subsidiary Company/ Companies? | Yes, the Company has four Subsidiary Companies as on 31st March, 2019. |
| | 1) Mahindra Insurance Brokers Limited |
| | 2) Mahindra Rural Housing Finance Limited |
| | 3) Mahindra Asset Management Company Private Limited |
| | 4) Mahindra Trustee Company Private Limited |

- 2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(ies)**
- Yes, three Subsidiary Companies viz. Mahindra Insurance Brokers Limited (MIBL), Mahindra Rural Housing Finance Limited (MRHFL) and Mahindra Asset Management Company Private Limited (MAMCPL) participate in the Company's BR initiatives and also have been included in the scope of Mahindra Financial Services Sector's (FSS) next Sustainability Report. The FSS Sustainability Reports of last 6 years are available on the Company's website at the web-link: <https://www.mahindrafinance.com/sustainability.aspx>.
- Also the different sustainability related policies and interventions were deployed and driven across the Financial Services Sector covering all the subsidiary companies during the F.Y. 2018-19.
- 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%]**
- Yes, the Company has developed a long lasting relationship with Dealers of Original Equipment Manufacturers (OEMs). The Company has a Dealers' Council and organizes regular Dealer meets. As part of these engagement activities with dealers, we highlight our business practices and processes which are in line with the governing framework, and we also align with dealers on our core business focus i.e. enabling people to earn livelihood and creating positive social impact.
- On Suppliers' front the Company has service providers and vendors that provide services and products required for business operations. The Company has various sustainability focused programs that expand the reach of environmental and social responsibility to our suppliers. The Company also encourages and appreciates its suppliers who adopt sustainability focused practices and promote them.
- Since, the business reach is widespread across the country, the number of dealers and suppliers the Company engages and works with, is considerably high. Currently the coverage of the dealers and suppliers covered under sustainability program is less than 30%. In the new Sustainability Roadmap of the Company, increasing the coverage of dealers and suppliers is taken up as one of the focus areas.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

| Director Identification Number (DIN) | Name | Designation |
|--------------------------------------|-----------------|--|
| 00220759 | Mr. Ramesh Iyer | Vice-Chairman & Managing Director, President - Financial Services Sector & Member of the Group Executive Board |

b) Details of the BR Head

| S. No. | Particulars | Details |
|--------|---------------------|------------------------------|
| 1. | DIN (if applicable) | N.A. |
| 2. | Name | Mr. Vinay Deshpande |
| 3. | Designation | Chief People Officer |
| 4. | Telephone number | +91 22 66526000 Extn. 6123 |
| 5. | E-mail id | deshpande.vinay@mahindra.com |

2. Principle-wise (as per NVGs) BR Policy/policies

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), duly approved by Board, is in place. This policy is operationalised and supported by various other policies, guidelines and manuals.

The 9 principles outlined in the National Voluntary Guidelines are as follows:

| | |
|--------------------|---|
| PRINCIPLE 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. |
| PRINCIPLE 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. |
| PRINCIPLE 3 | Businesses should promote the wellbeing of all employees. |
| PRINCIPLE 4 | Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. |
| PRINCIPLE 5 | Businesses should respect and promote human rights. |
| PRINCIPLE 6 | Businesses should respect, protect and make efforts to restore the environment. |
| PRINCIPLE 7 | Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| PRINCIPLE 8 | Businesses should support inclusive growth and equitable development. |
| PRINCIPLE 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner. |

a) Details of compliance (Reply in Y/N)

| Sl. No. | Questions | Ethics, Transparency and Accountability | Product Life Cycle* | Employee Wellbeing | Stakeholder Engagement | Human Rights | Environment* | Public and Regulatory Policy | Inclusive Growth | Customers and Consumers |
|---------|---|---|---------------------|--------------------|------------------------|----------------|----------------|------------------------------|------------------|-------------------------|
| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 1 | Do you have a policy/policies for... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy confirm to any national/international standards? If yes, specify | Y | N.A. | Y | Y | Y | Y | Y | Y | Y |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | Y ¹ | Y ¹ | Y ¹ | Y ¹ | Y ¹ | Y ¹ | Y ¹ | Y ¹ | Y ¹ |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y ² | Y ² | Y ² | Y ² | Y ² | Y ² | Y ² | Y ² | Y ² |
| 8 | Does the Company have in-house structure to implement the policy/policies | Y | Y | Y | Y | Y | Y | Y | Y | Y |

| Sl. No. | Questions | Ethics, Transparency and Accountability | Product Life Cycle* | Employee Wellbeing | Stakeholder Engagement | Human Rights | Environment* | Public and Regulatory Policy | Inclusive Growth | Customers and Consumers |
|---------|--|---|---------------------|--------------------|------------------------|----------------|----------------|------------------------------|------------------|-------------------------|
| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | N.A. | Y | Y | Y | Y | N.A. | Y | Y |
| 10 | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y ³ | Y ³ | Y ³ | Y ³ | Y ³ | Y ³ | Y ³ | Y ³ | Y ³ |

*Considering the nature of the Company's business, this principle has limited applicability to our service offering and financial products.

Notes:

Y – Yes, the Company has relevant policies and systems in place with respect to the principles and the related questions as per the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibility of Business.

Y¹ – The Company's Business Responsibility Policy, The Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Fair Practice Code, Internal Guidelines on Corporate Governance, Corporate Social Responsibility Policy, Sustainability Policy and Whistle Blower Policy are available on the Company's website at the following links:

- ◆ https://www.mahindrafinance.com/pdf/MMFSL_BusinessResponsibilityPolicy_Signed.pdf
- ◆ https://www.mahindrafinance.com/pdf/COC_Directors.pdf
- ◆ https://www.mahindrafinance.com/pdf/Code_for_Independent_Directors.pdf
- ◆ https://www.mahindrafinance.com/pdf/CorpGov_Mgmt_Emp.pdf
- ◆ <https://www.mahindrafinance.com/fair-practice-code.aspx>
- ◆ https://www.mahindrafinance.com/pdf/Internal_Guidelines_on_Corporate_Governance_15_03_2019.PDF
- ◆ <https://www.mahindrafinance.com/pdf/CSR-Policy.pdf>
- ◆ https://www.mahindrafinance.com/pdf/sustainability_policy_financial_service_sector.pdf
- ◆ https://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf

Other Policies with respect to the principles of NVGs like Human Rights Policy, Policy for Disposal of IT Assets, Loan Credit Policy, Quality Policy, Insider Trading Code, Policy on Insider Trading, etc., are uploaded on the Company's intranet portal for the information and implementation by internal stakeholders.

Y² – Communication of Business Responsibility Policy and other Policies with respect to principles of NVGs has been shared and circulated to relevant stakeholders.

Y³ – While the Company has not carried out independent audit of the policies; there is a limited assurance by an independent third party (assurance provider) for the Company's Sustainability Report. The execution of the policies is through processes and systems, which are regularly reviewed and considered for improvements.

b) If answer to the question at serial number 1 (in table of 2.a) against any principle, is 'No', please explain why: (Tick up to 2 options) : Not Applicable

3. GOVERNANCE RELATED TO BR

| | |
|--|--|
| <p>1. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year</p> | <p>Within 3 months</p> |
| <p>2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?</p> | <p>The Company annually publishes the Sustainability Report based on Global Reporting Initiative (GRI Standards). In the reporting year, the Company released its 6th Sustainability Report for F.Y. 2017-18 with the theme 'I am Responsible' based on the Global Reporting Initiative's (GRI Standards) using the Integrated Reporting Framework, which highlights its endeavours towards creating a better future by 'Making Sustainability Personal'. The Sustainability Report for the F.Y. 2017-18 can be accessed at the web-link: https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_01_2019.pdf. The report has been externally assured by DNV-GL (third party assurance providers).</p> |

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company has a Code of Conduct to deter wrongdoings and to promote ethical practices. The Code extends to all dealings with dealers, customers and other business partners. The Board has adopted two detailed sets of code of conduct, one for Board of Directors and other for Senior Management and Employees. The Code of Conduct for Senior Management and Employees forms an integral part of the induction of new employees.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

During the reporting year, 4 complaints were received from the Shareholders, all of which were attended to/resolved till date.

The Company also received 7 complaints from its Debenture holders and 14 complaints from Fixed Deposit holders and all the complaints stand resolved at the end of the financial year. Your Company is firmly focused in offering the best services to all its stakeholders and constantly endeavours to identify and address any area of concern and redress any grievance/complaint that may arise, on priority.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Mahindra & Mahindra Financial Services Sector is working on building an inclusive organization by engaging with stakeholders and creating value in the eco-system it operates in. The Company's strategy is guided by an inclusive business model that relies on serving the grassroots rural & semi-urban India. The Company's businesses focus on the key necessities of people and enables them to earn their livelihood through financial products offered by it. The Company also helps people build their homes through MRHFL's affordable home loan services, secure their life and assets by insurance solutions of MIBL and provide investment options by MAMCPL. Sustainability is core to the purpose of Mahindra & Mahindra Financial Services Sector; it has always been a key success factor for the ambit of Company's businesses. Through its wide network of branches with locally trained employees, large customer base, vast experience and market knowledge, the Company is providing financial resources to underserved regions of the country and building livelihood for such sections of the population through the Company's unique 'Earn & Pay' business model.

The Company's product portfolio covers:

- a) **Vehicle loans:** Utility vehicles, tractors, cars, two-wheelers, three-wheelers, commercial vehicles and construction equipment and refinance for used cars.

- b) **SME loans:** Equipment Financing, Project Financing and Working Capital Finance.
- c) **Investments and Advisory:** The Company helps customers by providing investment advisory services and a wide range of investment products.

Company has presence in over 3.5 lakhs villages and undertakes periodic surveys to understand its customers better. These customers are largely not covered by the conventional banking system, or they are located in under-banked locations. The Company's customers come from various walks of life, such as small traders, neo-entrepreneurs, teachers, drivers and farmers. Around 80% of Company's customers belong to the lower-income category and are at the bottom of the income and social pyramid.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

The Company operates in financial services sector, therefore this aspect doesn't relate to the nature of the business. However, the Company extensively monitors its energy consumption, GHG emissions and waste generation as a part of its sustainability roadmap.

The steps taken on conservation of energy covers use of LED lights in new branches and also retrofication to LED lights in Regional Offices. In addition, installation of Solar energy based UPS systems has also contributed on this front. Also, the Company has taken initiative on use of environment friendly gas in Air Conditioners during the year.

The Company also introduced the use of certified 100% compostable bags for waste disposal at Corporate Office in F.Y. 2018-19, following Maharashtra Government's ban on plastic.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company's major suppliers are small scale vendors and service providers. The Company's nature of business doesn't present opportunities for sustainable sourcing aspect in a holistic way. However, the Company focuses on engaging with local suppliers and giving them preference which helps them in generating and sustaining their business. Also, Company encourages its suppliers and vendors to adopt sustainable practices.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve capacity and capability of local and small vendors?

One of the important factors while selecting suppliers of the Company is proximity to locations where it operates. Since the Company has a pan-India presence and operates across various locations in rural India, it is important to build strong partnerships with the local suppliers.

In the last reporting year, 100% of Company's supplies were met through local vendors and service providers. The same is also covered as one of the sustainability performance indicators at Page No. 35 in Company's previous Sustainability Report available at the web-link - https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf

As a part of Company's continued engagement with local suppliers and through its emphasis on factors like quality, delivery time, etc., service levels of the suppliers have improved. Also, the Company encourages its suppliers to adopt sustainable practices and also appreciates and recognises the good practices followed by them.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)

Yes, the Company has mechanism to recycle waste produced during its business operations which majorly comprises of e-waste and stationery waste (like paper & plastics). The Company disposes the hazardous waste materials (e-waste) through authorized agencies as per the applicable laws pertaining to e-waste. 100% of hazardous waste from all major locations for the previous year was disposed-off responsibly.

The Company has introduced number of initiatives on recycling of stationery waste at its main locations pan-India. More number of locations are practicing recycling of such waste with agencies which can convert them in reusable forms. During the year more than 29.7 Tons of these materials have been responsibly managed at Company's Corporate Office in Mumbai.

The Company is collaborating with Record Management Agencies to take up initiatives on waste reduction and approximately 30.032 Tons of paper was saved in last financial year by

using recycled paper to make boxes which saves Virgin Paper and secondly, by pulping of papers that is generated by old record destruction. The Company's annual Family Fun Day 'Vrindavan' held in February 2019 attained Yale's Gold Level Green Event Certification as 87% waste generated at Vrindavan was recycled, composted and sent to biogas plants.

Principle 3

1. Please indicate the Total number of employees

| | No. of employees |
|---------------------|------------------|
| Permanent employees | 21,789 |

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis

| | No. of employees |
|--|------------------|
| Temporary/Contractual/ Casual employees | 4,781 |

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as at the end of the financial year.

| Sl. No. | Category | No of complaints filed during the financial year | No of complaints pending as at the end of the financial year |
|---------|---|--|--|
| 1. | Child labour/forced labour/involuntary labour | NIL | NIL |
| 2. | Sexual harassment | NIL | NIL |
| 3. | Discriminatory employment | NIL | NIL |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

The Learning and Development team conducts programmes each year to nurture talent amongst the employees. The average training hours accounted to 2.24 man-days per person in F.Y. 2018-19.

Percentage of employees covered as a part of different safety & skill up-gradation training in the last year are given below:

| | |
|--|--------------------------------------|
| ◆ Permanent Employees | 81.12% |
| ◆ Permanent Women Employees | 61.85% |
| ◆ Casual/Temporary/Contractual Employees | Company does not measure this metric |
| ◆ Employees with Disabilities | Company does not measure this metric |

3. Please indicate the number of permanent women employees

806

4. Please indicate the number of permanent employees with disabilities

75

5. Do you have an employee association that is recognized by management?

The Company does not have recognized Employee Associations / Labour unions.

6. What percentage of your permanent employees are members of this recognized employee association?

This aspect is not applicable as employees in the Company are not members of any recognized association.

Principle 4

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped its internal and external stakeholders.

Details of the Company's stakeholder engagement process can be referred on Page Nos. 12-13 of its previous Sustainability Report available at the web-link-https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes, the Company has identified such stakeholders. The Company has a CSR Committee and Sustainability Council which develops the roadmap and action plan taking into consideration the expectations of different stakeholders including those which need support on multiple fronts. The Company mobilises resources to implement various programs for upliftment of these stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

Mahindra & Mahindra Financial Services Sector is consistently working to create shared economic and social value for its stakeholders. The Company is providing financial resources to customers at the bottom of the pyramid and building livelihood for such sections of population, who are aspiring for a better living in the rural and semi-urban parts of India. The Company's businesses focus on the key necessities of people and enable them to realise their aspirations through financial products offered by it.

CSR initiatives undertaken by the Company are an extension of its socially inclusive business model. These are taken up pan-India for meeting the expectations of different stakeholders through need based assessments. Various projects are initiated under themes of healthcare, education, livelihood for youth, women and people with disabilities to engage the beneficiaries and stakeholders.

The details of the programs can be found under the CSR section of Company's Sustainability Report and Annual Report.

Annual Report of Company can be accessed at the web-link: <https://www.mahindrafinance.com/annual-reports.aspx>

Kindly refer the Social Performance Section in the Company's previous Sustainability Report on Page Nos. 53-60 available at the web-link: https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Human Rights Policy Statement of the Company applies to all employees and is expected to be reciprocated by other stakeholders including partners, suppliers, vendors and contractors, as Company's commitment to Human Rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

None with respect to Human Rights. Elements of Human Rights get covered in various policies and practices at the Company. Complaints pertaining to employee wellbeing that covers different aspects of Human Rights is disclosed in Point No. 7 of Principle 3 above.

Principle 6

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

Yes, the Company's policy related to environmental protection as applicable for Financial Services Industry covers different sets of stakeholders. The e-waste Management Policy which is important to the Company has coverage and applicability to its business partners involved in the process. In addition to this, Company has also devised a Sustainability Policy and Guidelines in F.Y. 2017-18 which also cover the Company's subsidiary companies and different stakeholders engaged in business process as applicable.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Climate Change patterns are imperative to the Company's business, as our loan recovery

schemes are structured around crop harvest pattern. Hence Climate change is a major factor for our customer profile consisting mainly of Farmers, Traders, Local Transport operators, Small Business Owners and Daily Earners. In order to manage its environmental footprint and reduce it, the Company is tracking data on parameters like electricity, paper, fuel and water consumption across 32 major locations. Performance in terms of absolute and specific GHG emissions is also calculated. In 2018, your Company became the 1st and only Financial Company in India to be committed towards call to action for Science Based Targets. The Science Based Targets initiative (SBTi) requires companies to publicly commit to setting carbon emission reduction targets that are in line with climate science.

Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 6th consecutive year. Your Company is the only Company from amongst the Diversified Financial Services Companies in India to have made it to this list. To be incorporated in DJSI, companies are assessed and selected based on their long term Environmental Social and Governance (ESG) management plans and actions. Also, the Company was included in "The Sustainability Yearbook 2019" and is the only Financial Services Sector Company to qualify amongst 9 companies from India. This signifies the Company being amongst top Sustainability performers in Diversified Financial Services Sector across the World based on Corporate Sustainability Assessment done by RobecoSAM.

The Company's approach has been to make its environmental disclosure transparent, and accordingly, it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India since F.Y. 2011-12. During the reporting year, the Company attained CDP Performance Band – C meaning that the Company is at 'Awareness' band this year.

The Company, under the Mahindra Hariyali project, planted over 71,000 saplings across India in this year. It is an initiative to improve green cover and protect biodiversity in the country.

Also, the Company has undertaken various environmental initiatives that reduce emission of GHG gases in atmosphere that contribute to the phenomena of global warming and climate change. Details of all the initiatives are available

in the 'Natural Capital' section of the Company's sustainability report and also shared below, kindly refer the Page Nos. 65-67 of Company's previous Sustainability Report available at the web-link: https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf

An indicative list of various projects implemented in this regard is appended below:

On Energy Conservation:

- 1) Use of LED Lights in place of CFL at offices.
- 2) Installation of higher efficiency Air Conditioners (3 star and above) and Blade Servers.
- 3) Quality improvement initiatives with actions focused on energy conservation.

On Water Saving:

- 1) Watershed management project in communities on pilot scale.
- 2) Rainwater harvesting in communities on pilot scale.
- 3) Aerators in taps of offices.

On Waste Reduction:

- 1) Use of technology and digitisation of processes to make them paperless.
- 2) Reusing and recycling of wastes.
- 3) Usage of compostable bags for garbage disposal.

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a mechanism to identify and assess potential environmental risks pertinent to its business operations.

4. Does the Company have any project related to Clean Development Mechanism (CDM)? If Yes, whether any environmental compliance report is filed?

As the nature of Company's business is service oriented; feasibility of undertaking a CDM project is very limited. The Company has not undertaken any project related to CDM.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, Company has undertaken initiatives on energy efficiency and renewable energy. Please refer point 2 above.

The Company has installed solar powered UPS in various branches, which experience power shortages. At present, the Company has installed 161 KVA of solar capacity across 62 different locations. Also, Company has taken initiative on use of environment friendly gas in Air Conditioners during the year. Details about the project are available in the environment performance section of the Company's last Sustainability Report on Page Nos. 65-67 at - https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company, being a non-banking financial company doesn't fall under the purview of CPCB/SPCB. However, the Company monitors various aspects like energy consumption, water consumption, paper consumption, wastes generated and GHG emissions (details available in the Sustainability Report at - https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf).

Your Company under its various initiatives is constantly in pursuit to reduce its carbon footprint and waste generated.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at the end of Financial Year.

Not applicable, as the operations of your Company do not come under the purview and regulations of these government bodies. Your Company is compliant with all applicable laws pertaining to its business.

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

The Company has been a prominent member of Confederation of Indian Industries (CII), Finance Industry Development Council (FIDC) and Bombay Chamber of Commerce and Industry (BCCI).

Also, the Company has been associated with other industry bodies like - Associated Chambers of Commerce and Industry of India (ASSOCHAM), Federation of Indian Chambers of Commerce

and Industry (FICCI), Society of Indian Automobile Manufacturers (SIAM).

In addition to these, Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer are part of different committees and forums of various chambers, association and educational institutes.

Further details regarding the same can be referred to in section 'Policy Advocacy' on Page No. 11 of Company's last Sustainability Report available at the web-link - https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, the Company's Senior Management has suggested improvement in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and financial services sector through various industry association and forums.

Principle 8

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities where it operates. Your Company endeavours to empower the rural communities and help them to unleash their potential. The Company's CSR initiatives focus on three thrust areas of education (including livelihood), healthcare and environment.

The Company aims to create transformation in rural India, which is self-sustaining and encourages growth-oriented communities. The Company has embarked upon various initiatives under corporate social responsibility to promote inclusive growth and equitable development.

Further the unique Employee Social Options Platform (ESOP) provides employees a menu

of volunteering opportunities enabling them to participate actively in the Company's CSR initiatives. Kindly refer the Annual Report on CSR activities in the Company's Annual Report available at the web-link: <https://www.mahindrafinance.com/annual-reports.aspx>.

Kindly refer to the Social Capital Section in the Company's last Sustainability Report on Page No. 53 available at web-link - https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf

These details are also available on the Company's website:

- ◆ CSR Section:
<https://www.mahindrafinance.com/csr.aspx>
- ◆ Sustainability Section:
<https://www.mahindrafinance.com/sustainability.aspx>

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?

Since most of the projects implemented by the Company are through NGOs, proper care is taken to ensure that the NGOs selected are able to execute the programs efficiently. The Company has a due diligence process for some of the major projects undertaken and one of the key parameters of evaluation of the NGOs is the number of partnerships the NGO has and the nature of the partnerships it has with the government, other corporates and local communities.

Details on these aspects can be found in the CSR section of the Company's Annual Report and Sustainability Report.

Please refer Annual Report on CSR activities available at the web-link: <https://www.mahindrafinance.com/annual-reports.aspx>

These details can also be accessed on your Company's website at :

- ◆ CSR Section:
<https://www.mahindrafinance.com/csr.aspx>

- ◆ Sustainability Section:

<https://www.mahindrafinance.com/sustainability.aspx>

3. Have you done any impact assessment of your initiative?

The parameters of measurement of CSR performance of the Company are aligned with those of the Mahindra Group. At a sector level, the Company's CSR performance is measured against the objectives set out in "The Mahindra Way" (TMW) assessment. TMW Assessment is a group wide benchmarking tool for CSR activities to assess their processes and results. TMW Assessment happens once in a year. In TMW Cycle 10 Assessment, your Company achieved Level 5 (highest level) for Processes and Level 5 (highest level) for Results. For certain high budget CSR projects, the performance is measured using a technology platform called p3 which captures real-time data about the progress of the project and assists in taking decisions on project continuation, modification or discontinuation.

4. What is your Company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?

Education (including livelihood), healthcare and environment are the CSR key thrust areas of the Company. Through the projects in education and livelihood, Mahindra Finance has supported education of youth, developed skills of women, youth and people with disability in driving, loan sales, loan recovery, IT skills, Retail Management, etc. Through the projects in healthcare, your Company strengthened rural infrastructure by providing capital intensive long lasting medical equipment and promoted access to services by donating ambulances, screening women, children and adolescents for malnutrition and anaemia, conducting health check-up camps and donating blood. In the area of environment, the Company planted over 71,000 saplings in a move to prevent the ill-effects of deforestation.

The Company contributed Rs. 2,687.30 Lakhs majorly in areas of Education (including livelihood), Health and Environment which are Company's CSR focus areas.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The aspect of sustainability is one of the crucial factors in choosing implementing partners for our CSR projects. We ensure that the progress of the projects is monitored consistently. Regular follow-up and interaction with the implementing agencies, site visits to monitor the projects and preparation of a progress report ensure speedy and smooth completion of the project.

Principle 9

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year?

Customer complaints are treated very seriously in the organisation. Out of the total complaints 20.29% are pending for the resolution as at the end of the year. There were 1,702 consumer cases pending as on 31st March, 2019. Your Company has appointed Grievance Redressal Officer at the Head Office and Nodal Officers at the North, East, West and South Zones, for redressal of customer complaints.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)

Since the Company is not into manufacturing of products the aspects pertaining to product labelling are not applicable to its service offerings directly. As the Company is a service based organisation, India's linguistic diversity is a challenge. To overcome this barrier the Company employees multilingual teams, comprising of local people. The Company's website is also bilingual and provides information to its audience in Hindi and English. The Company's employees educate customers about the loan products they avail and thus, build deeper partnerships with them. The Company focuses on engaging and hiring local people as a part of its workforce in order to have a better customer sensitivity and understanding. Creating a local connect in areas in which it operates helps the Company understand the needs and expectations of

people based in rural parts of India and enables it to offer better services that meet customer requirements.

The Company believes that effective communication is vital to avoid any kind of misrepresentation, incorrect statements or misleading impressions. The Company has fully-integrated systems in place and conforms to all laws and standards related to marketing communication, advertising, promotion and sponsorships. The Company's website contains all requisite information, and along with that, the Company's communication approach to customers and other stakeholders has also transformed with time. Besides this, the Company undertakes a number of initiatives to communicate with customers, knowing that the financial knowledge is lacking in most Indian villages. The Company's customer communication initiatives like 'Sparsh' and 'Shikhar Sammelan' have generated a commendable response.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year. If so, provide the details thereof.

No such case has been registered against the Company.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company monitors customer satisfaction through Customer as Promoter (CaP) Survey. Customer feedback and satisfaction with the services are recorded in the form of CaP scores, and this feedback is utilised to create new action plans for the improvement of Company's products and services.