



FINSERV

ESG Report

ENVIRONMENT, SOCIAL, AND
GOVERNANCE REPORT
2023-2024



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About the Report

Our commitment to contribute towards sustainable progress and transformation determines our perseverance to conserve the planet, and most importantly, foster an inclusive future. We strive to improve and empower lives through Community Interventions, Environmental Consciousness, and Innovation built on the foundation of growth, purpose, and the promise to look beyond.

Bajaj Housing Finance Limited has voluntarily prepared 'Business Responsibility & Sustainability Report (BRSR)' under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations').

The Company has a Board-approved Policy for Responsible and Sustainable Business Conduct which covers all the nine principles of the National Guidelines on Responsible Business Conduct (NGRBC). The management continues its efforts to strike a balance between economic, social, and environmental performance when dealing with various stakeholders of the company. These stakeholders include investors, customers, government, regulators, value chain partners, employees, and society.



About Bajaj Housing Finance Limited



3.08 L
Customers

Bajaj Housing Finance Ltd. ('BHFL' or 'the Company') is registered with National Housing Bank (NHB) as a Housing Finance Company (HFC). It is a wholly owned subsidiary of Bajaj Finance Ltd. ('BFL').



2,372
Employees

The Company got registered with the National Housing Bank ('NHB') as a non-deposit taking Housing Finance Company on 24 September, 2015. BHFL started its operation in financial year 2017-18. The non-convertible debentures of the Company are listed on the Bombay Stock Exchange (BSE), India.



₹ 91,370 Cr
Assets Under Management

The Company has a diversified lending model and focuses on five broad categories viz:

- Home Loans
- Loans Against Property
- Lease Rental Discounting
- Developer Financing
- Unsecured Loans



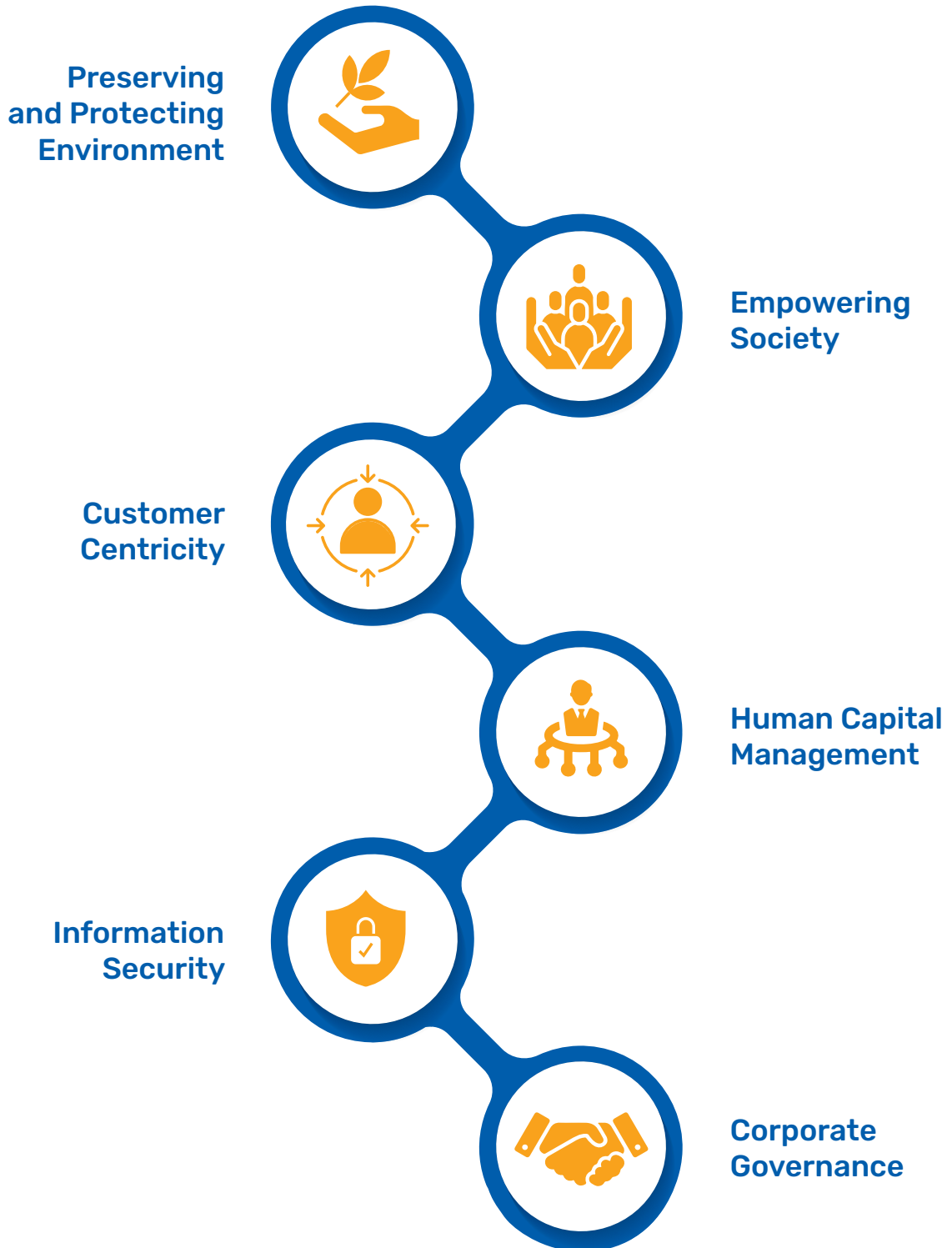
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e-Sanctions

The Company has been classified as NBFC - UL (Upper Layer) by RBI as a part of its scale-based Regulation, on 30 September, 2022.



174
Locations

Our Focus Areas





Environment

Preserving and Protecting Environment

Bajaj Housing Finance Limited is continuously working towards building and maintaining a clean and sustainable environment. Policies are designed in a manner that aids its objective of sustainability.

BHFL contributes to its responsibility of sustainability by reducing wastage, along with meticulously monitoring the usage of resources, reusing and conserving them.

We also encourage our stakeholders to uphold the same values and principles in their dealings and to develop a sustainable environment.

BHFL, being an HFC, neither has a sizeable consumption of any raw material nor produces any tangible goods and wastes that have a direct impact on the environment. Its activities are limited to providing financial services mainly for housing purposes.

At BHFL, we nurture a culture of conservation and encourage initiatives that will aid in the effective utilisation of available resources.

Key Focus Areas

- **Reduced paper consumption**
- **Environment and sustainability awareness**
- **Eco-friendly practices**

Major areas of focus in environment and its consumption

a. Reduced Paper Consumption

The Company has adopted various measures to continuously reduce its paper consumption throughout its business operations. Through the integration of all the digital applications, it has successfully reduced its paper consumption to a significant level.

The company saved around 38.5 Lakhs pages in FY24, through e-Sanctions and e-Agreements.

These initiatives underscore our dedication to sustainability and our continuous pursuit of eco-friendly business practices.

To align with the objective of reduced paper consumption following initiatives are taken at BHFL:

- Launched e-Sanction Letters which facilitate online issuance and acceptance of sanction letters.
- End-to-end web-based onboarding of customers.
- Prioritised digital KYC enabled by Aadhaar.
- Focusing on migrating all mandatory and voluntary customer communications over email, messaging apps, etc.
- Shifting from issuance of physical purchase orders to electronic purchase orders.
- Discontinued issuance of paper visiting cards to employees - visiting cards are now being issued in digital format only.
- Shifted a large proportion of its invoice processing to e-invoicing.
- Password enabled centralised printing system to reduce paper waste.
- Electronic transfer of all board and committee meeting documents through secured mode.

b. Environment and sustainability awareness

We firmly believe in the power of collective action. Recognising the profound impact that community efforts can have, we have embarked on a mission to raise awareness about environmental preservation, sustainable practices, and eco-friendly habits. Our chosen medium for this initiative is our social media platforms, which allow us to reach a broad audience and engage them effectively.

Our awareness programs are not just about spreading information, they are about inspiring action. We aim to foster a culture of environmental responsibility that will help us create a cleaner, more sustainable environment. By scaling these initiatives, we hope to multiply their impact and bring us closer to our goal.

To achieve this aim, we have launched various social media campaigns tied to significant events and observances. These include World Wildlife Day, Earth Hour (where we encourage participants to forego electricity for one hour), and National Pollution Day.

Each campaign is created to raise awareness about particular environmental issues and encourage people to contribute to the solution.

Through these initiatives, we aim to spark a widespread environmental awareness that will result in meaningful and lasting change

c. Eco-Friendly Practices:

BHFL's Environmental Initiatives:

- We have accounted for GHG emissions for FY24, enabling us to monitor and reduce emissions.
- We have installed touchless, automatic solutions to minimize water wastage.
- Our office designs prioritise maximum use of natural light.
- We have installed ozone-friendly air conditioners with R32 refrigerant, reducing carbon emissions.
- We have partnered with certified handlers for e-waste and battery disposal.
- Our office canteens use reusable cutlery, and we discourage the use of plastic products at work.
- We have replaced plastic garbage bags with bio-degradable alternatives.
- We practice waste segregation into wet waste, dry waste, and plastics to facilitate recycling.
- We have initiated the procurement of eco-friendly and sustainable paper for office use. Through these initiatives, we aim to reduce our environmental footprint and contribute to a sustainable future.

Prospects towards preservation and protection
At BHFL, our dedication to environmental preservation and protection remains unwavering.



We pledge to continually innovate and implement initiatives that foster a clean, sustainable environment, thereby securing a greener future for all.





Social

Key Focus Areas

- Youth Skilling
- Holistic Development of Children

Youth Skilling

- Youth skilling for employment
- Women empowerment through skilling



Holistic Development of Children

- Child health
- Child education
- Inclusion for persons with disabilities



Empowering Society

Bajaj Group has a rich legacy of community contribution. We being part of Bajaj Group are also inclined in same direction. Our Corporate Social Responsibility (CSR) is intrinsic to our corporate values, and our social impact programs reflect our commitment to society.

During the year 2023-24, 22 projects were implemented with a CSR Spend of ₹ 20.67 Cr. focusing on building a better future for the country's next generation, especially children and youth.

Our Strategy

Benefiting Today's and Tomorrow's Youth

Our social investments are strategically directed towards areas of Skilling, Child Education, Child Health and Inclusion for Persons with Disabilities.

We collaborate with several not-for-profit organisations, government, hospitals, institutions, and training partners to implement programs and drive interventions at ground level.

BAJAJ HOUSING FINANCE LIMITED

1. Youth Skilling

We are dedicated to narrowing the skills gap in our nation by offering comprehensive skill development and employment programs, particularly for youth and women from underprivileged backgrounds.

1.1 Youth Skilling for Employment

Our commitment to skill development is deeply intertwined with our portfolio objectives to ensure a holistic approach that enable the youth to get employed. We support projects that include upskill training for domestic working women, employability initiative for young graduates from underserved families and community-based rehabilitation of persons with disabilities, strengthening of institutions. 4240 youth skilled for employment.

1.2 Women Empowerment through Skilling

Millions of educated young people in India struggle to find employment or end up in jobs with little growth potential. To address this, Hope Foundation aims to

equip near-graduation or graduate girls from underserved urban families with future-ready skills. The 20-week Python Training, offered both virtually and in-person, prepares them for several roles such as cloud developers, data analysts, and UI developers. The project involves outreach to government and low-cost colleges, mobilizing underserved youth, onboarding students onto a digital platform, and providing comprehensive training in technical and life skills. The program ensures alignment with its goals through continuous communication and vision setting. Through BHFL's support, 250 girls will acquire future-ready skills, gain employment, inspire their communities, and help lift their families out of poverty.

The beneficiaries are estimated for full project period and not for the financial year under consideration



2 Holistic Development of Children

Children are the most vulnerable members of society and investing in their well-being is investing in the future. We support projects linked to Child Health, Child Education and Inclusion for Persons with Disabilities as these individual aspects of a child's life contribute to its holistic development.

// We have provided support to 1,150 children through health interventions. Additionally, 2,33,607 individuals have benefited from various education initiatives, and 455 persons with disabilities have received assistance.

2.1 Child Health

Child Health focuses on providing holistic care for children under 18 years of age. Through various curative and community-based interventions, we aim to address the diverse healthcare needs of children.

Cleft Care: We provide essential support for children born with cleft lip or palate conditions, ensuring they receive the necessary surgeries and comprehensive care. Through our partnership with Smile Train India, we have launched the Maha Smiles Cleft Care for Every Child initiative in

Maharashtra, aiming to perform cumulatively 8000 surgeries and raise awareness for early interventions. Our collaboration extends to working closely with ASHA (Accredited Social Health Activist) or RBSK (Rashtriya Bal Swasthya Karyakram) workers and FOGSCI (Federation of Obstetric and Gynaecological Societies of India) to spread awareness within communities and to extend the reach in deeper geographies, Smile Train has established partnerships with several network hospitals and initiated fellowship programs. 550 beneficiaries were supported under the initiative.

Paediatric Heart Care: We have taken numerous initiatives towards our objective of Paediatric Heart Care, from supporting surgeries for congenital heart disease to enhancing primary healthcare facilities, 100 beneficiaries were supported under this intervention. The organisation offers crucial financial support to children with congenital heart diseases, encompassing both diagnostic investigations and necessary surgical procedures. Focusing particularly on disadvantaged children, we oversee the management of congenital heart disease cases by either supplementing or covering affordable hospital fees, Congenital Heart Defect (CHD), a prevalent birth defect in the



nation, refers to structural abnormalities in the heart present from birth, encompassing over 100 distinct varieties. Approximately 20% of cases are Critical CHD, a severe form often leading to mortality within the first year if not promptly addressed. In India, delayed detection due to demographic challenges increases mortality rates and affects the quality of life for children. This project focuses on raising awareness and improving access, availability, and affordability of CHD treatment. Through outreach screening camps and government referrals, Sai Sanjeevani identifies and mobilises children with CHD, providing free, exceptional paediatric cardiac surgical care. After diagnosis and pre-surgery assessment, surgeries or interventions are performed by paediatric cardiac specialists at Sai Sanjeevani Hospital. Post-operative care includes ICU recovery, medication counselling, and a robust follow-up system to ensure long-term health. BHFL supports 50 surgeries through this initiative.

Epilepsy Care: We provide financial assistance for pediatric patients requiring epilepsy care and surgery. 500 beneficiaries were supported under the intervention.

2.2 Child Education

The initiatives are directed towards enhancing the lives of children by aligning with government programs and schemes, with a major objective being emphasis on education, skill development, infrastructure accessibility, and staff capacity building.

Mental Health Interventions: Through various partnerships, we facilitate mental health interventions and promote emotional well-being and behavioural issue mitigation, which is vital for fostering a conducive learning environment. 15,750 beneficiaries are supported under this initiative.

Early Childhood Education: Centered on cognitive, social, and emotional development, early childhood education initiatives prioritise language enhancement and school readiness, laying a strong foundation for future academic success. 15,000 beneficiaries are supported under this initiative.

Comprehensive School Interventions: Comprehensive interventions encompass nutrition support, health check-ups, and skill development to enhance employability, ensuring students are equipped with essential competencies for their academic

The beneficiaries are estimated for full project period and not for the financial year under consideration



and professional journey. 1,897 beneficiaries are supported under this initiative. We are also extending support to six evening community learning centres and seven night schools wherein adolescents and adults from marginalised communities are provided secondary education and skilling. 960 students are supported under this intervention.

Health Check-ups and Follow-up

Treatments: Implementing partners oversee annual health check-ups and follow-up treatments, prioritising the well-being of children and addressing potential health concerns proactively. 2,00,000 beneficiaries are supported under this initiative.

Foundational Learning: We support projects that target barriers to foundational learning and numeracy. Our focus is on bolstering academic performance in core subjects through innovative approaches. Our aim is to address the root cause of learning difficulties and provide targeted support and ensure that every child has a strong foundation in basic skills

- a. Over 85% of a child's brain development occurs before age six, making this a critical period for physical, emotional, and psychological growth. Neglect during these years can have lifelong consequences. Quality Early Childhood Care and Education (ECCE) is crucial, particularly for disadvantaged children, to ensure they are healthy, ready to learn, and perform better in school. Recognizing this, India's government introduced the National ECCE Policy in 2013, aiming for universal access to quality early childhood education. Despite this, challenges such as high stunting, malnutrition, school dropouts, and limited government funds persist, necessitating social intervention. United Way Delhi works towards improving lives by addressing local priority issues and does resource mobilization under various domains including early childhood and education. Through the project, UWD upgrades infrastructure, facilitates ICT and smart classrooms, provides learning support, engages communities for home-based care, and focuses on child health and nutrition. Through BHFL's support, they will create 240 child-friendly Anganwadis, enhancing the cognitive, social, emotional, and physical development of 15,000 children.

2.3 Inclusion for Persons with Disabilities

We focus on the wellbeing of Persons with Disabilities (PwDs) by facilitating their inclusion into mainstream society.

- **Early Rehabilitation:** It focuses on early detection, intervention, and counseling to address disabilities at the earliest stage possible. 120 children were supported under the intervention.
- **Educational Rehabilitation:** It includes supporting special schools, inclusive education initiatives, and vocational training programs to empower PwDs through education. 335 beneficiaries were supported under the intervention.

- a. Cochlea Pune for Hearing and Speech focuses on the development and rehabilitation of children aged 0 to 6 with hearing impairments through early detection and intervention, Parent Infant Programme, and Pre-school training. The aim is to integrate hearing-impaired children aged 2 to 6 into regular schools and provide Auditory Verbal Therapy (AVT) support. Individualised speech and language training are given to each child, with sessions conducted in the presence of parents who are also trained to support learning at home. Recognising that up to age 5 years is a critical window for speech development, the centre thus emphasises the importance of its early intervention. through BHFL, we are supporting 120 children for the intervention.

The beneficiaries are estimated for full project period and not for the financial year under consideration



Way Forward

We are dedicated to the development of children and youth, and committed to maximising the impact of our CSR spending by prioritising skill development, enhancing and diversifying in-house programs, capitalising on established partnerships, and implementing more strategic projects.





Customer Centricity

BHFL focuses on prioritising customer needs above everything else.

Customer needs and their satisfaction serve as the foundation for all business decisions and actions. We continually engage with our customers, gather feedback across all aspects of our business, and take necessary actions to meet their requirements.

'Customer Obsession' is an organisation-wide value that unifies all our initiatives and strengthens our differentiation in the industry. With the focus on driving a customer-first approach, the organization continues to inculcate the culture of first-time-right to create a wow experience and digitise the service journeys to simplify them for customers.

Bajaj Housing finance Limited is committed to facilitating a comprehensive organisational transformation through customer-centric initiatives, aiming to provide a smooth experience throughout the customer lifecycle, from loan application to closure.

Key Focus Areas

- Awareness
- Digital Assets
- Governance
- Privacy

Initiatives of BHFL

- Today's customers prefer non-intrusive digital mode, be it loan processing or customer service. So, our company has digitalised all its processes to improve customer experience and provided higher transparency.
- To save time and providing seamless experience BHFL has introduced, Do it Yourself (DIY) Home Loan Application to transform customer experience. The DIY process of availing home loans now enables consumers to enjoy a contact-free journey from the application stage to the approval stage by facilitating document upload and bank account verification online.
- And the remaining process are also through various digital platforms like account aggregator, video personal discussion, e-sanction and NESL aadhar based e-agreement which facilitates quicker and transparent sanction and disbursement.
- We have considered our customers unstated needs which are post disbursement of the loan and thereby have designed customer portal and mobile app which allows our customers to have flexible options of making payment be it advance EMI, part pre-payment, missed EMI through ECMS, UPI, bill desk payment gateway.
- Through our digital platforms customers have also been given options to download their own statements, interest certificates, NOC, loan agreement or increase their EMI or reduce tenor as well without taking help of service executives.
- Customers also can trouble shoot issues through form-based query whereby they get resolutions as well.
- Our in-depth data analytics and risk modelling helps us to predict customer behavior and portfolio segmentation during the loan lifecycle of the customers to focus on business growth by upselling and cross selling products to existing customers and retain them through personalised engagement model.
- Overall, our customers are being made more self-reliant and we continue to introduce improvised version of Digital Platform with more Self-Service options and hence will make it one stop solution for all customer needs.

Mortgage operations have traditionally been process-heavy with multiple touchpoints. Customer expectations for a 'one-stop solution' have led to the creation of a digital ecosystem, enhancing service delivery and ensuring first-time-right resolutions.

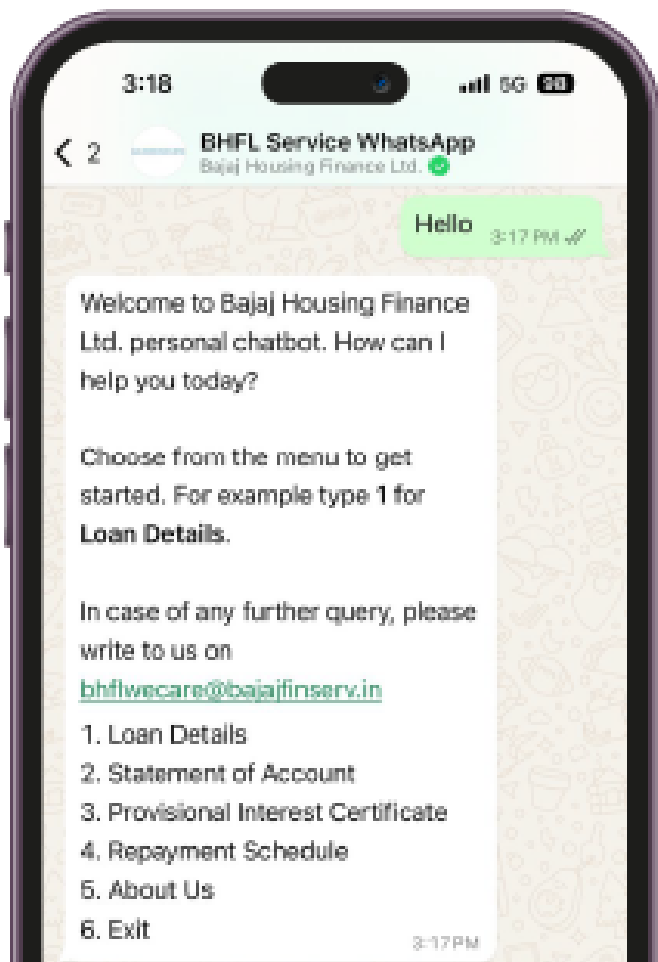
Hence over a period, this has helped us in taking initiatives which are centralised in nature for reducing complaints and thereby giving Wow Experience to customers. In this journey while we continue to strengthen our Back-end processes, we continue to add more self-service options.

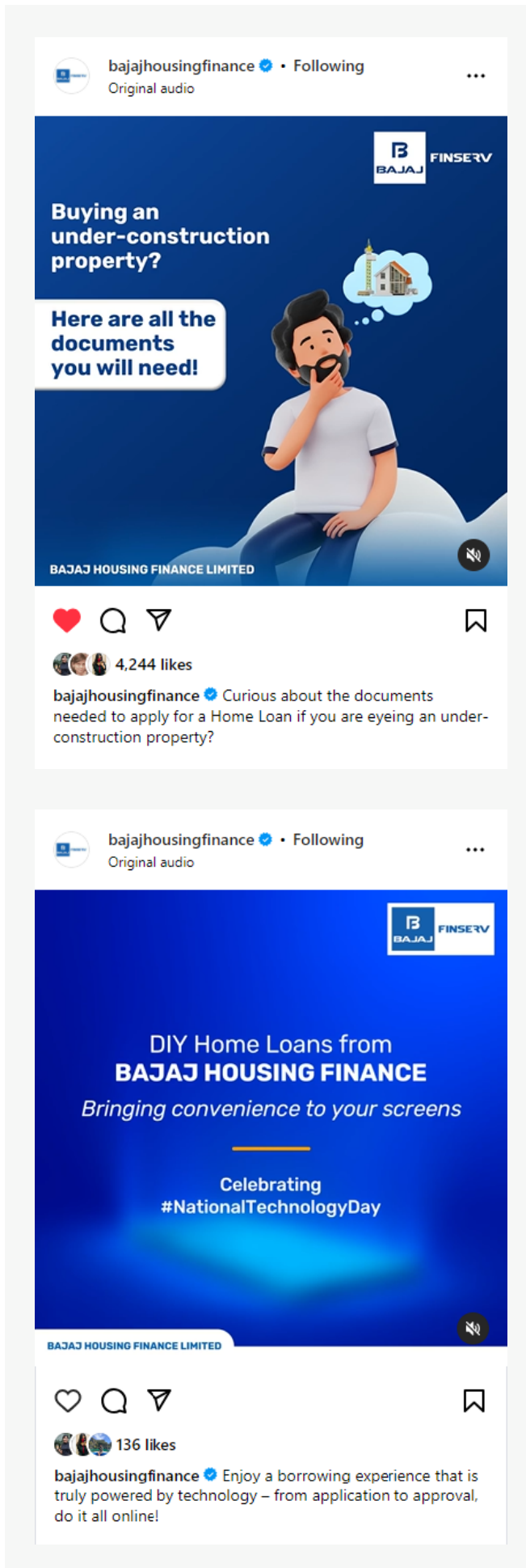
Our Drivers for Service Delivery

- Customer Portal
- Web-based self-service.
- Mobile app for customers
- WhatsApp for downloading statements.
- Robotic Process Automation (RPA)
- Machine learning for Queue management.

Customer and Digital Awareness

- Bitly link shared through WhatsApp for all active customers and newly onboarded customer for easy access to portal and download app.
- Product awareness through social platform
- Cyber security awareness through social platform
- Guide videos for documentation through social platform
- Awareness posts regarding RERA on social media (LinkedIn, Instagram, Meta, and YouTube)
- Real Estate Act has changed the way India buys Homes, hence creating awareness.
- Awareness series on YouTube: #GharVerifiedTohLoanVerified
- Sale agreement verification process explained.





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 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 and if required access is given as per approved policy.
- We engage with our customer via our call center for sales and services. All data uploaded on dialer 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. BHFL has received ISO 27001 -2022 (ISMS: Information Security Management Framework) certification for its IT security.
- We have data privacy policy that covers 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, 2024, number of BHFL's customer for FY 24 extended to around 3.08 Lakhs customers. We received 308 customer complaints in FY 24, amongst which no complaints were pending for resolution as on 31 March, 2024. These complaints were suitably resolved on timely basis.

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

- We believe, we have invested significant time and effort in developing customised credit assessment and operations processes. We have a customised loan origination system, monitoring frameworks and systems to ensure high standards of on-boarding, credit quality and portfolio performance. This is in line with our risk culture and risk management practices which have ensured that despite the volatile economic environment amid inflationary trends and rising interest rates, our GNPA ratio and NNPA ratio on a standalone basis are at 0.27% and 0.10%, respectively, as of March 31, 2024.
- BHFL has dedicated compliance unit who monitors FPC guidelines.
- As part of BHFL's Board-approved Grievance Redressal Mechanism policy, the Board conducts quarterly review of customer grievances and complaints received from Regulator. The focus of the review is on the identification of root causes, corrective action plans and customer service initiatives.
- The BHFL has a "Contact Us" tab on its website homepage for anyone to reach us in case of queries/concerns.
- BHFL has customer experience teams, within operations and across businesses, to drive our initiatives to measure customer experience, improve processes and build a customer-centric culture.
- Internal Audit (IA) conducts a review of customer experience, collections and complaints received from online channels, along with their remedial measures.
- BHFL has created a citizen's charter, to promote fair practices. It gives our customers a high degree of transparency with respect to our various financial products and service offerings.
- In BHFL we follow a strict policy for their outsourced agents. The policy prescribes stringent guidelines, such as maintaining privacy of prospect and existing customers, providing accurate product information, telemarketing etiquettes, etc.





Human Capital Management

Key Focus Areas

- Culture
- Workplace
- Rewards
- Talent

We at BHFL are committed towards providing a workplace that nurtures talent, instills responsibility, and builds future leaders. We are committed to attracting, engaging, and retaining the right talent that contributes to superior business performance.

We are focused on creating a thriving, safe and inclusive workplace for our employees while keeping them engaged and providing opportunities for professional development and growth. Our people strategy is closely aligned with our business strategy, ensuring we support our employees' growth while considering their interests.

Our 'Employee Charter and Human Rights statement' outlines the mutual expectations between the company and its employees, reinforcing our commitment to an employee-centric approach.

Our People

As on March 31, 2024, Bajaj Housing Finance Limited has 2,372 full-time employees with diversified educational and professional backgrounds and age brackets. Around 34% of our employees are under the age of 30 years and average age of the employees at BHFL is around 33 years.

Culture Building at BHFL:

Bajaj Housing Finance Limited 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 behaviour and interactions at the workplace. To enable the achievement of this purpose, and to build a One Leadership DNA, we have defined a set of leadership mindsets and behaviours that encapsulate the target culture which will propel the Company to the desired future, in alignment with the purpose of the Company. We look at leadership as a as a practiced behaviour and a choice and hence all 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 BHFL. These leadership mindsets and behaviors combine to produce a culture that is highly customer-centric, agile, entrepreneurial, thoughtful people strategy.

Leadership Mindsets



Founder's Mindset



Customer Obsession



Talent Builder



Being Responsible

Leadership behaviour



Dream to Deliver



Innovate to Simplify



Delegate & Develop



Do the Right Thing

The people strategy broadly covers four categories viz.

1. Fair, safe, and transparent workplace

The Company aims to create a workspace where employee feels secure, here, security implies both physical and emotional safety. A key feature of a safe environment is that, it prioritises employee wellbeing. We provide employees with platforms where they can freely express their views.

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, transparency, safe, healthy, and harassment-free workplace, amongst others.

We have also adopted equal employment opportunity and non-discrimination policy, all these policies are easily accessible by employees, through our internal portal that is specifically created for them. This is done to ensure that, employees are aware about their rights. These policies also prohibit 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 train our employees on safety protocols; by conducting periodic trainings on fire safety and evacuation drills for them. During the year, 4 fire audits were conducted. We have also installed firefighting systems in the Company.

We always strive for our employee's wellbeing and 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.

2. Pay, rewards and benefits

At BHFL, rewards are designed ensuring that they are sufficient to attract, retain and motivate employees. We believe that to keep going employees should be continuously motivated. To keep them motivated appreciation and rewards play crucial role.

Employee remuneration at BHFL consists of fixed pay, performance pay and long-term incentive plan (LTIP) (Monthly/Quarterly/Annually).

To support employees in times of financial distress due to a personal exigency, BHFL offers three options for financial support:

- a) Advance salary: Under this programme an employee can take up to three months of gross salary as advance and repay over two to three months; 14 employees availed this benefit in FY24.
- b) "Money on call" provides emergency funds within 24 hours to an employee which can be repaid within a month; more than 406 employees availed this benefit in FY24.
- c) BHFL offers a fortnightly salary option – over 130 employees availed this benefit in FY24

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.

BHFL offers 180 days of paid maternity leaves and 5 days of paid paternity leaves to employees.

BHFL has insured its employees under group term insurance, health insurance and accidental insurance policies. Company's total spent came around ₹ 3.92 Crores in FY24 have received the benefit under these insurance policies.

Bajaj Housing Finance Limited 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 BHFL contributing an equal amount.

3. Talent development and retention

We are focused on building talent rich organisation, where we already have a pool of leaders who can take critical and strategic roles in future. Anchored around our Leadership Mindsets and Behaviours, these learning interventions are designed to give our high potential employees essential experiences through coaching and mentoring, action learning projects, facilitator led workshops, and digital learnings necessary to develop their potential into outstanding performance.

We provide ample opportunities to employees to learn, grow and take their careers 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 multidisciplinary skills to shape their careers. The Group IJP process allows an employee to move to a company within the BFS group in a similar transparent way.

At BHFL, employees undergo quarterly performance assessments, which are conducted in a transparent manner and focused on structured development conversations.

At BHFL we invest 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, around 2,000 employees with in at least one of the developments programmes viz. functional, managerial and leadership skill enhancement programmes helping them in upskilling / multi-skilling. All the employees during the year participated in at least one of the functional / skill upgradation trainings.

In addition to various awareness campaigns, more than 9,462 hours of training were provided to employees during the year on fraud prevention, cyber security, and data privacy.

An overview of some of these leadership programs at the Bajaj Group level are:

We at BHFL participate in this programme managed at the Group level.

- 30 under 30 Program: Aims to internally identify young talent under 30 who can be groomed for future capabilities.
- Campus to Corporate: We hire young talent from campus and prepare them to take on higher roles soon through structured year-long learning journeys and multiple engagement touch points.
- Group Finance Associate Program: A program focused on developing our leadership depth and bench in the finance function across Bajaj Finserv companies by grooming Chartered Accountants for future roles.

4. Ethics and compliance

We have zero tolerance towards unethical practices, we have various policies across the Company such as the 'Code of Ethics and Personal Conduct' (CoEPC), 'Whistle Blower' and 'Mind Your Behaviour' frameworks act 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 timely compliance with all employee-related acts such as the Minimum Wages Act, 1948 and the Payment of Bonus Act, 1965. Further, In BHFL we did not receive any complaint related to child, forced, or involuntary labour, or sexual Harassment during the FY24.

We enable our employees to work without fear of prejudice, gender discrimination and harassment. we have zero tolerance towards any non-compliance of these principles.

We ensure that our employees are conversant with our compliance policies and process and adhere to the same. In FY24, we conducted training programmes for 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.



Informa Cyber S Fraud O



Information Security, Data Security and Access Controls

Key Focus Areas

- Cyber Security
- Privacy of Personal Information
- Awareness and Training

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

Our IT Framework

Bajaj Housing Finance Limited has a robust IT framework that encompasses governance, policy, operations, security, audit, outsourcing, and Disaster Recovery (DR) to address challenges related to information security, cyber security, and fraud.

We have implemented an information security framework to continually enhance our security posture. We adhere to various regulations, including the ISO 27001:2022 Information security management system, RBI's Master Direction for the NBFC Sector, and NHB's Policy for the HFC sector. To safeguard systems and data in a remote work environment, we have deployed Data Loss Prevention (DLP) solutions such as Endpoint & Email DLP, restricted access to Office 365, VPN access on Business Applications, and Mobile Device Management for corporate mobile apps.

Our data protection controls are regularly updated and assessed annually. We have established and enforced policies such as IT Policy, Information Security Policy, Cyber security policy, and Data Privacy Policy, in line with regulatory requirements.

Cyber Security

BHFL has institutionalised a cyber security policy to protect its information infrastructure on the internet, prevent and respond to cyber threats; reduce vulnerabilities; and minimise 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 monitoring infra logs 24x7.
- Surface Web and Dark Web monitoring: carried out through different service providers.

Data Privacy

Led by a strong commitment to protecting the privacy of personal data, we have formulated a well-structured Data Privacy Policy incorporating the following:

- Commitment to obtain user data through lawful and transparent means, with the 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.

If any employee discovers data breach incidents, they can be reported on bhflresponsible-disclosure@bajajfinserv.in or bhflinfosec@bajajfinserv.in

Privacy of Personal Information

BHFL is committed to safeguarding customer's personal data. It has adopted various measures to ensure the security of customer's personal information.

BHFL has zero tolerance for breach of data confidentiality and privacy. Further, BHFL has defined disciplinary actions, ranging from suspension to termination, penalty, legal action, etc., for noted instances of data breaches.

During the year, there were 'Nil' instances of data breaches involving personally identifiable information of customers across BHFL.

Audits and Assessments

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. BHFL conducts periodic application security assessments including pre-production, six monthly application security assessments and a structured exercise at various stages of its business enhancements, APIs, Bots etc. Additionally, BHFL conducts six-monthly external Vulnerability Assessment and Penetration Testing (VAPT) audits through a CERT-IN empanelled vendor.

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

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- ISO 27001 surveillance audit from the Certification body
- ISO 27001 internal 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.

Business Continuity Management

BHFL 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 their impact on business operations which is assessed through business impact analysis. It aims to eliminate or minimise 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.

Half-yearly DR drills ensure that IT is effective given the current nature of business processes, infrastructure, personnel, etc.

Governance Structure

All IT security-related projects and operations of BHFL are regularly reviewed by the Information Security Committee, and IT Strategy Committee comprising Board members and/or senior executives.

The ITSC Committee meets on a quarterly frequency.

BHFL has dedicated information security units to manage cyber security programmes and operations for all digital initiatives.

IT Strategy Committee investigates various technology-related aspects. The functions of the Committee are to formulate IT strategy and related policy documents, ensure that IT strategy is aligned with business strategy, review IT risks, etc. The terms of reference of the Committee are:

1. Ensure that the BHFL has put an effective IT strategic planning process in place.
2. Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the BHFL towards accomplishment of its business objectives.
3. Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives, and unambiguous responsibilities for each level in the organisation.
4. Ensure that the BHFL has put in place processes for assessing and managing IT and cybersecurity risks.
5. Ensure that the budgetary allocations for the IT function (including for IT security), cyber security commensurate with the BHFL's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives.
6. Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management.

Awareness and Training

- BHFL creates Information security, Cyber security and Anti phishing awareness across stakeholders including employees, etc., as may be applicable through multiple channels such as training, emails, posters, brochures, social media etc.
- Trainings are imparted on security requirements, applications and other information processing facilities to employees and vendors who use customer facing application and assets. BHFL also conducts phishing drills periodically.
- To educate customers/users on security awareness and confidentiality aspects, BHFL run campaigns on NOT sharing OTP, fraud alerts, no asking/sharing of personal details on calls, phishing emails, etc.



Governance

Corporate Governance

Corporate governance of the company reflects its values, culture, and relationship with its stakeholders. A good corporate governance acts as the cornerstone of the Company

Corporate governance at Bajaj Housing Finance Limited revolves around principles of responsibility, accountability, awareness, impartiality, and transparency.

As a part of Bajaj Group, we are committed to the highest standard of corporate governance and to achieve that, we have proactively adopted the highest standards of corporate governance in the industry, while adhering to all regulatory guidelines with transparent disclosures about our performance and business.

We strive to combine Bajaj Group's historical values with modern best-in-class business practices. We are committed to our values, but also strive to provide our customers with modern solutions to their problems.

The Management is responsible for ensuring that the Company complies with the conditions of corporate governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the corporate governance stipulated in the Listing Regulations.

Key Focus Areas

- **Ethics**
- **Transparency**
- **Corporate Governance Practices**

Board of Directors

The Board of Directors of the Company plays a crucial role in designing and upholding the principles of good corporate governance. Keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance, the Company has optimum blend of Independent and Non-Independent directors to maintain the independence of the Board and to separate the Board functions of Governance and Management.

The responsibilities of the Board, include formulation of overall strategy for the Company, reviewing major plans of action, setting performance objectives, laying down the code of conduct for all members of the Board and senior management team, formulating policies, conducting performance reviews, monitoring due compliance with applicable laws, reviewing and approving the financial results, enhancing corporate governance practices and ensuring the best interest of the stakeholders, the community and environment.

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 a '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. To ensure continuous monitoring of such ethical behaviour, we have constituted a 'Disciplinary Action Committee' (DAC). We ensure complete adherence to the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSII) at BHFL.

BHFL has zero tolerance towards unethical business practices.

Culture of Transparency

At BHFL, 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.

With our focus on transparency, we pursue a transparent and detailed communication protocol with stakeholders. We publish debt investor presentations on a quarterly basis.

Senior management at BHFL conducts town hall sessions to engage with all the employees on a quarterly basis. Employees are encouraged to make suggestions, raise concerns, and seek direct responses from the senior management on any queries/concerns. Through this session management shares financial updates with all the employees of BHFL.

Upholding the spirit of accountability

Long-term sustainable business can only be run by empowered professionals. The Company strongly believes in empowerment and accountability to be inexorably linked and has hence identified 'Accountable Empowerment' as one of its core principles.

Driven by this principle, the Company is managed by competent professionals, while being overseen by the Board. BHFL has voluntarily adopted the Business Responsibility and Sustainability reporting framework prescribed by SEBI to ensure accountability and transparency of the ESG Reporting system.

All practices at the Company reflect an endeavour to maintain high standards of governance. Such endeavours include:

- Separate meeting of independent directors without the presence of Non-Independent Directors or executive management.
- Pre-Risk Management Committee meetings of the Committee's Chair with the Chief Risk Officer and other senior executives.
- Pre-Audit Committee meetings of the Committee's Chair with statutory auditors, internal auditor and members of executive management who are the process owners.
- Confidential Board evaluation process where each Board member evaluates the performance of every director, Committees of the Board, the Chairman of the Board, and the Board as a whole.
- Presentations by senior management (SMT) of the Company to familiarise the directors with key elements of each of the business.
- Complete and detailed information provided to Board members in advance to enable them

to evaluate matters carefully for meaningful discussions.

- Independent discussions by the Audit Committee members with the Internal Auditor and Chief Compliance Officer without the presence of the Managing Director and senior management on a quarterly basis.
- Independent discussions by the Risk Management Committee members with the Chief Risk Officer without the presence of the Managing Director and senior management on a quarterly basis.

Other Corporate Governance practices

Internal controls

BHFL had adequate internal control systems in place, basis the nature, size and operations of the business and processes. Internal audit is carried out as per the risk-based internal audit (RBIA) framework which provides assurance on the quality and effectiveness of internal controls, risk management and governance-related processes. The internal team carries out the internal audit to evaluate the adequacy and effectiveness of internal control systems and process of all business and functions. Significant audit observations are then reported to the Audit Committee along with follow-up actions till the closure of observation. The Audit Committee reviews the internal audit reports, adequacy, and effectiveness of internal control on a quarterly basis.

Risk Management

The Company has well-designed risk governance framework for identification, evaluation, and management of various risks namely credit risk, market, liquidity and interest rate risk, operational and reputational risk, and technological risk.

BHFL considers ongoing risk management to be a core component of the Management of the Company and understands that the Company's ability to identify and address risk is central to achieving its long-range strategies.

In line with the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company has duly constituted the Risk Management Committee of the Board of Directors, which shall be responsible for Company's risk profile, its risk management framework, including the policies and practices employed to manage risks in the Company, as well as the overall adequacy of the Risk Management function.

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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, BHFL has also made the adoption and pursuance of high standards of governance, along with adoption of prudent business practices central to their value proposition. We believe such practices to be vital to ensuring that businesses are not exposed to undue risks.

BHFL recorded AUM Growth of 32% in FY24 and growth in profit after tax by 38%.