

Mahindra & Mahindra Financial Services Limited

Business Responsibility
Report

2015-2016

Mahindra FINANCE

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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

Mahindra & Mahindra Financial Services Limited
Gateway Building, Apollo Bunder,
Mumbai
Maharashtra - 400 001, India.

4. Website

<http://www.mahindrafinance.com>

5. E-mail

investorhelpline_mmfs@mahindra.com

6. Financial Year reported

1st April 2015 to 31st March 2016

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)

The Company has presence in India & Company operates through its Joint Venture (JV) company Mahindra Finance USA LLC in United States

ii. Number of National Locations

1167 offices in India

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)

INR 11,292.03 lacs

2. Total Turnover (INR)

INR 5,90,510.05 lacs

3. Total profit after taxes (INR)

INR 67,259.60 lacs

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

INR 2,905.95 lacs

5. List of activities in which expenditure in 4 above has been incurred.

- Providing socially and economically disadvantaged youth with training in Retail, Hospitality or IT sector in 'Mahindra Pride School'
- Supporting the PM's clean India campaign by building toilets and maintenance of toilets for girls under the 'Swachh Bharat Swachh Vidyalaya Program'
- Scholarship for Graduate & Undergraduate needy students from rural areas
- Vocational Training for unemployed youths and women for financial skills and drivers training respectively to make them employable.
- Promoting access to healthcare for marginalized populations by providing ambulance, medical equipments, infrastructure support for hospitals
- Supporting education of marginalized girls through project 'Nanhi Kali'
- Promoting financial literacy among school students through various initiatives like financial literacy courses and distribution of financial literacy kits
- Supporting social enterprises working to address problems in rural India through DST certified Incubation Centers
- Supporting Lifeline Express to provide on-the-spot diagnostic, surgical and other medical services to poor families in rural areas
- Educational support to schools and under privileged students by helping them provide with quality education, uniforms, notebooks, textbooks etc.
- Organizing Blood Donation, General Health Camps, Eye Check-up camp and providing Medical Aid
- Driving environmental conservation and restoration programs, including tree plantation, rain water harvesting systems installation
- Providing medical and vision correction facilities for marginalized patients

- Supporting programs to promote Indian art and culture
- Supporting old age homes, orphanages and differently abled homes
- Improving livelihoods of poor villagers by providing vehicle
- CSR Administrative Expenses

(Full details are given in Annexure I of the Directors' Report for FY 2015-16)

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

Yes, the Company has four Subsidiary Companies as on 31st of March 2016.

- 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(s)

Yes, two Subsidiary Companies viz. Mahindra Insurance Brokers Limited and Mahindra Rural Housing Finance Limited participate in the Company's BR initiatives and are also included in the scope of its Sustainability Report. The Sustainability Reports of last 3 years are available on the Company's website at - <http://www.mahindrafinance.com/sustainability.aspx>.

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 Original Equipment Manufacturer (OEM) dealers. The Company has a Dealers Council and organizes regular Dealer meets for engaging these dealers. Also, customer feedback and satisfaction with the services are recorded in the form of Customer as Promoter Score (CaPS). CaPS is calculated based on a question whether the dealer / customer would recommend the Company to their customers / friends. A person usually recommends a brand to someone only if he / she is satisfied with it and wants to continue being associated with the brand. Thus CaPS is a measure which takes into account both satisfaction and loyalty of a person with a brand. This feedback is utilized to create new action plans for the improvement of Company's products and services. The issues arising with the dealer are captured in CaPS survey findings which are addressed and acted upon. This results in decreased customer dissatisfaction, improving turn-around-time and better customer experience in loan funding process.

The Company initiates programs to encourage adoption of sustainable business practices amongst its supplier. Since the Company operates in the financial services sector, most of the suppliers are small scale vendors and service providers. The current reach for the program is less than 30%. Over the years the Company intends to cover more percentage of its suppliers under sustainability programs and themes.

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

DIN Number	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 Number (if applicable)	01904423
2.	Name	Mr. Vinay Deshpande
3.	Designation	Chief People Officer
4.	Telephone number	+91 22 66526000
5.	e-mail id	deshpande.vinay@mahindra.com

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

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

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

		Ethics, Transparency and Accountability	Product Life Cycle	Employee Wellbeing	Stakeholder Engagement	Human Rights	Environment	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
S.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	N*	Y	Y ¹	Y	Y ²	N*	Y	N*
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	Y	-	Y	-
3	Does the policy conform to any national/international standards? If yes, specify?	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	N**	Y	N**	-	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	-
6	Indicate the link for the policy to be viewed online?	Y	-	Y	Y	Y	Y	-	Y	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	Y	-	Y	-
8	Does the Company have in-house structure to implement the policy/policies	Y	-	Y	Y	Y	Y	-	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	Y	Y	Y	-	Y	-
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	-	Y	Y	Y	Y	-	Y	-

Note:

Y - Yes, the Company has relevant policies and systems in place with respect to the principle and the related questions as per the BRR guideline

Y¹ - Considering the nature of Company's business, this principle has limited applicability. Segments of Company's business are guided by policies which incorporate stakeholder engagement process with focus on those stakeholders which are at bottom of financial and social pyramid.

- Y² - Considering the nature of Company's business, this principle has limited applicability. Segments of Company's business are guided by policies which incorporate elements of environmental risk and opportunities in them.
- N* - Considering the nature of the Company's business, these principles have limited applicability. Other internal policies and framework of the Company related to these principles are available on intranet for limited circulation only. Further information in reference to these policies is shared on links in table below. The Company is working on formulating and implementing policies specific to these principles before end of FY 2016-17.
- N** - The specific policies would be formulated and taken up for approval and endorsement of MD/owner/CEO/appropriate Board Director before end of FY 2016-17

Point no. 6 of 2. a) - Link to Information on Policies related to Principles

NVG Principle	Information
Principle 1: Ethics, transparency & accountability	<p>The different policies and documents pertaining to this Principle like Whistle Blower Policy as a part of Vigil Mechanism and the Code of Conduct for Directors, Senior Management Personnel and Employees can be referred on following pages of Company's website:</p> <p>http://www.mahindrafinance.com/corporate-governance.aspx</p> <p>http://www.mahindrafinance.com/fair-practice-code.aspx</p> <p>http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf</p> <p>Other Policies can be referred at -</p> <p>http://www.mahindrafinance.com/policies.aspx</p>
Principle 2: Sustainability in life-cycle of product	<p>Refer to sections named 'Sustainability and Us' and 'Service Performance' in Company's last Sustainability Report on Page No. 24-26 & 32-35 available at link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf</p> <p>Refer to CSR policy section of Company's Annual report on Pg. 59 to 62 - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf</p>
Principle 3: Employee well-being	<p>Refer 'Life at Mahindra Finance' section on Company's website - http://www.mahindrafinance.com/life_mmfsi.aspx</p> <p>Refer to 'Nurturing Talent' section in Company's last Sustainability Report on Page No. 40-45 available at link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf</p> <p>HR policies are circulated internally to employees on intranet</p>
Principle 4: Stakeholder engagement	<p>Refer to 'Stakeholder Engagement and Materiality' Section in Company's last Sustainability Report on Page No. 17-20 available at link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf</p> <p>Also similar policies can be referred at - http://www.mahindrafinance.com/policies.aspx</p>
Principle 5: Promotion of human rights	<p>Refer to 'Nurturing Talent' section in Company's last Sustainability Report on Page No. 40-41, available at link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf</p>

	<p>15.pdf</p> <p>The disclosure regarding prevention of sexual harassment can be referred on Page No. 57 of our last Annual Report available at link - http://www.mahindrafinance.com/pdf/MF_AR_2014-15.pdf</p> <p>Other HR policies with elements of Human Rights are circulated internally to employees on intranet</p>
Principle 6: Environmental protection	<p>Refer to 'Environmental Performance' section in Company's last Sustainability Report on Page No. 36-38 available at link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf</p> <p>Also relevant information can be referred at - http://www.mahindrafinance.com/sustainability.aspx</p>
Principle 7: Responsible public policy advocacy	<p>The Vice-Chairman and Managing Director - Mr. Ramesh Iyer and Executive Director & Chief Financial Officer - Mr. V. Ravi represent the Company on governing councils, executive committees and various other groups of several trade and industry associations and organizations like Confederation of Indian Industries (CII), Associated Chambers of Commerce and Industry of India (ASSOCHAM), Finance Industry Development Council (FIDC), Federation of Indian Chambers of Commerce and Industry (FICCI), Bombay Chambers of Commerce and Industry (BCCI). Also Company's top management personnel are members of Governing Council of Mahindra Finance Academy.</p> <p>Details regarding the same can be referred in section Public Policy Advocacy on Page No. 16 of Company's last sustainability report - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf</p>
Principle 8: Inclusive growth	<p>Refer to CSR section on website - http://www.mahindrafinance.com/csr.aspx</p> <p>CSR Section in Company's Sustainability Report and Annual Financial Report</p> <p>Refer to 'Social Performance' section in Company's last Sustainability Report on Page No. 46-55 available at link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf</p> <p>Refer to 'Corporate Social Responsibility' section in Company's last Annual Report on Page No. 47 available at link - http://www.mahindrafinance.com/pdf/MF_AR_2014-15.pdf</p>
Principle 9: Customer value	<p>Refer to Mahindra Finance website - http://www.mahindrafinance.com/invest-with-us-overview.aspx</p>

(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)

The relevant information pertaining to 'No' is shared in the 'Note' section below the table of 2.a

3. Governance related to BR

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

The Corporate Social Responsibility (CSR) Committee of the Board meets once in every 3 months to review the CSR agenda and activities of the Company. Details regarding CSR Committee can be referred in 'Corporate Social Responsibility' sections of Company's Annual Report.

During the FY 2015-16 the Company constituted a Sustainability Council which comprises of senior members representing different functions of the organization. This cross functional team approach facilitates optimum use of all relevant resources, experience and knowledge from all levels to guide sustainability initiatives. This Council meets once in every 3 months to review sustainability performance of the Company.

2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company annually publishes the Sustainability Report based on Global Reporting Initiative (GRI – G4) Guidelines. The Sustainability Report for the FY 2014-15 can be accessed at the web-link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf

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?

Mahindra Finance has defined a Code of Conduct to deter wrongdoings and to promote ethical practices. The Code extends to all dealings with suppliers, customers and other business partners. The Board has established two detailed sets of code of conduct, one for Board of Directors and other for senior management and employees. The codes of conduct are an integral part of the induction of new employees.

The company has established robust business practices and procedures to ensure that it remains fully compliant with mandated regulations and wins the goodwill of all communities it works closely with. It achieves this through sustained efforts and robust business processes that are aimed at attaining the highest standards of corporate governance.

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, 6 complaints were received from the Shareholders, all of which were attended to/resolved till date.

Principle 2

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

The Company addresses the credit requirements of its customers through its unique 'Earn & Pay' business model. The Company provide loans not for consumption, but for income generation. Company is progressively working to provide a range of financial products and services to its customers through its nationwide distribution network. Company's multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one. The Company create livelihoods, provide shelter, and secure peoples' investments.

As an integral enabler to livelihoods, the Company inspire the transformation of rural India, by helping people realise their aspirations. While the Company empower lives of its customers, this also co-creates new opportunities with them to increase business through products portfolio as shared below.

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

SME loans: Equipment Financing, Project Financing and Working Capital Finance

Investments and Advisory : The Company helps customers by providing investment advisory services and a wide range of investment products

The Company empower those who reside at the lower end of the social pyramid. The Company undertakes periodic surveys to understand its customers better. These customers are largely ignored by the conventional banking system, or they are located in under-banked locations. 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 the energy consumption, GHG emissions and waste generation as a part of the sustainability roadmap. The specific energy consumption and specific emissions for year 2015-16 stands at 6.28 (GJ/FTE) and 1.263 (Tons of CO₂/FTE) which are lower compared to previous reporting cycle. Also, the Company has taken initiatives on energy efficiency and renewable energy. The steps taken on conservation of energy cover Installation of Solar UPS in different States, LED Light in office in place of CFL in offices and Installation of windmills and solar panels in various offices.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

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 encourage 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?

One of the important factors while selecting suppliers of the Company is proximity. 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 years, 100% of Companies supplies are met through local vendors and service provider. The same is also covered as one of the sustainability performance indicators at Page No. 30 in Company's last Sustainability Report available on web-link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf.

a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company wherever possible prefers local vendors for its supply requirements. For the Company along with proximity, other significant vendor selection factors include quality, delivery, reputation and past performance. To meet the Company's standards the local vendors has improved their service levels on factors like quality, delivery time etc.

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 wastes produced during its business operations which majorly comprises of e-waste and stationary waste. The Company has initiated no. of initiatives on recycling of stationary waste at its main locations in India. As Company progress on with better monitoring and reporting of this information, such initiatives would be propagated to more locations in the coming year.

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 is disposed of responsibly.

The non-hazardous waste is managed with help of local vendors. Approximately 32 Tons of paper was saved for the financial year 2015-16 by firstly, using of recycled paper to make boxes which saves Virgin Paper and secondly, by pulping of papers that is generated by old record destruction. These initiatives have been done in collaboration with Company's Record Management Companies.

Principle 3

1. Please indicate the Total number of employees

	No. of employees
Permanent employees	15821

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

	No. of employees
Temporary/Contractual /Casual employees	1234

3. Please indicate the Number of permanent women employees

641

4. Please indicate the Number of permanent employees with disabilities

36

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

The Company, being in banking and financial services sector, does not have any employee association. The Company has a pan-India presence and the employee population is spread across the geography. The Company is making efforts in becoming an integral part of the rural eco-system and recruiting employees from local colleges and empowering them to take decisions that help in building trust among its customers. The majority of Company's employees are skilled workforce with basic education and skill sets to work in a Banking and Financial Services Sector.

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

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

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 on the end of the financial year.

S.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	0	0
2.	Sexual harassment	3*	0
3.	Discriminatory employment	0	0

* Of the complaints filed one case was withdrawn, two warning letters has been issued by the Company

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

The Company's talent management team conducts various learning and development programmes each year to nurture talent amongst the employees. The average training hours accounts to 9.6 mandays per person in FY 2015-16 for employees under different programs like:

- Think Tank - This program which encourages Alternative Thinking and gives an opportunity for the young talent in the organisation to work on strategic projects sponsored by the Steering Committee
- Mahindra Finance Academy – This platform provides different kinds of certifications related to banking and financial services to aspirants.
- Chanakya - The program helps develop high performing, high potential talent through a blend of various educational, vocational, general management and specialised platforms of national and international repute
- Manthan - A mentorship programme for high potential employees. It connects employees to mentors in the organisation who guide, support and encourage them to perform better.
- Chakravayu - Formulated for high-performing managers of the Company, Chakravayu is a program that helps individuals develop a strong resolve to challenge conventions and stoke their spirit of Alternative Thinking. This three stage workshop includes Awareness, Practice and Application phases giving a holistic learning for participants.
- Project Safe Driving – In order to create awareness and build good driving practices for all employees driving 2-Wheelers an e-learning program has been initiated in FY 2015-16 that focuses on building safe driving habits.

As a focus towards health and safety of its employees, the Company conduct regular health check-up and awareness sessions. The Company has conducted a total of 160 such programs across different locations in India under the theme 'Aarogya'.

The Company has kept focus on hiring local talent in region it operate and build on their skill sets to do well in organisation and accelerate in their professional careers. This Employee First approach has helped many of Company's home grown members to become Branch Managers and acquire roles in Middle and Senior Management.

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

• Permanent Employees	63.52 % were covered as a part of training programs
• Permanent Women Employees	33.07 % were covered as a part of training programs
• Casual/Temporary/Contractual Employees	Company do not measure this metric
• Employees with Disabilities	Company do not measure this metric

Principle 4

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

The Company has mapped its key stakeholders. The internal stakeholders are constituted by the employees whereas the external stakeholders are Customers, Original Equipment Manufacturer (OEM) Dealers, Shareholders, Regulators and Community.

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

The Company has a CSR Committee and FSS Sustainability Council which develops the roadmap and action plan considering expectation of different stakeholders including those which needs support on multiple fronts. This includes customers & community which are positioned at bottom of income and social pyramid. 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 marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company has taken up a number of initiatives for meeting the expectation of different stakeholders. Variety of projects are initiated under themes of healthcare, education, scholarship programs, community empowerment, vocational training etc. 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.

Kindly Refer to Social Performance Section in Company's last Sustainability Report on Page No. 46-55 available at link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf and

Refer to Corporate Social Responsibility Section in Company's previous Annual Report for FY 2014-15 on Page No. 47 available at link - http://www.mahindrafinance.com/pdf/MF_AR_2014-15.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 Company believes human rights are indivisible and non-negotiable. 'Dignity of the Individual' is one of five core values of Mahindra Finance. Discrimination, forced and compulsory labour and child labour are strictly prohibited. The Company also denounce bribery or corruption in any form, and Company's processes ensure that such practices are strictly discouraged at all levels. Company's Human Resources department implements norms, policies and initiatives for all to imbibe and align to a common approach, which fosters a transparent, fair and growth-oriented work culture. The Company has already implemented an appropriate policy for employees to facilitate the prevention of sexual harassment, which inter alia, sensitised all employees who are part of Company's redressed mechanism and ensured that protection is offered to them by the Company. As a part of the M&M group, the Company adhere to the principles on human rights and labour standards set forth by the UN Global Compact:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Ensure that businesses are not complicit in human rights abuses; and
- Principle 4: The elimination of all forms of forced and compulsory labour;
- Principle 5: The effective abolition of child labour; and
- Principle 6: The elimination of discrimination in respect of employment and occupation
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

The Company has formulated an internal policy in relevance to Human rights in economic decision making process based on Mahindra Group approach on the similar front. The policy is applicable for all business dealings.

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

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 2 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

The Company's endeavors to integrate environmental constructs into management decision-making process. Improving eco-efficiency of Company's operations has been a part of its sustainability road map. Digitization of Company's operating procedures, products and processes has been a key initiative, which not only helps in cut down on paper consumption but also helps to lower the carbon emissions. Compliance with laws and regulations relating to the environment has always been ensured in letter and spirit. Company has been reporting environmental performance in terms of absolute and specific consumption. The specific consumption is calculated by dividing the absolute consumption by the number of employees (Full Time Employees – FTE).

Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 3rd consecutive year. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) asset management plans. The Company is the

only Indian Company from amongst the Diversified Financial Services Companies category in India to make in this list.

The Company's approach has been to make this environmental disclosure transparent, and accordingly, it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India 200 since FY 2011-12. The Company is featured in the Carbon Disclosure Leadership Index 2015 (CDLI) in India for 2nd time in a row. The report can be accessed on the link - <https://www.cdp.net/CDPResults/CDP-India-climate-change-report-2015.pdf>

The Company adheres to a group wide environment policy which is revised according to its operations considering the Company being in banking and financial service sector.

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.

The Company has undertaken various environmental initiatives that reduce emission of GHG gases in atmosphere that contributes to the phenomena of global warming and climate change. Details of all the initiatives are available in the environment performance section of the sustainability report and also shared below, kindly refer the page 38 of Company's last sustainability report available on the link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf

Conservation of Energy - Though operations of the Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption. The steps taken on conservation of energy are shared below

- Installation of Solar UPS in different States.
- LED Light in office in place of CFL in offices.
- Installation of windmills and solar panels in various offices.

Paperless Productivity - Being a financial services institution, paper is a major resource consumed at Company's offices. In an effort to reduce its consumption, the Company has undertaken various initiatives to eliminate usage. Some of these initiatives are:

- The Personal Loan Application Processing (PLAP) that facilitates the capturing of personal loan enquiries at source and at every stage till approval/rejection of the application; thereby completely bypassing the use of paper-based stationery
- Conveyance Claim Module is an integrated module to process conveyance reimbursement payments to the field force. It maintains an MIS on productivity, efficiency and performance comparison in a given period of time for approving authority. It is a completely paperless process that even frees the field force from the need to maintain manual records.

E-waste Management - Company has taken a proactive approach towards handling its electronic waste. Company has empanelled Central Pollution Control Board (CPCB)-authorised third party e-waste handlers for disposal of e-waste from its locations across India. In FY 2015-16, Company responsibly disposed approximately 2.5 Tons of e-waste which included desktops, laptop hardware, etc.

Project Hariyali

The Indian subcontinent has been extensively explored in terms of biodiversity over the years. Due to population explosion, climate change and poor environmental policies, several species are facing the threat of extinction. Not only does this affect the food chain, but also the livelihood and the culture of millions of Indians who depend on local biodiversity in rural India. Project Hariyali has been Company's endeavour towards nurturing biodiversity. During the reporting period, the Financial Services Sector

planted 93,500 trees, against the target of 85,000 through the combined efforts of the employees and community partners.

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

The Company is cognisant of the human-induced climate change has become an important factor for the financial sector. The multitude of impacts from climate change include scarcity of natural resources, their escalating prices, enhanced transportation costs, additional insurance covers and expenditure on risk mitigation. Historically, the financial sector has been involved in the management of climate variability through its provision of credit for seasonal cycles of agriculture, selection of suitable investment opportunities, and insurance against natural disasters.

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

No, because of the nature of Company's business being a service based. Feasibility of undertaking a CDM project is very limited.

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 taken initiatives on energy efficiency and renewable energy. The steps taken on conservation of energy cover Installation of Solar UPS in different States, LED Light in office in place of CFL in offices and Installation of windmills and solar panels in various offices.

The Company has installed solar powered UPS in various branches, which experience power shortages. At present, the Company has installed 164 KW of solar capacity across 63 different locations. Details about the project are available in the environment performance section of the last sustainability report on Page No. 38 at - www.mahindrafinance.com/sustainability.aspx

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 financial sector Company doesn't fall under the purview of CPCB/SPCB. However the Company monitors various aspects like energy consumption, water consumption, paper consumption, cartridges and toner usage, wastes generated and GHG emissions (details available in sustainability report at - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf). The Company under various initiatives are constantly in pursuit to reduce their carbon footprint and waste generated. The specific energy consumption and specific emissions for year 2015-16 stands at 6.28 (GJ/FTE) and 1.263 (Tons of CO2/FTE) which are lower compared to previous reporting cycle.

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

No such notices received during the reporting period. Company is complying with all applicable laws pertaining to our 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), Associated Finance Industry Development Council (FIDC), Bombay Chamber of Commerce and Industry (BCCI).

Also Company has been associated with other industry bodies like - Chambers of Commerce and Industry of India (ASSOCHAM), Federation of Indian Chambers of Commerce and Industry (FICCI). In addition to these, The Vice-Chairman and Managing Director - Mr. Ramesh Iyer and Executive Director & Chief Financial Officer - Mr. V. Ravi are part of different committees and forum of various chambers, association and educational institutes.

Further details regarding the same can be referred in section 'Public Policy Advocacy' on page no. 16 of Company's last Sustainability Report available on web-link -

http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.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 top management has suggested improvement in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and finance 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 mission is in line with the business mission - 'Driving positive impact in communities. Through constant and collaborative interactions with stakeholders, the Company strives to become an asset in the communities where it operates. Company's Corporate Social Responsibility (CSR) initiatives are focused towards empowering lives across the country with focus on three thrust areas of education, healthcare and environment. Company aim is to create transformation which is self-sustaining and encourages growth-oriented communities by empowering them to Rise.

The Company has embarked various initiatives under corporate social responsibility to promote inclusive growth and equitable development.

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate, monitor, review various policies and program falling within the purview of the applicable Schedule VII of the Companies Act, 2013 and mobilize resources for adherence with the same.

Kindly Refer to Social Performance Section in Company's last Sustainability Report on Page No. 46-55 available at link - http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf

Refer to Corporate Social Responsibility Section in Company's last Annual Report on Page No. 12-13, 47, 59-62 available at link - http://www.mahindrafinance.com/pdf/MF_AR_2014-15.pdf

Also, details can be referred on Company's website

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

Sustainability section - <http://www.mahindrafinance.com/sustainability.aspx>

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

The Company has undertaken a wide variety of community based initiatives, through its corporate social responsibility vertical. The implementation of different projects is done by various in-house and external agencies. Details on this aspect can be found in the CSR section of Annual report and in sustainability

report.

Kindly Refer to Social Performance Section in Company's last Sustainability Report on Page No. 46-55 available at link -http://www.mahindrafinance.com/pdf/mf_sustainability_report_2014-15.pdf

Refer to Corporate Social Responsibility Section in Company's last Annual Report on Page No. 12-13, 47, 59-62 available at link - http://www.mahindrafinance.com/pdf/MF_AR_2014-15.pdf

Also, details can be referred on Company's website

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

Sustainability section - <http://www.mahindrafinance.com/sustainability.aspx>

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

The impact assessment of one of the major project - Lifeline Express was undertaken by collaborating with Tata Institute of Social Sciences (TISS), Mumbai to evaluate the effectiveness of the project. This assessment was taken up in FY 2014-15 for similar activity conducted in FY 2013-14 and the outcomes and improvement areas of this were taken up while conducting the Lifeline Express project in FY 2014-15 and FY 2015-16.

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

Company contributed INR 2905.94 lacs majorly in areas of Education, Health and Environment which are Company's CSR focus aspects.

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 Company is constantly taking steps towards 'Driving positive impact in communities' it operates. Some of Company's initiatives and interventions in three focus areas of education, health and environment are shared briefly below.

Health – Company is making efforts towards promoting health care including preventive health care and sanitation and making safe drinking water available. Through its Lifeline Express (Hospital on Wheels) project Company offered free of cost medical and surgical facility to the disabled in remote part of India with over 7000 beneficiaries last year. Also, Company has taken up Medical Equipment and Ambulance Donation program along with organising health camps and blood donation drives across various locations in India.

Education – Company provided educational support to the underprivileged girls from poor, remote rural and conflict afflicted communities across India. Also, Company distributed scholarships to undergraduate and graduate students as a part of Mahindra Finance Scholarship Program. As a part of efforts towards education Company imparted vocational training and financial literacy amongst school students. Also Company's project focused on empower youth & women from socially and economically disadvantaged sections of society by providing them with livelihood training which enable them to gain employment based on their skills.

Environment - Project 'Hariyali' has been Company's endeavour towards nurturing biodiversity and increasing green-cover. During the FY 14- 15, Company's planted 93,500 trees, against a target of 85,000 trees, through the combined efforts of the employees and community partners. Since the launch of the project in 2007, Company has planted over 4,30,164 saplings across India. To maintain the sustainability of these saplings Company also conducted tree plantation drives in the colleges/ schools/orphanage premises where the community feels responsible and nurtures the saplings.

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 organization. Of the total complains 3.55% are pending at the end of the year.

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 to customer/ consumers the aspects pertaining to product labelling is not applicable for 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 employed multilingual teams, comprising of locals people. Company's website is bilingual and provides information to its audience in Hindi and English. Company's employees educate its customers about the loan products they avail and thus, build deeper partnerships with them. Company thrusts 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 it operate helps Company understand needs and expectation of people based in rural part of India and enable it to offer better services that meets customer requirements.

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

No

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

The Company monitors customer satisfaction through CaPS Survey. Customer feedback and satisfaction with the services are recorded in the form of CaPS scores, and this feedback is utilised to create new action plans for the improvement of Company's products and services. Embracing social media marketing is one such change to not just promote its services, but also receive customer feedback on the same. The CaPS score has improved from 63 to 73 during last reporting cycle while results of survey conducted in month of March 2016 are still awaited. Any Company's score above 50 is considered exceptional and a very good based on this methodology.

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