

ANNEXURE II TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

Business Responsibility Report for the year 2016-17

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L65921MH1991PLC059642	
2	Name of the Company	Mahindra & Mahindra Financial Services Limited	
3	Registered address	Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India.	
4	Website	http://www.mahindrafinance.com	
5	E-mail	investorhelpline_mmfsl@mahindra.com	
6	Financial Year reported	1st April, 2016 to 31st March, 2017	
7	Sector(s) that the Company is engaged in (industrial activity code-wise):	Description of the main products/services	NIC code for the product or service
		Asset Financing	64990
8	List three key products/services that the Company manufactures/provides (as in balance sheet):	1) Vehicle/Tractor Financing 2) Small and Medium-sized Enterprises (SME) Financing 3) Investments and Advisory	
9	Total number of locations where business activity is undertaken by the Company	i. Number of International Locations (Provide details of major 5)	ii. Number of National Locations
		The Company has presence in India & Company operates through its Joint Venture (JV) company Mahindra Finance USA LLC in United States	1,182 offices as on 31st March, 2017.
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)	11,300.83 lakhs
2	Total Turnover (INR)	6,23,753.82 lakhs
3	Total profit after taxes (INR)	40,023.49 lakhs
4	Total Spending on Corporate Social Responsibility (CSR) (INR)	3,047.53 lakhs
	As percentage of profit after tax (%)	2.00% of average Net Profit for last three Financial Years
5	List of activities in which expenditure in 4 above has been incurred.	<ul style="list-style-type: none"> ● Supporting the PM's clean India campaign by spreading awareness about Swachh Bharat Abhiyan and partnering with Indian Sanitation Coalition (ISC) to drive sustainable sanitation through a partnership mode ● Improving health conditions and medical facilities in various villages across nation by organising blood donation camps, eye check-up camps, health camps and also by providing medical aid ● Promoting access to healthcare for marginalised populations by providing ambulances ● Alleviating attrition rates of underprivileged girls from schools by contributing to the project 'Nanhi Kali' ● Enhancing the state of educational institutions by providing necessary infrastructure to schools and books, stationery and other relevant material to underprivileged children ● Empowering socially & economically disadvantaged youth by providing intensive training in ITES, Retail and Hospitality in Mahindra Pride School

- Educating school children on the importance of personal finance management by teaching financial literacy courses and distributing financial literacy kit and sensitising community on cashless methods of transaction
- Increasing employability of youth and women by imparting knowledge on financial skills and driver training respectively
- Encouraging continued education of school going children, undergraduates and post-graduates by providing need based scholarship
- Supporting old age homes, orphanages and differently abled homes
- Aiding environmental conservation and restoration programs such as tree plantation, rain water harvesting & watershed management financially
- Providing financial support to various organizations that preserve and promote the fine arts and different forms of traditional dance
- Improving agribase, livelihood of farmers
- CSR Administrative Expenses
(Full details are given in Annexure III of the Board's Report for FY 2016-17)

SECTION C: OTHER DETAILS

1 Does the Company have any Subsidiary Company/ Companies?	<p>Yes, the Company has four Subsidiary Companies as on 31st of March 2017.</p> <p>1) Mahindra Insurance Brokers Limited 2) Mahindra Rural Housing Finance Limited 3) Mahindra Asset Management Company Private Limited 4) Mahindra Trustee Company Private Limited</p>
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)	<p>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 4 years are available on the Company's website at the web-link: http://www.mahindrafinance.com/sustainability.aspx.</p>
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%]	<p>Yes, the Company has developed a long lasting relationship with the Dealers of Original Equipment Manufacturers (OEMs). The Company has a Dealers' Council and organizes regular Dealer meets for engaging with 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 dealers are captured in CaPS survey findings which are addressed and acted upon. This results in decreased customer dissatisfaction, improved turn-around-time and better customer experience in loan funding process.</p> <p>The Company initiates programs to encourage adoption of sustainable business practices amongst its suppliers. 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 business responsibility programs and themes.</p>

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

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

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
Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national/international standards? If yes, specify?	Y	NA	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?#	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	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	NA	Y	Y	Y	Y	NA	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y ²	Y ²	Y ²	Y ²	Y ²	Y ²	Y ²	Y ²	Y ²

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

Note:

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

– The Company's BR Policy is shared internally within the organisation on its intranet and externally on its website at the web-link: <http://www.mahindrafinance.com/policies.aspx>

Y¹ – The BR Policy has been appropriately communicated to the relevant stakeholders.

Y² – While the Company has not carried out independent audit of the policies; there is a limited assurance by an external agency for the Sustainability Report. The execution of the policies is through processes and systems, which are regularly reviewed and considered for improvements.

In addition to the Principle specific Policies and information can be referred on the links mentioned in the table given below:

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 at the Web-link: http://www.mahindrafinance.com/corporate-governance.aspx http://www.mahindrafinance.com/fair-practice-code.aspx http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf Other Policies can be referred at the Web-link: 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 Nos. 24-27 and 32-35 available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf Please refer Annual Report on CSR activities available on the web-link: http://www.mahindrafinance.com/annual-reports.aspx</p>
Principle 3: Employee well-being	<p>Refer 'Life at Mahindra Finance' section on Company's website at the Web-link: http://www.mahindrafinance.com/life-mmfsf.aspx Refer to 'Nurturing Talent' section in Company's last Sustainability Report on Page Nos. 40-48 available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf HR policies are circulated internally to employees on intranet portal.</p>
Principle 4: Stakeholder engagement	<p>Refer to 'Stakeholder Engagement and Materiality' Section in Company's last Sustainability Report on Page Nos. 18-22 available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf Also similar policies can be referred at the web-link: http://www.mahindrafinance.com/policies.aspx</p>
Principle 5: Promotion of human rights	<p>Refer to 'Nurturing Talent' section in the Company's last Sustainability Report on Page Nos. 40-41, available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf Please refer Annual Report on CSR activities available on the web-link: http://www.mahindrafinance.com/annual-reports.aspx Other HR policies with elements of Human Rights are uploaded on intranet portal.</p>
Principle 6: Environmental protection	<p>Refer to 'Environmental Performance' section in Company's last Sustainability Report on Page Nos. 36-38 available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf Also relevant information can be referred at the web-link: http://www.mahindrafinance.com/sustainability.aspx</p>

NVG Principle	Information
Principle 7: Responsible public policy advocacy	<p>Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. V. Ravi, Executive Director & Chief Financial Officer, 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) and Bombay Chamber of Commerce and Industry (BCCI). Also the Company's senior 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. 17 of the Company's last Sustainability Report- http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf</p>
Principle 8: Inclusive growth	<p>Refer to CSR section on website at the Web-link: http://www.mahindrafinance.com/csr.aspx CSR Section in Company's Sustainability Report and Annual Financial Report. Refer to 'Social Performance' section in Company's last Sustainability Report on Page Nos. 50-54 available at the Web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf Please refer Annual Report on CSR activities available on the web-link: http://www.mahindrafinance.com/annual-reports.aspx</p>
Principle 9: Customer value	<p>Refer Mahindra Finance Website at the web-links: http://www.mahindrafinance.com/get-a-loan-overview.aspx http://www.mahindrafinance.com/invest-with-us-overview.aspx http://www.mahindrafinance.com/contact-us.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):

Not Applicable

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	Within 3 months
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	<p>The Company annually publishes a Sustainability Report based on Global Reporting Initiative (GRI – G4) Guidelines. In the reporting year, the Company released its 4th Sustainability Report for FY 2015-16 with the theme 'Empowering Dreams, Enabling Progress' based on the Global Reporting Initiative's (GRI) G4 guidelines which highlights its endeavors towards creating a better future. The Sustainability Report for FY 2015-16 can be accessed at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf</p>

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

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

The Company has 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 codes of conduct, one for Board of Directors and other for senior management and employees. The Code of Conduct for Senior Management and Employees forms an integral part of the induction of new employees.

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

The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like investors, customers, employees and suppliers etc.

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 provides loans not for consumption, but for income generation. The Company is progressively working to provide a range of financial products and services to its customers through its nationwide distribution

network. The Company's multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one. The Company creates livelihoods, provides shelter, and secures peoples' investments.

As an integral enabler to livelihoods, the Company inspires the transformation of rural India, by helping people realise their aspirations. While the Company empowers 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 empowers those who reside at the lower end of the social pyramid. The Company's customer base covers farmers located in remote villages of India. The Company has presence in over 3.19 lakh villages and 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. Your Company's customers come from various walks of life, such as small traders, neo-entrepreneurs, teachers, drivers and farmers. Around 80% of its 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 its business. However, the Company extensively monitors the energy consumption, GHG emissions and waste generation as a part of the sustainability roadmap. 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 and LED Lights in offices in place of CFL.

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, the Company encourages its suppliers and vendors to adopt sustainable practices.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

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

In the last reporting year, 100% of the Company's supplies were met through local vendors and service providers. The same is also covered as one of the sustainability performance indicators at Page No. 29 in Company's last Sustainability Report available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf

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

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

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

Yes. The Company has a mechanism to recycle waste produced during its business operations which majorly comprises of e-waste and stationery waste. The Company has initiated a number of initiatives on recycling of stationery waste at its main locations in India. As the Company progresses 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 authorised agencies as per the applicable laws pertaining to E-Waste. 100% of hazardous waste from all major locations for the previous year was disposed off responsibly.

The non-hazardous waste is managed with the help of local vendors. Approximately 41 Tons of paper was saved in last financial year, by using of recycled paper to make boxes which saves Virgin Paper and secondly, by pulping of paper that is generated through old record destruction. These initiatives have been undertaken in collaboration with Record Management Companies.

PRINCIPLE 3

1. Please indicate the Total number of employees

	No. of employees
Permanent employees	15,109

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

	No. of employees
Temporary/Contractual/Casual employees	2,932

3. Please indicate the Number of permanent women employees

721

4. Please indicate the Number of permanent employees with disabilities

24

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

The Company does not have recognised Employee Association/Labour Unions.

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

This aspect is not applicable as employees of 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	NIL	NIL
2	Sexual harassment	3	NIL
3	Discriminatory employment	NIL	NIL

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

The Company's talent management team conducts various learning and development programmes each year to nurture talent amongst the employees. The average training hours accounted to 7.22 mandays per person in FY 2016-17 for employees under different programs like:

Safety:

- **Overall Safety** – As a part of the Company's initiative under the theme of "Suraksha Abhiyaan" classroom training programs were conducted at different locations and theoretical as well as practical training was imparted to the participants covering basic safety aspects like - hazard identification, mock drill, emergency evacuation, operating fire extinguishers, first aid, etc.
- **Road Safety** – In order to encourage safe driving practices amongst its employees, the Company has launched Road Safety e-learning program which covers basic safety aspect employees should be cautious of while driving vehicles. The program was launched pan-India and was driven with rigor across locations.
- **Health & Wellness** - As a focus towards health and wellbeing of its employees, the Company conducts regular health check-up and awareness sessions under the theme of 'Aarogya' program. Total 118 Programs were conducted in FY 2016-17.

Skill Up-gradation:

- **Drona Induction Program** - Through this program training is imparted to employees to perfect their functional skills as well as behavioral skills. The Company empowers them to use imagination, develop creative solution, remain flexible and motivate others to turn their ideas into results that make a difference to our business.

- **Project Arjuna** –Through Project Arjuna ,the organisation identifies high performers and high potential employees in the Operational Band. A Formal Career Conversation is done with the arjunas where their personal development Plans are captured in consultation with his/her reporting manager. Accordingly, various interventions and training are provided to them.
- **Career Advancement Plan (CAP)**- through CAP, the Company provides an opportunity to its employees working in the capacity of office boys, cashiers, etc. to leverage their potential to scale up the ladder.
- **Think Tank** - This program encourages Alternative Thinking and gives an opportunity to the young talent in the organisation to work on strategic projects sponsored by the senior management.
- **Mahindra Finance Academy** – This platform provides different kinds of certifications related to 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.
- **Chakravyu** - Formulated for high-performing managers of the Company, Chakravyu 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 to participants.

- **Vyaas e-Learning Management (VeLM)** – Through this e-learning management system the Company has leveraged technology based platform to train employees on different business processes.

The Company has kept focus on hiring local talent in regions it operates and builds on their skill sets to do well in organisation and accelerate in their professional careers.

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

● Permanent Employees	78.32 % were covered as a part of training programs
● Permanent Women Employees	53.11% were covered as a part of training programs
● Casual/Temporary/Contractual Employees	Company does not measure this metric
● Employees with Disabilities	Company does 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, Dealers/Original Equipment Manufacturers (OEMs), Shareholders, Regulators, Lenders and the Investors Community.

Also, your Company's approach towards stakeholder engagement is detailed in its Sustainability Report. Refer to 'Stakeholder Engagement and Materiality' Section in Company's last Sustainability Report on Page Nos. 18-22 available at the Web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf

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

The Company has a CSR Committee and Sustainability Council which develops the roadmap and action plan considering expectations of different stakeholders including those which need support on multiple fronts. This includes customers and the communities which are positioned at the 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 expectations of different stakeholders. Variety of projects are initiated under themes of healthcare, education, livelihood for youth and women 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 on CSR activities available on the web-link: <http://www.mahindrafinance.com/annual-reports.aspx>

Kindly Refer to Social Performance Section in the Company's previous Sustainability Report on Page Nos. 50-54 available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.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 policy and approach of the organisation pertaining to Human Rights extends to different stakeholders including shareholders, investors, suppliers, customers and other business partners. The Company believes human rights are indivisible and non-negotiable. 'Dignity of the Individual' is one of the five core values of Mahindra Finance. Discrimination, forced and compulsory labour and child labour are strictly prohibited. The Company also denounces the bribery or corruption in any form and the Company's processes ensure that such practices are strictly discouraged at all levels. The 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, sensitises all employees who are part of Company's redressal mechanism and ensures that protection is offered to them by the Company. As a part of the Mahindra group, the Company adheres 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;
- **Principle 4:** The elimination of all forms of forced and compulsory labour;
- **Principle 5:** The effective abolition of child labour;
- **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.

In addition to the BR Policy which covers the dimensions of Human Right, the Company has also formulated an internal policy in relation to Human rights in economic decision making process based on Mahindra Group's approach on the similar front.

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

None with respect to Human Rights.

Elements of Human Rights get covered in various policies and practices at the Company. Complaints pertaining to employee wellbeing that covers different aspects of Human Rights are 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

Yes. The Company's policy related to environmental protection as applicable for Financial Services Industry covers different sets of stakeholders. The E-waste management policy which is important to the organisation has coverage and applicability to its business partners involved in the process. The Company endeavours 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 cutting 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. Your 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.

Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 4th consecutive year. MMFSL is the only Company, from amongst the Diversified Financial Services Companies in India, to have made it to this list. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) asset management plans. Also, MMFSL got included in The Sustainability Yearbook 2017 being the only Financial Services Sector Company amongst 6 companies from India to qualify. This signifies MMFSL being amongst the top Sustainability performers in Diversified Financial Services Sector in the World based on Corporate Sustainability Assessment done by RobecoSAM.

The Company's approach has been to make environmental disclosures 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. During the reporting year, MMFSL achieved CDP Performance Band - B for the first time and this affirms that the Company is taking coordinated action on climate change issues.

Also, the Company adheres to a group wide environment policy which is revised according to its operations considering the Company being in the banking and financial services 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 the 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 Nos. 37-38 of Company's last Sustainability Report available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf

Conservation of Energy - 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.
- Replacement of conventional lighting with Light Emitting Diode (LED) lighting.

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 paper 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 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.
- Receivables Management System in the Company has migrated to online platform and is accessible to users at any time and at any place. Also, the entire process is operational on e-platform which is completely paperless.

E-waste Management - The Company has taken a proactive approach towards handling its electronic waste. Your Company has empanelled authorised third party e-waste handlers for disposal of e-waste from its locations across India. In FY 2016-17, the Company has disposed approximately 5 Tons of e-waste which included desktops, laptops, hardware, etc.

Leveraging technology to reduce business travel

Your Company has enhanced its efforts to use video conference and tele-conference facilities. This has reduced the need for business travel and has resulted in decreased scope 3 emissions. Your Company has installed video conference facility at 30 of its major locations of operation. This has reduced travels of employees and has contributed in reduction in travel cost and saving of time as well.

Project Hariyali

Project Hariyali has been the Company's endeavour towards nurturing biodiversity. During the FY 16-17, your Company has planted 1,05,951 trees.

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

The Company is cognizant that 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 services 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 the Company's business being 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. 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 and Replacement of conventional lighting with Light Emitting Diode (LED) lighting.

The Company has installed solar powered UPS in various branches, which experience power shortages. At present, the Company has installed 175 KVA of solar capacity across 62 different locations. Details about the project are available in the environment performance section of the last Sustainability Report on Page Nos. 37-38 at the web-link: 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 services 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 are available in Sustainability Report at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf). Your Company under various initiatives, is constantly in pursuit of reducing its carbon footprint and waste generation.

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.

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

PRINCIPLE 7

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

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

Also, the Company has been associated with other industry bodies like - Chambers of Commerce and Industry of India (ASSOCHAM), and 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 forums of various chambers, associations and educational institutes.

Further details regarding the same can be referred in section 'Public Policy Advocacy' on page no. 17 of Company's last Sustainability Report available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf

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

Yes. The Company's senior management has suggested improvements in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and financial services sector through various industry associations 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. Your 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. The Company aims to transform rural India, which is self-sustaining and encourages growth-oriented communities.

The Company has embarked on 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, and review various policies and programs falling within the purview of the Schedule VII of the Companies Act, 2013 and mobilize resources for adherence with the same.

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

Kindly refer the Social Performance Section in the Company's last Sustainability Report on Page Nos. 50-54 available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf

Also, details can be referred on the 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 team. The implementation of different projects is done by various in-house and external agencies. Details on these aspects can be found in the Annual Report on CSR activities and in the Sustainability Report.

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

Kindly refer Social Performance Section in Company's last Sustainability Report on Page Nos. 50-54 available at the web-link: http://www.mahindrafinance.com/pdf/MM_FSS_SustainabilityReport_2015_16_Final.pdf

Also, details can be referred on your 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 Company has a process for undertaking the impact assessment for its key CSR interventions by engaging external partner. The Company follows the process which covers need assessment, project designing, project implementation and endline assessment.

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

Your Company contributed INR 3,047.53 lakhs, majorly in areas of Education, Health and Environment which are Company's CSR focus areas.

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

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

Health – The Company is making efforts towards promoting health care including preventive health care and sanitation and making safe drinking water available. Also, your Company has taken up Medical Equipment and Ambulance Donation program along with organising health check-up camps and blood donation drives across various locations in India.

Education – The Company provided educational support to the underprivileged students from poor, remote rural and conflict afflicted communities across India. The Company distributed scholarships to undergraduate and graduate students as part of Mahindra Finance Scholarship Program. As a part of efforts towards education, the Company imparted vocational training and financial literacy amongst school students. Also, the Company's projects focused on empowering youth and women from

socially and economically disadvantaged sections of society by providing them with livelihood training which enables them to gain employment based on their skills.

Environment - Project 'Hariyali' has been the Company's endeavour towards nurturing biodiversity and increasing green-cover. During the FY 16-17, your Company planted 1,05,951 trees. To maintain the sustainability of these saplings, your 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 organisation. Of the total complaints 2.04% 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, the aspects pertaining to product labelling are not applicable to its service offerings directly to customer/consumers. As the Company is a service based organisation, India's linguistic diversity is a challenge. To overcome this barrier the Company employs multilingual teams, comprising of locals people. The Company's website is bilingual and provides information to its audience in Hindi and English. The Company's employees educate its customers about the loan products they avail and thus, build deeper partnerships with them. The 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 operates helps the Company understand needs and expectations of people based in rural part of India and enables 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. Your Company has fully-integrated systems in place and conforms to all laws and standards related to marketing communication, advertising, promotion and sponsorship. The Company's website contains all requisite information, and along with that, its communication approach has also transformed with time. Besides this, the Company undertakes a number of initiatives to communicate with its customers, knowing the lack of financial knowledge in most Indian villages. The Company's customer communication initiatives like 'Spash' and 'Shikhar Sammelan' have 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 the 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. Your Company's CaPS score was 63 in the last Financial Year. Any organisation's score above 50 is considered exceptional based on this methodology.