

## Business Responsibility Report - 2018-19

At Bandhan Bank Limited (the 'Bank'), responsible environmental, social and governance ('ESG') practices have been embedded into the existing systems and processes that help the Bank to manage its environmental and social requirements beyond the statutory regulations. In doing so the Bank has attempted to make a positive impact on society whilst ensuring customer satisfaction and fulfilling its responsibilities towards its internal and external stakeholders. The Bank's policy framework, Code of Conduct and compliance monitoring systems are designed to ensure that its operations are conducted in an ethical, transparent and accountable manner.

The disclosure present in this Business Responsibility Report ('BRR') covers the Bank's operations, and are directly aligned to the nine principles of the National Voluntary Guidelines released by the Minister of Corporate Affairs in 2011. Additionally, the report has been prepared in accordance with the requirement under clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is compliant with Section 135 read with Schedule VII of the Companies Act, 2013, as amended, from time to time.

## Business Responsibility Report

(Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

### Section A: General Information about the Company

1.	Corporate Identification Number (CIN) of the Company	L67190WB2014PLC204622
2.	Name of the Company	Bandhan Bank Limited
3.	Registered Address	DN-32, Sector - V, Salt Lake City, Kolkata - 700 091
4.	Website	<a href="http://www.bandhanbank.com">www.bandhanbank.com</a>
5.	Email ID	investors@bandhanbank.com
6.	Financial Year Reported	April 1, 2018 to March 31, 2019
7.	Sector that the Company is engaged in	Code: 64191 Bandhan Bank is a banking Company governed by the Banking Regulation Act, 1949
8.	Three key products/services of the Company (as in balance sheet)	Deposits, Advances and Third Party Products
9.	(a) Number of international locations	None
	(b) Number of National locations	As on March 31, 2019, the Bank has a network of 986 branches, 3,014 DSCs and 481 ATMs at 34 States and Union Territories in India.
10.	Markets served by the Company - Local/State/National/International/	National (pan India)

### Section B: Financial detail about the Company

1.	Paid up capital (INR in lakhs)	11,93,08.29
2.	Total turnover (INR in lakhs)	77,07,09.95
3.	Total profit after taxes (INR in lakhs)	19,51,50.19
4.	CSR spend as percentage of profit after tax (%)	1.54%
5.	List of CSR activities	i.Targeting The Hardcore Poor Programme ii. Education Programme iii. Health Programme iv. Employing the Unemployed

**Section C: Other Details**

1.	Company subsidiaries / joint-ventures	The Bank does not have any subsidiary, joint ventures. Other than the Bank no suppliers or distributors participates in the BR initiatives of the Bank.
2.	Subsidiaries participating in Company's BR initiatives	
3.	Other entities (e.g. suppliers, distributors etc.) participating in Company's BR initiatives	

**Section D: Business Responsibility Information (BR)**

1.a	Director responsible for implementation of BR policies (DIN)	<p>Mr. Chandra Shekhar Ghosh Managing Director &amp; CEO DIN - 00342477 Tel No.: 91-33-6609 0909 Email Id: <a href="mailto:investors@bandhanbank.com">investors@bandhanbank.com</a></p>
	Director responsible for implementation of BR policies (Name)	
	Director responsible for implementation of BR policies (Designation)	
1.b	BR Head (DIN, if applicable)	
	BR Head (Name)	
	BR Head (Designation)	
	BR Head (Telephone number)	
	BR Head (email id)	

**2a. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Policy/policies for.	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Policy conforming to national /international standards	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Policy approved by Board and signed by MD/CEO/appropriate Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Committee of the Board/ Director/ Official to oversee the implementation of the policy.	Y	Y	Y	Y	Y	Y	Y	Y	Y

6.	Link for the policy to be viewed online.	The policies are available in Bank's website								
7.	Policy formally communicated to all relevant internal and external stakeholders.	Yes. Policies have been communicated to all key internal stakeholders of the Bank. The communication on policies covering all internal and external stakeholders is an on-going process.								
8.	In-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Independent audit/evaluation of the working of this policy by an internal or external agency	Evaluation done through internal audit mechanism								

Principle-wise index:

P1 - Code of Conduct and Ethics,  
Whistleblower Policy

P2 - Information Security Policy

P3 - HR Policies

P4 - CSR Policy, Sustainability Policy

P5 - HR Policies, Human Rights Statement

P6 - CSR Policy

P7 - Policy Advocacy Statement

P8 - CSR Policy, Sustainability Policy

P9 - Information Security Policy

**2b. If answer to S. No. 1 against any principle is 'No', please explain why (tick up to two options) - Not applicable**

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles.	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3.	The Company does not have financial or manpower resources available for the task.									
4.	It is planned to be done within the next six months									
5.	It is planned to be done within the next one year.									
6.	Any other reason (please specify)									

### 3. Governance related to BR

1a.	Frequency of Board of Directors, Committee of the Board or CEO review of BR performance	CSR Committee of the Board held two meetings on August 09, 2018 and February 26, 2019 and all members of the Committee were present at the meeting.
1b.	BR report or sustainability (frequency and hyperlink)	BR Report Frequency: Annual Hyperlink: <a href="http://www.bandhanbank.com">www.bandhanbank.com</a>

### Section E: Principle-wise performance

<b>P1 - Business should conduct and govern themselves with ethics, transparency and accountability.</b>		
Principle No.	Description	Response
1.1	Policy relating to ethics, bribery and corruption covering the Company and Group/Joint Ventures/ Suppliers /Contractors/NGOs /Others	Refer to Principle 1
1.2	Stakeholder complaints received in FY 2018 - 19	As on March 31, 2019 the Bank has received 455 complaints from shareholders and all the complaints were resolved by March 31, 2019.
1.3	Percentage of stakeholder complaints resolved in FY 2018 - 19	

<b>P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.</b>		
Principle No.	Description	Response
2.1	Products and services designed with social or environmental concerns, risks and/or opportunities incorporate	Refer to Principle 2
2.2	(a) Reduction with respect to resource use (energy, water, raw material etc.) per unit of product during sourcing/production/ distribution achieved since the previous year	Not Applicable

	throughout the value chain (optional) (b) Reduction during usage by customers (energy, water) has been achieved since the previous year (optional)	
2.3	Procedures for sustainable sourcing (including transportation)	Not Applicable
2.4	Procurement of goods and services from local and small producers, including local communities	The Bank does not procure any goods for processing. The manpower services for offices, branches and DSCs are generally hired from nearby areas, Bank website, job portals, internal movements, advertisements or through reference.
2.5	Mechanism to recycle products and waste	Not Applicable

<b>P3 – Businesses should promote the wellbeing of all employees.</b>		
Principle No.	Description	Response
3.1	Total number of employees (as at March 31, 2019).	32,342
3.2	Total number of employees hired on a temporary / contractual / casual basis.	0
3.3	Total number of permanent women employees.	3,547
3.4	Total number of permanent employees with disabilities.	NIL
3.5	Employee association that is recognized by the Management?	N.A.
3.6	Percentage of your permanent employees are members of this recognized employee association.	NIL
3.7.i	Child labour/forced labour/involuntary labour complaints filed (pending)	NIL

3.7.ii	Sexual harassments complaints filed	Redressed as on March 31, 2019: 14 nos. Pending as on March 31, 2019 : Nil
3.7.iii	Discriminatory employment complaints filed	NIL
3.8.i	Percentage of employees covered with safety and skill up-gradation training - Permanent employees	60.33 percent
3.8.ii	Percentage of employees covered with safety and skill up-gradation training - Permanent women employees	55.79 percent
3.8.iii	Percentage of employees covered with safety and skill up-gradation training - Casual / temporary / contractual employees	N/A
3.8.iv	Percentage of employees covered with safety and skill up-gradation training - Employees with disabilities	NIL

**P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

Principle No.	Description	Response
4.1	Mapping of internal and external stakeholders	Refer to Principle 4
4.2	Identification of the disadvantaged, vulnerable and marginalised stakeholders	
4.3	Special initiatives to engage disadvantaged, vulnerable and marginalised stakeholders	

**P5 - Businesses should respect and promote human rights.**

Principle No.	Description	Response
5.1	Policy relating to Human Rights covering the Company and	The Bank is in compliance with respect to human rights. Bank hires solely based on

	Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	merit and doesn't discriminate against any applicant based on race, colour, religion, age, gender or any other basis prohibited by the law. The principle for people related issues are enshrined in the HR Policy of the Bank. Also on March 31, 2019, the Bank has not received any stakeholder complaints on human rights.
5.2	Stakeholder complaints on human rights received (percentage resolved)	

<b>P6 - Business should respect, protect, and make efforts to restore the environment.</b>		
Principle No.	Description	Response
6.1	Policy relating to Environment covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	Refer to Principle 6
6.2	Strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.	Refer to Principle 6
6.3	Identification and assessment of potential environmental risks	
6.4	Projects related to Clean Development Mechanism	
6.5	Initiatives on clean technology, energy efficiency, renewable energy, etc.	Not applicable
6.6	Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB	
6.7	Number of show cause/ legal notices received from CPCB/SPCB which are pending.	



**P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

Principle No.	Description	Response
7.1	Trade or chamber association memberships	IBA (Indian Bankers Association)
7.2	Advocacy through above associations for the advancement or improvement of public good	Refer to Principle 7

**P8 - Businesses should support inclusive growth and equitable development.**

Principle No.	Description	Response
8.1	Programmes / initiatives / projects related to inclusive growth	Refer to Principle 8
8.2	Programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization.	
8.3	Impact assessment of initiatives	
8.4	Direct contribution to community development projects- Amount in INR and the details of the projects undertaken	
8.5	Successful adoption of community initiatives by communities	

**P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

Principle No.	Description	Response
9.1	Percentage of customer complaints/consumer cases are pending	As on 31.03.2019, 1.44 % of the total complaints received during the FY were pending.

		Total consumer cases filed against the Bank as on 31.03.2019 is 37, out of which 20 are pending and 17 are disposed of as on 31.03.2019.
9.2	Product information display on the product label, over and above what is mandated as per local laws	Information displayed in Branch and DSC notice boards as well as in the Bank's website.
9.3	Cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years	NIL
9.4	Consumer survey/ consumer satisfaction trends	As directed by CSCB, the Bank is in the process to engage a Market Survey Company to conduct the survey of depositors' satisfaction. The exercise may take 3- 4 months. The Bank have done a customer satisfaction survey on a sample of 1200 customers during the month of January 2019. Customers have rated the Bank 4.13 on a scale of 5 which depicts that the customers are highly satisfied with the overall services. The Bank scores high on deposit rates offered, technology and customer service.

## **PRINCIPLE 1: Ethics, Transparency and Accountability**

Our values are enclosed around our business ethics, consumer focus and corporate responsibility towards society at large. The values of the Bank are Cost effective and simple, Respect for all, Exemplary Governance, Accountability, Professionalism and discipline, Transparency and integrity, effective team work and commitment towards maintaining the highest level of customer satisfaction and customer centrisim.

Good governance and ethical conduct is rooted within Bank's practices and thus helped nurture long lasting relationships with all its employees, customers and partners. Also the best banking practices are ensured by the Board of Directors and Committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all daily operations are conducted in a transparent and accountable manner. The Whistle Blower Policy enables employees to stand up and speak out freely against any unethical practice observed within the work environment. The policy is also extended to Bank's customer.

A detailed description of Bank's corporate governance standards can be found in the 'Report on Corporate Governance' section of the annual report.

### CSR Committee

The Bank has a Board approved CSR policy, charting out its CSR approach, and is available on the Bank's website: <https://www.bandhanbank.com/pdf/CSR-Policy-New-Format.pdf>. The CSR Policy Statement is in accordance with Section 135, Schedule VII requirements of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 and the relevant notifications issued by the Ministry of Corporate Affairs from time to time. The CSR Committee of the Board is responsible for the effective execution and monitoring of CSR agenda and policy.

SL. No.	Name of Committee Member	Designation
1	Ms. T.S. Raji Gain	Independent Director and Chairperson of CSR Committee
2	Mr. C. S Ghosh	Managing Director & CEO
3	Mr. H.R. Khan	Independent Director & Member

Bandhan Bank's CSR committee held two meetings on August 09, 2018 & February 26, 2019 and all the members were present.

### Bandhan Bank's Policy Framework:

SL. No	Business Responsibility Principle	Relevant Policies
1.	Ethics, Transparency and Accountability	Code of Conduct (Directors, Senior Management, Employees); Vigilance Policy; Whistle Blower Policy; Voluntary code of conduct for business transparency; Compliance Policy; Internal Audit Policy, Fraud Risk Management Policy, Operational Risk Management Policy.

## PRINCIPLE 2: Products and Services Designed with Environmental and Social Opportunities

It is the responsibility of the organisation to provide products and services that satisfactorily meet the customer requirements. The Bank's products and services have been designed in a

manner to fulfil customer expectations, and additionally drive socio-economic development by making a positive impact on society. Further, the focus is also on creating value for its customers, especially from marginalised and rural sections of society. The Bank focus for financial inclusion to the unbanked areas of the society.

### **Branch distribution as on March 31, 2019**

<b>Area</b>	<b>Branches</b>	<b>DSCs</b>
Metro	169	228
Urban	290	459
Semi Urban	244	1162
Rural	283	1165
<b>Total</b>	<b>986</b>	<b>3014</b>

### **mBandhan App**

mBandhan the mobile banking application, designed to meet the daily banking needs of our customers. The application provides members banking transaction for its customers.

### **MSME Loans**

To scale up small & medium enterprise to greater heights with Bandhan Bank's range of MSME loans that help to create income-generating assets and enhance liquidity. The business can grow multifold with timely access to funds that facilities productivity.

### **Small Enterprise Loan (SEL)**

Collateral free Income generating activities loan in the form of working capital or assets creation for business or short term business requirement. This product will be offered to those Small Enterprise who require both working capital and term/demand Loan.

### **Microloans**

To earn an independent living by starting home based business with Bandhan Bank's varied mirco-banking loans, and contribute to additional income for the family. One can invest in income generating activities by accessing timely funds, conveniently at the individual's doorstep.

### **Agriculture Loans**

To invest in quality farm, livestock, plant or warehouse with Bandhan Bank's Agriculture Loans. One can now access working capital required to foster the agriculture & allied activates.

## Retail Loans

From buying dream home or bike, to plan your dream vacation and wedding, fulfilling your aspirations with an array of Retail Loans that empowers one to live a better lifestyle, ahead of time. Home loan, two wheeler loan, personal loan, loan against property, loan against term deposit and gold loan are different form of Retail Loan.

## PRINCIPLE 3: Employee Well - Being

Apart from structural and process integration, the Bank had a strong cultural integration plan involving the synthesis of people into one 'culture'. Over and above this, Bandhan Bank also introduced HR practices and which helps to strengthen the bonding amongst the employees to achieve organizational objectives.

## PRINCIPLE 4: Stakeholder Engagement

As a Bank that has a growing footprint all across India, it recognises the importance of interacting with both internal and external stakeholders on a regular basis to discuss topics of mutual and public interest. Constant feedback received from Bandhan Bank's stakeholder groups helps the Bank in making informed decisions towards driving its business strategy, integrating external perspective into developing innovative and sustainable products and services and mitigating potential risks.

The details of the engagement process and frequency for each of the groups have been outlined in the table below:

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of discussion	Relationship manage
Investors and Shareholders	Emails, letters, investor grievance cell, media, Bank's website	Annually, Quarterly and on a need basis i.e. During events that take place concerning shareholders e.g. General Meeting etc.	Financial results, shareholder returns and dividends, issues related to shares' issue and dividend pay-outs. Post the quarterly results, a conference call is held wherein the senior leadership team participates and the call is open to all investors and analysts. The	Investor relations team.

			transcript of the call is also made available on the Bank's website.	
Customers and Clients	One-on-one interactions, customer satisfaction surveys, customer grievance cell, customer meets, standing committee of customer, customer helplines/ toll-free numbers, media, Bank's website	On-going and need based	Customer service quality, investment returns, product features and benefits, technology interface for banking experience	Relationship managers, Branch staff, Customer Service Quality team, Operation team, Business team. Several tele calling & personal one to one contacts on Banking Services.
Employees	Induction Programme, e-mails, town halls, skip-level meetings, leadership meetings, employee engagement initiatives, employee grievance cell, intranet.	On-going and need based	Bank's policies and procedures, employee welfare issues, performance appraisal and rewards, training and career development, workplace health, safety and security, community development and employee Volunteering	Human resources Team
Government and Regulatory Bodies	Bank's regulatory filings, compliance statements,	As per regulatory requirements and need based	License request and renewal, compliance to regulatory and statutory requirements, participation in	Cross functional team

	meetings, letters, emails		Government financial sector plans and programme	
Suppliers and Business Associates	Meetings, emails, letters,	On-going and need based	Product/Service/Technology quality and support, contract commercial and technical terms and conditions.	Respective departments dealing with suppliers and business associates, Commercial and procurements team
Media	Advertising , media interactions / interviews / responses, meetings, emails	On-going and need based	Marketing and advertising agenda, information disclosure through media.	Marketing team, Corporate communication s team

## PRINCIPLE 5: Human Rights

Bandhan Bank respects the human rights of all its employees, customers, etc., upholding the dignity of every individual. As mandated by the Fair Practice code, the Bank offers its products and services without any discrimination. It does not employ child labour. Further, the statutory compliance of all contractors on minimum wages is reviewed and monitored.

## PRINCIPLE 6: Environment

As a conscientious Bank, we understand our responsibility to operate in an environmentally sustainable way by developing, promoting and utilising eco-friendly and resource-efficient services. We have incorporated environment friendly features in our infrastructure. Some of the energy efficient and environment friendly technologies are illustrated below:

- |                 |  |
|-----------------|--|
| Digital Banking | <ul style="list-style-type: none"> <li>• Conversion of statements into e-statements</li> <li>• Numerous other administration focus on paperless exchanges</li> <li>• Done away with ATM slip generation</li> </ul> |
|-----------------|--|

- |                           |   |
|---------------------------|---|
| Energy Saving Initiatives | <ul style="list-style-type: none"> <li>• Five Star rated and energy efficient ACs and Diesel Gensets</li> <li>• Replacement with LED lights in the office, replacement of old chillers</li> </ul> |
|---------------------------|---|

**IT  
Initiatives**

- Automated server and desktop shutdown to reduce consumption of energy
- Video conferencing, video chatting to reduce contributory emissions as a result of air travel

**PRINCIPLE 7: Policy Advocacy**

The Bank does not engage in policy advocacy, but is actively involved in consultation/discussion forums with the government and other bodies in the banking industry. In taking public policy positions, Bandhan Bank has not lobbied through any associations.

**PRINCIPLE 8: Inclusive Growth**

The CSR policy articulates Bandhan Bank's aim to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. The activities conducted through Bandhan Konnagar (a society registered under the West Bengal Society Registration Act, 1960) are as follows:

- Targeting the Hardcore Poor Program** - This program aims at transforming the lives of the poorest of the poor women through regular landholding support with an approach of holistic development & socio-financial inclusion targeting to mainstream the families.
- Bandhan Health Program** - Bandhan Health Program aims to reduce the health expenditure of the disadvantaged families by raising health awareness and delivering preventive & curative health services.
- Bandhan Education Program** - Ensuring greater access to primary education for the under privileged children through innovative and child centric learning model in Bandhan non formal schools.
- Employing the Unemployed** - Aims to develop a skilled workforce, identify unemployed youths and provide appropriate skill, ensure equal skill development for the underprivileged, guide and link the trained youths to secured and decent job opportunities.

Pursuant to the provisions of Section 135, schedule VII of the Companies Act 2013 (the Act) read with the Companies (Corporate Social Responsibility) Rules, 2014 the report of the expenditure on CSR by the Bank for FY 2018-19, are available in the Director's Report as Annexure 1 forming part of the Annual Report for FY 2018-19.



## **PRINCIPLE 9: Customer Welfare**

The foundation of the Bank's success is the trust of its customers. Bandhan Bank understands the necessity of enhancing customer value as a key business driver. Amidst strong market competition, Bandhan Bank continuously strives to improve its relationship with customers. By implementing a constant feedback mechanism, our Bank aims to improve the customer management system and bring about a positive experience towards the entire customer service journey.

### **Grievance Redressal Mechanisms**

The Bank follows the principle of "First Contact Resolution", i.e. all efforts are made to resolve the grievance to full satisfaction of the complainant at the point of first contact. Complaints are received by the Bank from its customers at all levels - Branches, Cluster Offices and Head office. A complaint redressal mechanism as given below is put in place by the Bank for resolving customer complaints expeditiously, to bring about transparency and to assist in creating a positive image of the Bank amongst its customers.

Channels for receiving grievances, turnaround time for resolution and escalation matrix as below:

Level 1 - Branch/Phone Banking Centre: Complaints received at this level will be resolved within 7 working days. In case of dependency on other departments or in case of issues which need retrieval of old records, the resolution time would be 10 working days.

Level 2 - Cluster office: If the customer is not satisfied with the resolution provided, he may escalate the matter to the Cluster Head or the Bank's Nodal Officers to the Banking Ombudsman of the concerned area. The Cluster Head will look into the matter and resolve the complaint within 10 working days from the receipt of the complaint.

Level 3 - Head Office: If the customer is not satisfied with the resolution provided, he/she may escalate the matter to the Head-Banking Operations & Customer Service at Head Office, who would look into the matter and arrange to resolve the same within 15 days of receipt of the complaint.

It is made known to the customer that in case he/she is not satisfied by the resolution provided by the Bank, then he/she may approach the Banking Ombudsman. 19 Officers of the Bank across the country have been identified as Nodal Officers to the Banking Ombudsmen.

### **Ensuring Customer Privacy**

Personal information and financial transactions are entirely confidential. As an organisation, Bandhan Bank takes issues of customer confidentiality breaches very seriously and does not accept employee lacunae on the same. The Bank is constantly making employees aware of Information Security which includes protecting information and information systems from unauthorised access, use, disclosure in addition to developing new technological innovations to ensure the absolute protection of all customers' data.

### **Fraud and Risk Management (FRM)**

Bandhan Bank has deployed an enterprise-wide FRM system which adopts a holistic approach while analysing the risk involved in a transaction, by gathering and using information available from client transaction and behaviour. Through behaviour profiling, enterprise-wide systems can identify and discover behaviour that appears suspicious and unusual.