

ANNEXURE VII

BUSINESS RESPONSIBILITY REPORT

At AU Small Finance Bank (AU Bank), the practices pertaining to Environment, Social and Governance (ESG) are an integral component of our business and of other support functions. These practices are well integrated within our systems and processes.

Our commitment to the ESG practices goes beyond the statutory requirements and therefore we follow the best ESG practices in carrying out our business operations. While conducting our business, we strive to continuously improve our internal management system, products and services to make a more positive and meaningful impact on society and the environment.

In this report, we have enlisted our activities in sync with the principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs in 2011.

We have prepared this report in accordance with the clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in a format prescribed

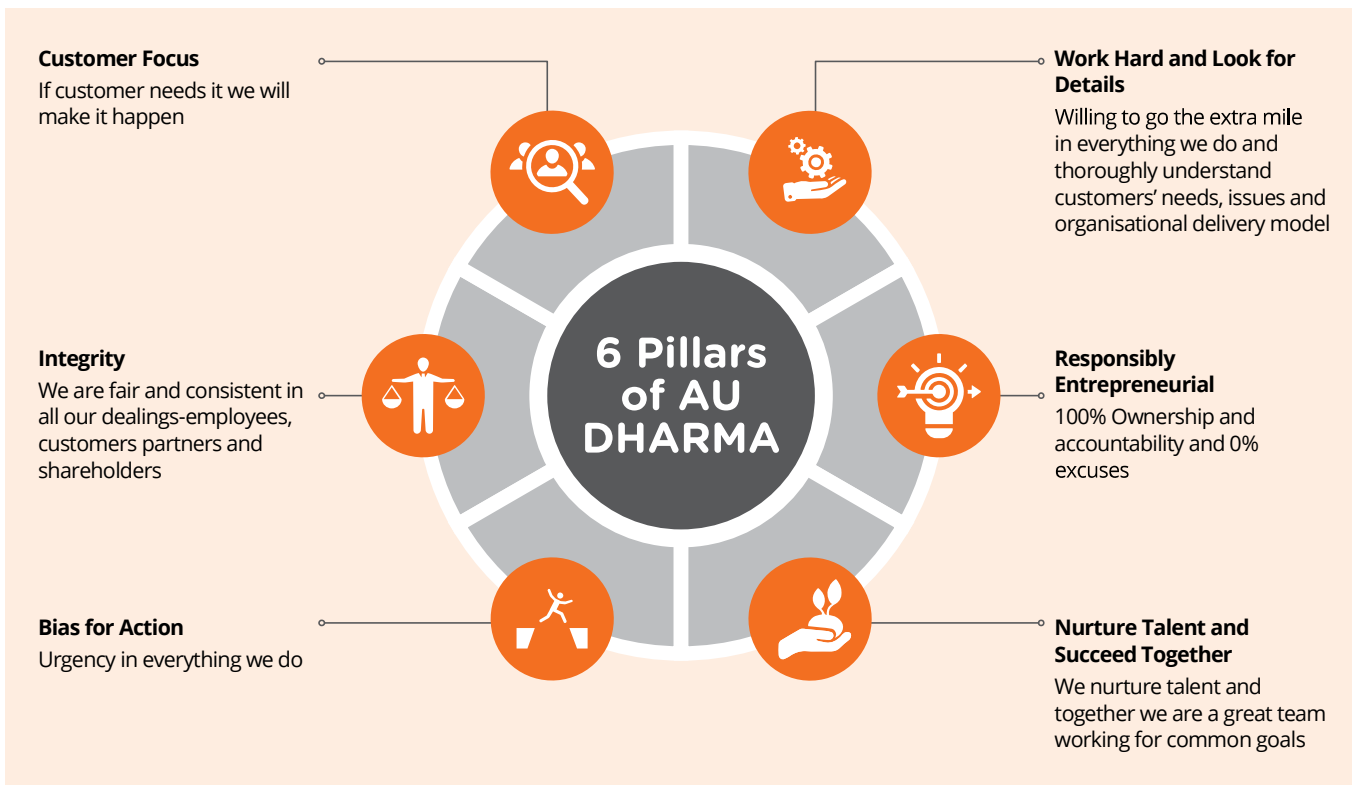
under SEBI Circular no. CIR/CFD/CMD/10/2015 Section 135, Schedule VII of the Companies Act, 2013, and the subsequent relevant notifications issued by the Ministry of Corporate Affairs, Government of India.

AU DHARMA – AU BANK’S APPROACH TO BUSINESS RESPONSIBILITY

At AU Bank, we conduct our business operations and activities in a fair, transparent and accountable manner, which is also backed by a strong policy framework and an internal Code of Conduct. We have implemented suitable monitoring mechanisms and controls to ensure adherence to all our ethical business practices.

We lay special attention on the fact that even in all our day-to-day workings our governance framework and predefined business practices are adhered to without any compromises. Therefore, we have defined and designed our working practices in the form of AU Dharma.

Our thoughtfully devised ‘AU Dharma’ guides the entire team of the Bank in discharging their everyday duties in a fair and professional manner.



PRINCIPLE WISE PERFORMANCE**PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY**

AU Bank has established lasting relationships with its customers, investors and all other stakeholders on the foundation of integrity, ethics and right governance. Our Board has laid a special emphasis on establishing the culture of transparency and accountability at every level within the Bank.

For discharging the responsibility on financial disclosures, the Bank has formulated the following mechanism:

The Bank has following policies in place viz. Compliance Policy, Fraud Risk Management Policy, Anti-Bribery and Anti-Corruption Policy, Code of Conduct for employees, Code of Conduct for Insider Trading, Related party and Materiality policy and other codes/policies and a charter that helps the Bank to govern itself in an ethical environment and enriching the transparency and accountability in its operations.

Policies/codes/charter exclusively designed for internal management is accessible only to the Bank's personnel and other policies are hosted by the Bank on its website.

In addition to this, all our employees are empowered with a Whistle Blower Policy, which allows them to share a feedback with the Bank and its management team on anything which they deem unethical or inappropriate.

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?

This Policy applies to all employees working at all levels and grades, including Directors and any other person

directly associated with the Bank including Business Correspondents of the Bank.

This Policy also applies in all dealings/transactions of the Bank's staff inter se or with customers, regulators, investors, Vendors or other agencies.

The Bank is not part of any other group nor it has any Joint Ventures/NGOs under its belt.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Bank received four Stakeholder's complaints in FY 2017-18 from Scores and 100% complaints were resolved satisfactorily and no complaint was outstanding on 31st March 2018.

PRINCIPLE 2: PRODUCTS AND SERVICES DESIGNED WITH ENVIRONMENTAL AND SOCIAL OPPORTUNITIES

AU Bank's products and services are developed to meet the constantly evolving needs of our customers. The Bank undertakes every such change keeping in view the prevailing regulations, customer convenience and its sustainable impact on our socio-economic environment.

Since, our inception in the year 1996 and erstwhile as Au Financiers, we have remained focussed on helping our lakhs of unserved and underserved customers in realising their dreams in rural and semi-urban India.

The case study of one of our customer Smt. Hema Rathore is an appropriate example of that.

**Mrs. Hema Rathore****Brief description**

Motor Driving Learning Business

Loan Amount

₹2,75,000, ₹2,15,000 and ₹2,36,000

2016 was not a happy new year for Hema Rathore surely. “When my 32 years old son passed away due to heart attack in the beginning of year 2016, I thought it was a very bad year, not realising that it was going to get worse. I lost my younger son in the next 2 months and eventually my husband by the end of that year. Suddenly, within a couple of months, my life was over” says a teary-eyed Hema.

It has been one year since this avalanche happened in her life, but Hema has regained control and hopes. This is the story of transformation of a docile woman into a fiery lady who went to work for the first time after she had lost everything in life. Even age was not on her side, she was 54. “I had not even finished grieving completely when I realised that I was the head of this delicate family of two young widows and four grandchildren. My husband had a motor driving school and within a month we were struggling to even pay the EMI of vehicles, leave aside running the business. That is when I decided to take control,” says Hema.

Hema contacted Au Financiers (now AU Small Finance Bank) as she was unable to pay the EMI for the vehicles’ funded by AU. She requested them for loan transfer in her name and a few months to get things in order. To her surprise, they agreed and assured her all kind of assistance in this difficult time, Slowly and steadily, she found her ground and developed an understanding of the business. She started paying the EMIs after two months. With the help of this loan and flexibility given by AU SFB, she took loan for more vehicles to run her motor driving business well.

One year later, today, Hema has a fleet of 4 vehicles and she employs 4 drivers in her motor driving school. The business

is running better than ever. She is earning sufficient amount every month, paying her employees well and her EMIs on time, providing good education to her grandchildren. Furthermore, she is inducting her daughters-in-law in the business, as she wants them to be self-reliant before any circumstances push them.

Details about the business including products/ services offered by the unit:

Hema runs a motor vehicle driving school in Jaipur area and is currently operating four vehicles through drivers. Now, she is planning to expand this and get her daughters-in-law involved in this business.

The success achieved

As briefed above, after the demise of her husband and sons, in a very short span, she was able to realign the motor driving school business where no male member was there for support and they had no capital to survive. Even, they had no money to pay EMIs of loans. With the help of AU, she first gained control of the business and hired people to run her vehicles. Her monthly income has grown manifold and she is giving good education and life to grandchildren.

Employment generated

Hema provides employment to four drivers in her motor driving school (employees with her) which further generates livelihood for their families. She is now planning for more vehicles, which will further generate employment opportunities for more drivers.



AU Bank has taken several initiatives for maximising the Stakeholders' value. For example, with customer-centric approach, we uniquely designed our products and services keeping in the mind the interest of our customers. Our product features such as monthly interest pay-out, no cash deposit/withdrawal slips, minimum documentation and digital onboarding of customers reflect our understanding of our social fabric and speak of our mission of making banking simple and accessible for all. Our customer-centric policies viz customer grievance policy, customer service policy, customer compensation policy ensures that every customer is provided equal and highest quality service at the Bank.

AU Bank has a Social and Environmental Management System policy that outlines the procedures/workflow that is to be followed by the Bank in its operations.

The Bank and its borrower comply with its Social & Environmental Management System requirements by adhering to the IFC Exclusion List and ADB Prohibited Investment Activity List (ADB PIAL), the applicable national laws on environment, health, safety, social issues and any standards established therein.

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

All our products and services are designed keeping in mind the profile our customers and their impact on environmental concern, risk and opportunities.

Product Example – Secured Business Loans to MSME/SMEs

Since FY 2011-12, AU Bank (erstwhile as Au Financiers) has been systematically providing credit to smaller businesses and self-employed individuals segment, a section usually ignored by other banks, even without any formal data availability around them. AU Bank has been relentlessly supporting these businesses with its collateral backed loans and has been helping them in growing their operation. AU Bank sensed their potential and supported them through devising a way to informally assess them in the absence of reliable formal data. Similarly, AU Bank has strongly pushed on digital onboarding of customers with no paper work.

Example of a Service – No Deposit/Withdrawal Slip
Keeping in mind the lower literacy level in majority of our operational geographies, we allow customers to directly deposit cash even without filling a deposit slip, rather we issue a computer generated and filled slip to our rural customers.

Example of Service - Extended Banking Hours: Keeping in mind the requirements of our customers, AU Bank allows flexible business hours as per customer's needs.

In terms of our product suite, we have a full spectrum of retail loan, MSMEs, SME & Mid-corporate, branch banking, transaction banking and mobile & digital banking.

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

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

AU Bank is focussed on efficient use of natural resources and reducing carbon footprint in the environment.

The Bank's products and processes are directed towards digitisation of our banking services in a customer friendly manner, thereby empowering our customers to carry out banking with more ease, less paper work and reduction in waste generation, and improved waste management.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Bank is rapidly adopting technology to digitise its operations and product offerings and has witnessed a strong growth in adoption of TAB-based account opening, android-based mobile banking, and internet banking, thus minimising paper usage. Through digitisation and door-to-door hassle-free services, we have reduced the customers' travel time and expenses, thereby reducing the fuel consumption and carbon emissions.

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

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Being in the banking industry, the resources of the Bank are intangible/fungible in nature. Adequate and timely measures are being adopted by the Bank to ensure that its resources are utilised in an efficient and optimum manner leading to sustainable use of its resources. The Bank does not utilise raw materials/resources directly, yet in procurements of electrical equipment ESP star ratings are taking into consideration while procuring products for its branches/offices to save electricity.

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

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

The Bank believes that best quality products and services should be provided to the customers. AU Bank carefully selects its vendors keeping in mind development of the local economy. AU Bank directly procures a lot of marketing, promotional, stationary, consumable materials from local SME vendors.

Being in service industry, the Bank always conduct proper checks before appointing any consultants/ service providers and ensures to select the best. The Bank's Code of Conduct enumerates its expectations from vendors/suppliers and partners.

Through extending credit and banking facilities, AU Bank majorly contributes in development of capacity and capability of thousands of smaller businesses, quite a few of them being vendors of AU Bank.

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%). Also, provide details thereof, in about 50 words or so.

The above principle description is not applicable for a banking company.

AU Bank has always been an employee-centric bank and employees are an integral part of its growth and success strategy.

AU Bank is an equal opportunity employer and selects employees purely on merit and keeping in mind the job requirement, required skillsets and provides equal opportunities to all sections of society irrespective of the caste, creed, gender, race religion. At AU Bank, we develop our employees with regular trainings on products and services, behavioral and leadership development among others.



AU Bank also invested in a world-class human capital management system for its employees to redress their concerns, queries and to disseminate information. The system also offers e-learning modules for enhancement of employee skillset at work, which leads to greater employee satisfaction.

The Bank's operations do not promote any child labour, forced labour or any form of involuntary labour and discrimination.

The Bank views employees as the paramount asset for an organisation and believe in nurturing them. Its approach towards its employees revolved around the following polices viz., Code of Conduct for the employees, Maternity Leave policy, Whistle Blower Policy, Employee leave policy, prevention of Sexual Harassment policy and other policies, codes and charter.

The polices, codes and charter are accessible for review by the Bank employees.

**PRINCIPLE 3: EMPLOYEE WELL BEING
EMPLOYEE VALUE PROPOSITION**

 <p>Reimagine</p>	 <p>Build</p>	 <p>Connect</p>
<p>We believe in challenging the status quo and creating prosperity for all in the process. The way we go about doing our business is not only about growth but reimagining possibilities for our customers, employees, partners & investors and making an impact.</p>	<p>We believe that each individual has unique potential & we give you the chance to learn and grow every day. We are a dynamic and expanding organisation and you will grow along with us.</p>	<p>We have a 22+ year history of friends coming together to do extra-ordinary things and we continue to be like that. We believe that the power of collaboration and relationships is imperative to deliver excellent business results.</p>

1. **Please indicate the Total number of employees.**
The total number of employees as on 31st March 2018 is 11151.
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**
Employees are being hired for Bank's operations.
3. **Please indicate the Number of permanent women employees.**
The total number of permanent women employees is 679.
4. **Please indicate the Number of permanent employees with disabilities.**
The total number of permanent employees with disabilities is six.
5. **Do you have an employee association that is recognised by management?**
The Bank does not have any association.
6. **What percentage of your permanent employees is members of this recognised employee association?**
Not Applicable.
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.**

No.	Category	No of complaints	
		filed during the financial year	Pending as on end of the financial year
1	Child labour/forced labour/involuntary	NIL	NIL
2	Sexual harassment	3	0
3	Discriminatory employment	NIL	NIL

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

- | | |
|---|-----|
| I. Permanent Employees | 94% |
| II. Permanent Women Employees | 95% |
| III. Causal/Temporary/Contractual Employees | NA |
| IV. Employees with Disabilities | 83% |

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

As a bank that has just started banking operations and an entity, which has also got listed about a year back, we are engaging with number of new stakeholders. Hence, stakeholder engagement has assumed a greater importance.

AU Bank regularly and timely engages with all its stakeholders and earnestly addresses their valuable feedback. At AU Bank, we have devised a comprehensive and periodic stakeholder engagement framework keeping in the mind the nature, criticality, urgency and priority of stakeholder engagement.

The Bank has formulated Investor Grievance Redressal Policy with an objective to address the grievances of the Investors. Investors being one of the core constituent for our Bank, it is important to ensure that investors' concerns are properly addressed.

The Bank has designed policy on customer rights that protects the basic rights of its customers. It was pertinent

for the Bank to follow the standard banking practices while dealing with individual customers. The said policy contains the right to review, appeal and complaint; to privacy, confidentiality, and to see information related to the service or user.

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

Yes, the Bank has mapped its internal and external Stakeholders.

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

Yes, as part of compliance with Small Finance Bank guidelines as prescribed by RBI and our strategic focus, a very large portion of all our loans are extended to disadvantaged, vulnerable and marginalised customers in the priority sector.

AU's journey, both as an NBFC earlier and now as a Bank has had several first's to its credit including:

- Creation of income generation opportunities for over 68% of our customers;
- Focused priority sector lending; ~80% of The Bank's lending book is classified as priority sector loans

Sector-specific lending since it focusses on rural and semi-urban geographies providing financial services in unbanked and underbanked regions

- Over 45% branches in rural & semi-urban areas;
- Focussed on serving low-income populous;
- Over 3 lakh customers are with an average loan ticket size of less than ₹10 lakh;
- Solutions for customers with ‘no CIBIL’ history (new entrepreneurs) and
- Over 44% of our customers did not have a CIBIL or credit history, which means these customers were new to any formal credit platform.

Additionally, our home loans products are being offered with the key USP that focusses on the affordable housing segment i.e. Loan up to ₹30 lakh, providing access to formal finance channels for the first-time purchaser, providing interest subsidy through Pradhan Mantri Awas Yojana (PMAY)/Credit Linked Subsidy Scheme (CLSS) and funding for renovation of house.

3. Are there any special initiatives taken by the company to engage with the disadvantaged,

vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

Yes, covered in point 2 above.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

AU Bank strongly advocates respecting and promoting basic human rights. Besides, the Bank has inherently adopted an exhaustive compliance mechanism at multiple levels, which minimises the slightest probability of any abuse of the fundamental human-rights principle. As an internal yardstick and a check mandated in the Fair Practice code, the Bank does not practice any bias in offering its products and services. Child labour is prohibited at AU Bank. Besides just conveying the contractual and statutory obligations, AU Bank conveys its humane approach to all its contractors and vendors. Similarly, all employees are provided complete freedom of choice in associating and expressing themselves at AU Bank.

AU Small Finance Bank believes in giving equal employment opportunities to employees from all walks of life and helping them with necessary tools to seamlessly do their jobs. In addition, AU Small Finance Bank also supports several institutions and organisations, including through its CSR initiatives, in furtherance of their objectives of helping people with disabilities.

Sr. No	Name of the Employee	Employed Since	Disability	Job Responsibilities	Support and Empowerment
1	Mr. Peeyush Bardia	Working from 2002 with AU Bank Lost vision in 2011 while on the job	Visually Impaired	Used to work in Marketing department as BM auto branch. Now works in Repayment operations department	Screen reader software on the laptop
2	Mr. Bharat Mali	2015	Visually Impaired Ex-student at Rajasthan Netraheen Kalyan Sangh	Gangapur Branch - CIBIL reporting, collection follow-ups and others	Screen reader software on the laptop
3	Mr. Alok Sharma	2016	Visually Impaired Ex-student at Rajasthan Netraheen Kalyan Sangh	Ajmer branch - CIBIL reporting, collection follow-ups and others	Screen reader software on the laptop
4	Mr. Pawan Kumar Mali	2016	Visually Impaired Ex-student at Rajasthan Netraheen Kalyan Sangh	Sardarsher branch - CIBIL reporting, collection follow-ups and others	Screen reader software on the laptop
5	Mr. Abhishek Verma	2017	Polio – Lower Body	Legal Ops at Bank House	-
6	Ms. Saraswati	2017	Visually Impaired	Tele Sales - Branch Banking	Screen reader software on laptop

AU Small Finance Bank – Supporting Organisations

Through its Corporate Social Responsibility initiatives, AU Bank supports several causes and issues of national and local interest. AU Bank's notable contribution in the field of disabilities include the work done for following institutions.

- Rajasthan Netraheen Kalyan Sangh
- School for Blind in Jaipur
- Louis Braille Drishtiheen Vikas Sansthan

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?

Yes. At AU Bank all banking and related activities are undertaken in compliance of applicable laws. AU Bank does not promote any abuse/compromise of human rights for all its stakeholders.

All operations related policies having an impact on the stakeholders are hosted on the website of the Bank for creating awareness among stakeholders about their rights and process followed by the Bank for its operations.

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

During the financial year the Bank has not received any complaint(s) on human right violation.

PRINCIPLE 6: ENVIRONMENT

The Bank firmly believes that its resources should be utilised sustainably and optimally. AU Bank conducts its day-to-day business operations with the aim of minimising any harm to the environment. It ensures to reduce the usage of paper, use the right waste disposal procedures and optimises water usage.

We have always functioned towards the betterment of our community and the environment in which we work. Corporate Social Responsibility initiatives of the Bank primarily focusses on several other issues that impact community life such as healthcare, sanitation and literacy and others.

Through our Social and Environmental Management System policy, we function in responsible manner.

Initiatives for energy efficiency and carbon footprint reduction:

- a. Installed LED lights across all offices and branches
- b. Fitted capacitors at the chiller end of the HVAC systems within office premises and all branches

- c. Use of Video Conferencing (VC) at big offices, to maximise interactions across the premises without having to travel between locations; similarly, conducting recruitment HR interviews through VCs
- d. Equipped specific office premises with rain water harvesting structure
- e. Fitted electric saver (timer) at various branches with glow-sign boards to turn off electricity at set times
- f. Set up of APFC capacitors in electric panel across all branches
- g. Designed branch architecture to maximise the use of natural light
- h. Set a policy for double-sided printing as a default option for printing across locations/offices and
- i. Communicated to all internal stakeholders on the importance of responsible use of resources periodically

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

There are several policies that directly and indirectly focus on adherence of Principle 6.

The Bank endeavors to create strong, consistent value for stakeholders and live up to the trust and confidence reposed in its institution. The Bank, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates. The Bank shall promote growth for the society and community to fulfil its role as a socially responsible corporate with an environmental concern.

Bank endeavor to create awareness about among its vendors, suppliers about the policies that governs the Bank and the compliance to be ensured in this regard. Bank also promote that it vendors to adopt environment friendly measures in their operations.

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 web page etc.

No

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

The Bank assesses its environmental risk in multiple ways. It has implemented an in-house social environment and management system and a fair practice code, which helps the Bank to assess the

potential environmental risks in its operations covering loans and banking in transactions of the customers.

The Bank's credit policy and financial inclusion plans set out the guidelines for sanctioning, managing and monitoring the credit facilities in an environmentally responsible manner.

Being custodian of the public deposits, the Bank follows a stringent approach in investing and lending, thereby protecting the potential risk in the sector in which it operates.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Being a banking company and nature of operations comprising financial services this information is not applicable.

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.

The Bank's systems and processes ensure optimum energy usage by continuous monitoring of all forms of energy and increasing the efficiency of operations. Energy efficiency and conservation is a part of our business planning.

The Bank's branches and offices have optimum use of glass, which ensures maximum utilisation of day light, resulting in reduced consumption of electricity. Moreover, it procures star rated electric equipment, auto monitors, installation of LED lights that enhance resource efficiency at the Bank.

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

Being a banking company and nature of operations comprising financial services this information is not applicable.

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.

Nil.

PRINCIPLE 7 –BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER.

To responsibly discharge its duties and serve its customers, AU Bank regularly engages with multiple regulatory agencies, organisations, management institutes, and others. It also participates in several thought leadership and brainstorming workshops to upgrade its understanding on all critical matters. The Bank is an Associate Member of Indian Banking Association, CII and the Compliance & Secretarial function of the Bank keeps disseminating the important RBI, SEBI and other critical industry and regulatory circulars, updates on a regular basis to ensure Bank's operations are run in accordance with regulatory framework.

The Bank's partnership with various associations and organisations helps it to understand & address industry-wide issues and thus develop policies that are beneficial to the Bank as well as its stakeholders.

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:

1. Confederation of Indian Industry (CII)
2. Indian Banks Association
3. Indian Institute of Banking and Finance (IIBF)
4. Society of Indian Automobile Manufactures (SIAM)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

No.

PRINCIPLE 8 – CORPORATE SOCIAL RESPONSIBILITY – INCLUSIVE GROWTH

The Corporate Social Responsibility Policy (CSR Policy) of the Bank sets out the broad framework guiding the Bank's CSR activities. The Policy also sets out the principles and the rules that need to be adhered to while taking up and implementing CSR activities to be undertaken as specified in Schedule VII of the Companies' Act, 2013 (excluding the activities pursued in the normal course of business) and the expenditure thereon.

Amongst several initiatives enlisted under Schedule VII of Companies Act, 2013 and supported by The Bank, it has identified opportunities for sustainable livelihood for underprivileged through vocational skilling, digital and financial literacy and promoting sporting talent by providing the right intervention in the field of Olympic and Paralympic

event, as its focus areas. While undertaking projects related to its core focus areas or other initiatives, the Bank will universally follow the key principles of Sustainability, Accountability, Equality and will undertake projects which benefit a larger section of society and help address critical development issues of communities in which it operates.

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

AU Small Finance Bank has always functioned with a strong commitment towards the improvement of the community and complement through its efforts by focussing on the development activities as per local and national level priorities. To ensure that its initiatives are aligned with the overall CSR objectives, the Bank has identified the following core focus areas for its CSR:

The Bank has CSR policy and CSR committee in place wherein social development programme projects and priorities are decided and implemented. Main priority area under schedule VII of the Companies Act, 2013 are as follows.

- Financial Inclusion through Livelihood Enhancement & Vocational Skill training;
- Promotion of Rural, National, Paralympic & Olympic sports; and
- Educating society at large through Financial & Digital literacy.

The detailed description is available in the CSR report section of the annual report.

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

Programmes are undertaken by the Bank on its own and through credible implementing agencies.

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

Yes, at periodic intervals, CSR Committee and Board of the Bank is presented with progress and impact updates of critical CSR initiatives undertaken under schedule VII of the Companies Act, 2013.

CSR initiatives undertaken by the Bank are included in the Corporate Social Responsibility section of Annual Report.

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

This is covered in detail under the Corporate social responsibility report of the Bank.

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.

AU Bank makes sincere efforts in promoting sustainable community development initiatives. AU Bank is duly incorporating ways and means to permeate the successful adoption of its community development initiatives.

PRINCIPLE 9: CUSTOMER VALUE

Customer focus is one of the key pillars of AU Dharma.

We have always focussed on offering simple, assessible, cost-effective, best-in-class products and solutions to our valued customers. At AU Bank, our mission goes beyond the customer servicing and we only aim for Customer Delight and going beyond his imagination.

AU Bank's deep customer centricity is strongly reflected through its uniquely designed product features viz. monthly interest pay-outs, minimal paper work, digital onboarding, true anywhere banking, and others. Besides that, our extended banking hours, multiple engagement channels including mobile and digital banking allow great freedom, flexibility and choice to our customers.

Customers being at the focal point for organisation always have significant impact on the growth of any organisation. To provide value to their customers, the Bank has adopted robust mechanism and has formed several customer-centric policies with an array of basic consumer services to redressal mechanism.

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

For the Financial Year 2017-18, the Bank has resolved 99% of complaints.

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

- As a bank our products are intangible, thus product label requirement is not applicable on us. We promptly communicate all the features, charges, terms and conditions for all of products

and services to all our customers through display on website, at branches via collaterals and notice boards;

- Detailed on welcome letter/receipts to customers;
- Key applicable conditions are shared with customers at the time of account opening as MITC (Most Important Terms & Conditions) and
- Any changes are shared via email/SMS/physical communications.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or

anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No cases are pending as on the end of financial year pertaining to unfair trade practices irresponsible advertising and/or anti-competitive behaviour during the last five years.

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

The Bank is in process of setting up an internal agency for carrying out annual consumer survey/consumer satisfaction trends. For Financial year 2017-18 bank has not carried out any consumer survey.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L36911RJ1996PLC011381			
2. Name of the Company	AU SMALL FINANCE BANK LIMITED			
3. Registered address	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur Rajasthan - 302001			
4. Website	www.aubank.in			
5. E-mail id	investorrelations@aubank.in			
6. Financial Year reported	1st April, 2017 to 31st March, 2018			
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Division 64 – Code 64191 (Banking Services) AU Small Finance Bank Limited is a banking company governed by the Banking Regulation Act, 1949			
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	Being a banking company, it is engaged in banking and financial services including retail banking, corporate banking and treasury operations. Following is the bouquet of products offered by the Bank. Liability Products <ul style="list-style-type: none"> ● Savings Accounts ● Current Accounts ● FD/RD ● Trade & Forex ● Insurance ● Mutual Funds ● Gold Loans ● Lockers Asset Products <ul style="list-style-type: none"> ● Wheels Loan, ● Secured Business Loans to MSME, SME and Mid Corporate, ● Gold Loan, ● Agri-SME Loan ● Home Loans ● Other Products 			
9. Total number of locations where business activity is undertaken by the Company	(a) Number of International Locations- NIL (Provide details of Major 5) (b) Number of National Locations – 497 as on 31st March 2018			
10. Markets served by the Company	Local ✓	State ✓	National ✓	International NA

SECTION B: FINANCIAL DETAILS OF THE COMPANY

<ol style="list-style-type: none"> 1. Paid up Capital 2. Total Turnover 3. Total profit after taxes 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) 5. List of activities in which expenditure in 4 above has been incurred: - 	<p>₹285,70,36,200/- as on 31st March 2018</p> <p>₹2155.25 crore as on 31st March 2018</p> <p>₹292 crore as on 31st March 2018</p> <p>1.45%</p> <ol style="list-style-type: none"> 1. Promotion of Sports through Jaipur Mahakhel - Season 2, Grassroot level football tournament at AU Bank Sports Village etc. 2. Promotion of Preventive Healthcare through Sidart C/O society for integrated development for Health camps, Shekhawati Agarwal Samaj for Health & Eye check- up camp, Blood Donation Camps through Gem City Charitable Trust, Indian Association of Muscular Dystrophy, Kids Zone at J.K Lone Hospital 3. Promotion of Art & Culture Initiative for Moral and Cultural Training Foundation, Promotion of art & culture at Jaipur, Hare Krishna Movement 4. Promotion of Education through Pratham Shiksha Charitable Trust, HeCards NGO, Muskaan Foundation, distributing sweaters to children to government schools in Shahpura, Distribution of school infrastructure, school bags and other educational materials in goverment schools in & around Jaipur and Shahpura. Educational Scholarship to merit holders through Shekhawati Agarwal Samaj 5. Promotion of Swachh Bharat Mission through Sanitation Construction of Toilet at <ul style="list-style-type: none"> ● Public Toilet facility at Vridhjan Park at Bikaner ● Girls Toilet at Adarsh Vidya Mandir ● Girls Toilet at Nursing College Amarsar ● Toilet at Kalyan Singh School, Shahpura ● Toilet at AU Bank Sports Village 6. Making available safe drinking water Installation of water coolers at Jaipur, Shahpura and nearby areas
--	---

SECTION C: OTHER DETAILS

- 1. Does the Company have any Subsidiary Company/ Companies?**
The Bank does not have any subsidiary company as on 31st March 2018.
- 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**
Not Applicable as on 31st March 2018.
- 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%]**
No other entity participates in the BR initiatives of Bank.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

1. DIN Number : 00009526
2. Name : Mr. Sanjay Agarwal
3. Designation : Managing Director & CEO

b) Details of the BR Head:

No.	Particulars	Details
1.	DIN Number	Not Applicable
2.	Name	Mr. Sunil Parnami
3.	Designation	Chief of Investor relations & CSR Initiatives
4.	Telephone number	0141- 4110060/6660666
5.	E-mail id	sunil.parnami@aubank.in

2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

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

S. 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 being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	*Has the policy being 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?	www.aubank.in, https://www.aubank.in/au-notice-board								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been posted on the Bank's website for information of all stakeholders.								
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	Y	Y	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	Y	Y	Y

*The policies are being put up to Board for approval after signature of respective process owner(s).

(b) If answer to the question at serial number 1 against any principle, is 'No', explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
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 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

(a) 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.

This is the first time Bank is publishing the Business Responsibility Report. In future, the Bank will assess the BR performance annually.

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

BR/Sustainability Report Report will be published by the Bank annually. Report can be viewed at <https://www.aubank.in/investor-relations>