

**GOOD CORPORATE GOVERNANCE TO GREAT SUSTAINABILITY**

Environmental, social and governance (ESG) considerations are integrated across the business and built into the policies and principles that govern PNB Housing. This is viewed as a business fundamental and seek continuous improvement in these areas because they underpin the long-term value-creation ability of the Company.

**Role in society**

While economic activity and business productivity is one aspect of our operations, the other is contributing to the community we are part of. The interventions are primarily driven towards the welfare of construction workers and their families. PNB Housing extends comprehensive support programmes that seek to enhance their quality of life in every manner possible. Besides, investments are made in promoting education, enabling access to higher education opportunities, addressing systemic challenges faced by differently abled children, spreading awareness on health and hygiene among adolescent girls and so on. Our modest efforts reached 40,000+ beneficiaries during the year. Details of the Company’s community-focused initiatives are shared on Page 44 of this Annual Report.

**Environment responsibility**

On one hand, we use energy-efficient equipment to furnish offices and optimise energy usage and consumption. All electrical equipments are purchased after reviewing their star ratings and thereafter, are serviced regularly to improve performance as well as costs. On the other hand, focus is laid on conserving green covers in our neighbourhoods and restoring misused public spaces. We are looking after a public park in Faridabad for the last three years. The park’s infrastructure was revamped into a child-friendly playground.

**Information technology**

Our technology initiative focussed on empowering our underwriters to perform in-depth analysis of prospective customers with superior efficiency and accuracy helped us in reducing our carbon footprint on environment. It is integrated

with contemporary service providers to perform multiple checks on a customer’s profile for e-verifications thus bringing efficiency in the underwriting processes. While our mobile app ensured seamless flow of information from a variety of partners across the country, it further minimised usage of paper.

**Employee engagement**

Ongoing and proactive communication with employees make PNB Housing stronger and better informed. Moreover, we strongly believe that an employee is only as productive as they are healthy and this ethos drives many of our activities and events. The Managing Director addresses all teams regularly throughout the year; besides, employees frequently connect with senior business leaders one on one. More than 10% of vacancies in the year were filled by advancing internal team members and building their capabilities. A retention incentive programme was launched for senior and middle management employees. ‘Taiyari Udaan Ki’ is an initiative undertaken to recognise next-generation talent, among the children of our employees, and inspire them to excel in academics. Over 100 children were felicitated on the occasion of PNB Housing’s Foundation Day.

From the standpoint of nurturing a progressive workplace, the Company’s gender diversity score improved to 17.34% in FY 2018-19 from 16.67% in FY 2017-18. We provided creches in office spaces for working parents. Six months of maternity leave was implemented in 2011 itself; and this can be further extended by two months, if required. Workshops and counselling sessions are organised for female employees on how to maintain a balance between work and life, along with their overall wellbeing.

**Employee development**

L&D is a critical talent management function in building and retaining the talent pipeline, by uncovering employee and organisational potential, which gives us a competitive advantage in delivering critical results.

During the year, our interventions encompassed all the critical functions and supported them in achieving business goals. Our training interventions are broadly divided in three domains: functional trainings, behavioural trainings and compliance trainings. We delivered an average of 2.6 training person-days per employee through ~250 training programmes.

**Functional:** emphasis is laid on core fundamental trainings to provide teams with a strong foundation. These are aimed at further developing functional and job role capabilities in our people. We work with both our in-house talent and industry experts for these programmes. Some key ones conducted during the year were induction and orientation, system-based trainings, refresher trainings on product and policy for the front-line sales team and training on disbursement process, among others. With an aim to develop a resilient risk management team, multiple trainings were also arranged for various risk functions such as underwriting, technical services, internal legal and collections.

**Behavioural:** in line with our commitment of providing a holistic development opportunity to our employees, various interventions were done to evolve behavioural competencies. Training programmes were designed to address comprehensive organisational goals, especially customer centricity. Programmes were conducted for various job

1,609

Employees on PNB Housing Finance payroll

3,595

Employees on PHFL payroll

17.34%

Ratio of women in workforce

37.88%

New hires in the year aged 20-30

families to build a culture, wherein every employee takes pride in delighting customers through high standards of service. Additionally, we regular organise workshops to further mentor teams and develop their managerial and leadership skills.

**Compliance:** ethics represents one of the core values of the business and hence programmes were conducted on various critical topics such as anti-money laundering, prohibition of insider trading, data security and prevention of sexual harassment.

These trainings are augmented by our e-Learning Management System, eGuru. This acts as an online learning platform and can be accessed as a mobile app that provides the employees with an ease to learn on the go.

#### **Governance and ethics**

PNB Housing maintains high standards in corporate ethics, transparent disclosure, integrity and accountability. The Board consists of eleven members comprising seven Independent Directors, three Non-Executive Directors and one Managing Director. The Board functions through six Committees, which have been assigned specific responsibilities. These are Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Risk Management Committee and Credit Committee. The Chairperson of all the Committees is an Independent Director. The composition and role of each Committee is mentioned in the Corporate Governance Report on Page 92 of this Annual Report.

The Company has a diversified Board in terms of expertise, domain, educational qualification and industry experience. There is one female Independent Director on the Board and the average age of the Board is 59 years. The Company has in place a Board Diversity Policy, which views performance through the lens of inclusivity.

The Board and the senior management interact with each other, during Board meetings on a quarterly basis as well as whenever required. Key discussion points include updates on business, financials, credit appraisal, human resources, regulations, enterprise risk management, strategy and so on. In addition, the Board interacts with the senior management, through its many Committees, for matters related to the delegated area.

The Board has adopted a Code of Conduct which is applicable and binding on all the Non-Executive Directors, including Independent Directors of the Company. The Code of Conduct for Non-Executive Directors was recently amended by the Company, in compliance with Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019. The Code provides them guidance on matters relating to professional conduct, ethics and governance, while they discharge their obligations as a Director of the Company and help foster a culture of honesty and integrity which

would help sustain the trust reposed by all the stakeholders. The Board has also adopted a separate code of conduct for Executive Directors and the senior management.

The Company has a whistle-blower policy, which allows all employees to raise concerns about serious irregularities within the organisation. Employees through this policy have direct access to the Chairman of Audit Committee. The Company has also put in place a grievance redressal mechanism for resolving customer grievance. There is a robust system to address shareholders' grievances as well, wherein shareholders can send their complaints to Company through dedicated e-mail IDs, that is, investor.services@pnbhousing.com and investor.relations@pnbhousing.com. The compliance and investor relations team keep a track of these e-mails and resolve the complaints of shareholders accordingly. These e-mail addresses have been posted on the website and shared in releases to the stock exchanges. In addition to this, shareholders can also directly approach our registrar and transfer agent (RTA), Link Intime India Pvt. Ltd.

#### **Internal controls**

Business growth demands that internal audit performs stringent checks to track any deviation. We have set up new processes for internal audit where disbursement and docket audit is shifted from CPC to branches. External legal firms conduct audits and their findings are shared on a monthly basis while the audit reports are issued quarterly. Besides docket audit, a separate team of internal auditors conduct audit of disbursed files and issue quarterly reports. For auditing the rest of the functions such as accounts, deposits, general administration, IT, human resource, customer service and so on, the auditors visit the branches twice a year. Transaction audit of the branches were completed as per the given scope and in time. Functions at CSO, treasury, finance and accounts, general administration, HR, are audited by an external auditor, while corporate finance and central recovery functions are audited by in-house internal auditors on a quarterly basis.

#### **Safe harbour statement**

In this Annual Report, certain statements are forward looking, including and without limitation statements within the meaning of applicable laws and regulations, relating to the implementation, strategic initiatives and other information on our business, business development and commercial performance. While these forward-looking statements exemplify our judgment and future expectations concerning the development of our business, a number of risks and uncertainties and other important factors viz. economic conditions affecting demand and supply, government regulations, natural calamities and so on, may cause actual development and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to -publicly revise any forward-looking statements to reflect future events or circumstances.