

Environmental Social & Governance (ESG) Policy Framework

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1. Introduction

As an organization, we aim to align our ESG approach with our strategic goals and the experience we seek to offer all our stakeholders. ESG is an area of heightened focus and investment for us and has changed our outlook towards our business.

2. Approach and Focus Areas

2.1 Climate Change Strategy

Energy & Emissions

In our strategy to combat climate change and transitioning to a low carbon economy, we will strive to reduce our carbon footprint by taking on initiatives to monitor and reduce our energy consumption. Our initiatives will be aimed at:

- Adopting solar energy in our offices and premises wherever possible
- Incorporating energy efficient building designs where applicable
- Retrofitting existing high energy consuming devices and equipment to maximize performance while consuming less electricity

Waste

The Company shall make efforts to dispose waste in the most responsible manner. Electronic waste generated by the Company will continue to be disposed through authorized personnel. The Company will ensure that no hazardous electronic waste is sent from the company to the landfill.

The Company is conscious of paper usage in its operations, transactions and customer communications. Our push to go digital across service and product lines will continue to reduce paper consumption, thereby reducing paper waste. Printing and photocopying operations by employees across offices will also continue to be monitored and regulated in order to reduce wastage of paper.

The Company also plans to phase out single use plastic water bottles from all its offices. The Company will strive to reduce the use of all forms of plastic in its offices, branches as well as in its promotional, marketing and outreach events.

2.2 Environmental & Social Risk Management in Lending

We are cognizant of our environmental and social risks in our lending and hence evaluate these risks as part of our credit appraisal process. The company has a negative list which ensures that the loans are not given for purposes which are in the negative list. Sample of negative list is as follows:

Sindhuja does not finance the following projects:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.

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- Production or trade in radioactive materials.
 - Production or trade in unbonded asbestos fibers.
 - Production or activities involving harmful or exploitative forms of forced labor²/harmful child labor.³
 - Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
 - Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
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- The Following factors will continue to be reviewed by the Company before taking any Credit call/decision on loans:
 - ✓ **Social Consideration:** Employment generation, Role in economic development of the region, compliance with labour laws, no exploitative / child / forced labour
 - ✓ **Resettlement & Rehabilitation:** Number of families under rehabilitation, impact on livelihood, Facilities provided to families and its acceptability in the community, Number of villages / population affected by the project
 - ✓ **Emissions:** Air, water, noise, waste and comments on its acceptability
 - ✓ **Environmental Consideration:** Air pollution / Water Pollution / Hazardous Waste Management / Ecological impact, Emergency and Disaster management, climate change

 - In addition, Company as a part of its credit policy will not extend finance for:
 - a) Setting up of new units which produce / consume ozone depleting substances (CFC -11, CFC – 12, CFC – 113, Carbon Tetrachloride, Methyl Chloroform, Halons – 1211, 1301, 2402)
 - b) Small & Medium scale units engaged in the manufacture of aerosol units using CFC
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2.3 Procurement Practices

The Company recognizes the need to work closely with our suppliers to reduce waste, improve efficiency, reduce carbon footprint and engage with them to understand their commitment towards human rights and labour practices. We will thus continue to work towards greater integration of environmental & social considerations in our procurement practices.

The Company will make efforts to procure products which are –

- Recycled
- Environment friendly
- Energy efficient
- Locally sourced

The Company will also set clear expectations with vendors and suppliers to abide by labour laws, human rights and regulations in their regions of business. They are expected to adhere to laws addressing child, forced or trafficked labour.

2.4 Our Workforce and employment practices

Non-Discrimination & Fair Treatment

Our employees are central to everything we do and satisfaction of our employees is critical to the long term success of the Company. We will provide fair and equal employment and advancement opportunities to all our employees and there will be no discrimination on the basis of race, caste, color, age, sex, disability and socio-economic status of the candidate. We ensure a fair recruitment process that helps us identify and hire people with the right values, who are then groomed, encouraged and retained through a combination of financial and non-financial incentives.

Remuneration and career progression.

The Company will continue to create an inclusive culture to ensure representation across gender, caste, creed, religion, region, physical ability. The Company is making structured efforts on gender diversity initiatives.

Employee Health & Well-being

The Company is committed to continue to take steps to promote a safe and conducive work environment for its employees and will provide guidance on occupational health and safety, appropriate healthcare benefits and medical cover to all its employees.

Women Safety

The Company has a Zero tolerance Policy on Prevention of Sexual Harassment and an Internal Complaints Committee (ICC) that investigates cases of sexual misconduct and investigates them through a fair and transparent process and take action against erring employees. The Company will continue to promote and protect the well-being of all women employees, especially women who are required to work late due to business requirements.

Training & Development

The Company recognizes the importance of having a skilled workforce with necessary competencies to deliver on the Company's strategic and operational plans through well-structured training modules to assist in job specific development as well as personal development of the employees. The Company is committed towards providing an environment that is conducive to and promotes training and development opportunities to all employees.

2.5 Our Customers

We recognize that maintaining the trust and regard of our customers is important for our success and longevity, in a fiercely competitive market. We recognize that product quality and service delivery is vital for our business growth. The Company seeks to achieve this by regularly reviewing service levels and capturing feedback from customers.

Abiding by its Customer Privacy policy, the Company will continue to treat customers' data with utmost sensitivity and privacy. The Company will also undertake initiatives to combat cybercrime and data theft by means of a comprehensive mechanism of information and data security.

2.6 Transparency & Accountability to Stakeholders

By means of the Whistle Blower policy, the Company will continue to empower and encourage various stakeholders including employees, customers, suppliers, vendors, shareholders and other stakeholders to bring to the notice of the Company, any issue involving compromise/ violation of our code of conduct/ ethical norms, legal or statutory provisions without fear of reprisal, retaliation, discrimination or harassment.

2.7 Good Governance practices

We are committed to maintaining the highest levels of ethical standards of integrity, corporate governance and regulatory compliance. These parameters form the bedrock of our corporate governance policy. We have proactively upheld good governance practices and are constantly striving to enhance our standards. Our Board of Directors is responsible for setting the course for, and evaluating the Company's performance with regards to corporate governance. The parameters of evaluation include compliance, internal control, risk management, information and cyber security, customer service, social & environmental responsibility.
