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ENVIRONMENTAL AND SOCIAL RESPONSIBILITY POLICY

NABSAMRUDDHI Finance Limited

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DOCUMENT SUMMARY

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1. Introduction

NABSAMRUDDHI Finance Limited (hereinafter referred to as the ‘Company’) is a Non Deposit accepting Systemically Important Non-Banking Finance Company (NBFCs-ND-SI) registered with the Reserve Bank of India.

As a responsible financial institution, the Company aims to assess and monitor its transactions, on an ongoing basis, so as to reduce environmental risk and adverse impact of its lending practices on the environment. The Company shall constantly strive to engage its employees, customers and shareholders to encourage environment friendly practices across its value chain.

The company also aims to contribute, within the scope of its capabilities, to maintaining social and gender balances through its business activities, open dialogue with stakeholders and active participation in common efforts to support social progress.


This policy will serve as a framework for understanding the impact of all its activities on environment and society and ways to ethically and sustainably managing the environmental and social risks.

2. Objectives

To ensure Company’s sustainable performance, by integrating social and environmental aspects in the company’s strategy, thus assuring that the principles and guidelines herein are incorporated in businesses, processes and stakeholder relations.

To ensure that the ultimate activities supported by NABSAMRUDDHI Finance Limited do not result in unnecessary environmental and social harm;

The ESP shall be integrated with the Credit policies for an overall assessment of the projects. The Policy will generally bring NABSAMRUDDHI’s practices in line with the practices of other leading financing institutions active in environment and development financing. The Policy will generally promote overarching principles viz. Pro-poor, Ensuring Sustainability, Good Governance in all financing programmes. This Policy will encourage all entities directly funded or supported through NABSAMRUDDHI to have appropriate consideration for environmental and social impacts.

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3. Applicability

This policy covers all the operations of NABSAMRUDDHI Finance Limited and applies to all Directors and employees of the Company.

4. Governance and Implementation

The Environment & Social Policy shall be approved by the Board of Directors, and reviewed from time to time. Governance for the environmental and social responsibility policy shall be reviewed by the Board of Directors and the CSR Committee of the Board.

The CSR Officer, Credit and Operations Team, IT, Administration departments of the Company will ensure that all directives of this policy are implemented and followed by the Company.

To further strengthen our vision and focus on ESG, an Environmental Social & Governance (ESG) Committee, shall be established. The ESG Committee shall be a Management Level Committee comprising of COO, CFO, VP(Credit), CTO and CRM, and shall be chaired by the COO. The ESG Committee shall report to the Corporate Social Responsibility (CSR) committee of the Board of Directors on the Company's ESG strategy and road map to achieve set targets. The ESG Committee shall:

- Set targets and identify opportunities for improvement in areas of emissions, energy, water and waste;
- Focus on work place policies including Code of Conduct & Human Rights, diversity, stakeholder engagement and corporate governance policies
- Focus on assessing Environmental & Social (E&S) risks, including climate risks in the existing portfolio and identify new business opportunities in the E&S space.


5. Company's Role in Environmental Performance

5.1 Compliance

The Company shall strive to ensure adherence to all relevant environmental laws and regulations applicable to its business operations.

5.2 Procurement Practices

The Company recognises the need to work closely with stakeholders to reduce waste, improve efficiency and reduce its carbon footprint. The Company will make efforts to procure products which are :

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- Recycled
- Environment friendly
- Energy efficient
- Locally sourced

5.3 Energy and Emissions Management

The Company will continue its efforts in reducing greenhouse gas (GHG) emissions each year. The Company will take on initiatives to monitor and reduce its energy consumption. These initiatives will be aimed at –

- Reporting energy consumption and emissions;
- Promoting products and services that result in less energy consumption and emissions;
- Adopting energy efficient operating procedures for facility management and travel.

5.4 Water Management


At the Company's Offices, water is largely used for employee consumption and domestic purposes. To further reduce levels of consumption, the Company will promote best practices and involve employees in water saving initiatives.

5.5 Waste Management

The Company shall make efforts to dispose waste in the most responsible manner. Major sources of waste produced by the Company are IT waste and paper waste, which shall be handed over to authorised recyclers or disposed of in authorised manner. The Company will ensure that no hazardous IT waste is sent from the Company to the landfill. The Company will adopt 3R's of Waste Management-Reduce, Recycle and Reuse in all its operations.

5.6 Awareness and Employee Engagement

The Company understands that its employees and customers can play a major role in reducing the negative impact on environment. The Company will engage employees and encourage them to adopt environment friendly practices. The Company shall also endeavour to create awareness among employees and customers for respecting the environment and contributing to protecting and

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conserving ecosystems, water resources and biodiversity, as well as developing solutions which promote a low-carbon economy.

6. Company's Role in Social Performance

6.1 Human Rights

The Company shall respect national and international law, as well as international standards on human rights in the value chain.

6.2 Child and forced labour

The Company will ensure as far as feasible there is no child, forced, slave or trafficked labour in our value chain.

6.3 Freedom of engagement


The Company will ensure that all employees enter into employment with the company of their own free will and have the choice to leave their employment freely upon reasonable notice.

6.4 Health and safety

The Company will provide a safe and healthy working environment for employees and will take adequate steps to prevent accidents and injury to health arising in the course of work by minimising, so far as is reasonably practicable, the risks inherent in the working environment. 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.

6.5 Equality of Opportunity

The Company will offer equality of opportunity to all employees and will not engage in or support discrimination in hiring, compensation, access to training, promotion, termination or retirement on any basis including ethnic and national origin, caste, religion, disability, gender, age, sexual orientation, and socio economic status of the candidate/ personnel. The Company ensures a fair recruitment process that help it to identify and hire people with the right values, who are then groomed, encouraged and retained through a combination of financial and non-financial incentives.

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7. Employee Ethics & Code of Conduct

The Company shall have mechanisms to deal with issues related to inhumane treatment including mental or physical coercion or verbal abuse, sexual harassment, sexual abuse, slavery, of employees. This shall be guided by the Code of Conduct and Ethics Manual, an internal document available to all employees. The Company's Corporate Governance and other related policies also define good corporate practices, financial transactions, professional code of conduct and management action that will continue to promote a culture of good integrity and ethics amongst its employees.

8. Women Safety


The Company has a Policy on Zero tolerance to Sexual Harassment and also has an Internal Complaints Committee (ICC) to investigate cases of sexual misconduct 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.

9. Training & Development

The Company recognizes the importance of having a skilled workforce with necessary competencies to deliver on its 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. Periodic training and updates on ESG shall be provided to all employees, especially the ESG committee members.

10. Our Clients

The Company recognises that maintaining the trust and regard of our clients is important for its 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 clients. Abiding by its Customer Privacy policy, the Company will continue to treat clients' 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.

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11. Company's Lending and Investment practices


11.1 Risk Assessment/ Screening

The following factors will continue to be reviewed by the Company before taking any lending or investment decision:

- ✓ **Social Consideration:** Employment generation, role in socio-economic development of the region, compliance with labour laws, no exploitative / child / forced labour, no discrimination on grounds of caste, gender, race, class, disability, etc., , identification, assessment and management of environmental and social risks arising from the prospective client's business operations;
- ✓ **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
- ✓ **CSR Initiatives (wherever applicable) :** Schools, hospitals, medical facilities, technical institutes, roads, community buildings, drinking water and sanitation and other social sector projects;
- ✓ **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

11.2 Monitoring

The Company's representative i.e., the Relationship Manager (RM)) would require to certify that the Borrower complies with Environmental, Health, Safety and Social (EHSS) issues and all national laws on social, health and safety and environmental matters. This certification will be based on information disclosed by the borrower at the time of term loan appraisal / review, in their annual reports and during monitoring visits. Further, the RM will, where applicable, record any outstanding EHSS issues and follow up for the prompt resolution of the same.


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11.3 Prohibited Activities

The Company will not deal with any borrowers or vendors who are engaged in the business or trade of any product or activity deemed to be illegal under the laws or regulations in force in India. A detailed list of prohibited activities is provided as an Annexure to this policy.

12. Policy Review

This policy shall be reviewed annually to incorporate changes and further improvements.


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Annexure 1

List of Prohibited Activities

NABSAMRUDDHI will not support any of the following activities:

- i) production or activities involving harmful or exploitative forms of forced labour (forced labour means all work or service not voluntarily performed, that is extracted from an individual) child labour (child labour means the employment of children whose age is below the statutory minimum age of employment in India;
- ii) production of or trade in any product or activity deemed illegal as per domestic laws or regulations;
- iii) production of or trade in any product or activity that contravenes any international conventions and agreements to which India is a party, and which have the force of law in India;
- iv) production of or trade in weapons and munitions including paramilitary materials;
- v) production of or trade in tobacco ;(This does not apply if the activity concerned is ancillary to a project's (or subproject's) primary operations);
- vi) production or trade in alcoholic beverages (excluding beer and wine);
- vii) gambling, casinos, and equivalent enterprises;
- viii) trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora;(A list of CITES is available from www.cites.org);
- ix) production or trade in radioactive materials including nuclear reactors and components thereof. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded;
- x) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest;
- xi) production or trade in wood or other forestry products other than from sustainably managed forests;

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xii) production, commercial-scale use, trade, storage, or transport of products containing polychlorinated biphenyls; A group of highly toxic chemicals, polychlorinated biphenyls, are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985. and hazardous chemicals(A list of hazardous chemicals is available from www.pic.int);

xiii) production of or trade in pharmaceuticals (list of pharmaceutical products subject to phase-outs or bans is available from www.who.int)., pesticides/herbicides (A list of pesticides and herbicides subject to phase-outs or bans is available from www.pic.in)., or ozone depleting substances .(A list of the chemical compounds that react with and deplete stratospheric ozone, resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phase out dates <http://www.unep.org/ozone/montreal.shtml>) subject to international phase outs or ban;

xiv) Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.