



Environmental, Social and Governance (ESG) Policy

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Background

Globally, there is an increase in awareness and activism amongst stakeholders who are demanding business accountability for the social and environmental impacts on issues such as climate change, gender equality, environmental degradation, etc. Sustainability Reporting is an emerging discipline encompassing the disclosure and communication of an entity's non-financial, Environmental, Social, Governance (ESG) performance and its overall impact.

Embarking on Can Fin Homes' journey towards Environmental, Social, and Governance (ESG) is a step that underscores the Company's commitment to sustainable and responsible business practices. It is vital to adapt to the changing environment and play a key role in minimizing the overall impact on ESG factors.

Objective

- Promote sustainable environmental practices.
- Uphold social equity and human rights.
- Ensure ethical governance and transparency.
- Mitigate ESG-related risks and ensure compliance.
- Foster long-term value through responsible business.

Purpose

The purpose of ESG Policy is to drive the Company's ESG strategy and integrate it with the core business strategy and to map the existing practices of the Company to be in line with Environmental, Social and Governance factors along with the applicable Laws, Rules, Regulations like Securities and Exchange Board of India (SEBI), i.e., Business Responsibility and Sustainability Report (BRSR), environmental laws, social laws, labor laws as well as rules and regulations prescribed by National Housing Bank (NHB), Reserve Bank of India (RBI) along with key frameworks and initiatives which includes the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) etc.

ESG Governance mechanism

Board of Directors: As ESG is an evolving area with varying standards and frameworks coupled with increasing focus and rising stakeholder expectations, the Company has decided to rely on the collective expertise of the entire Board of Directors to oversee its ESG framework. The Board will continue to have oversight into various aspects of ESG through the Risk Management Committee.

Risk Management Committee: The Risk Management Committee shall review the ESG policy from time to time and would suggest measures strengthening the ESG framework of the Company.

Executive Directors: The Executive Directors of the Company, i.e., the Managing Director (MD) and CEO & the Deputy Managing Director (DMD)/whole-time director(s) in charge are authorities responsible for the implementation of ESG goals of the Company.

ESG Sub Committee: The ESG Sub-Committee is chaired by the Managing Director (MD) and comprises senior management and departmental heads, including Deputy Managing

Directors, Presidents, and the heads of HRM, Risk, Training, Premises, Secretarial, Credit, RBIA, CSR, and Planning & Strategy departments.

The ESG Sub-Committee shall be entrusted with the comprehensive oversight of all Environmental, Social, and Governance (ESG) matters within the organization. Its core responsibilities include formulating ESG policies, supervising their implementation, monitoring performance metrics, ensuring adherence to applicable regulatory frameworks, and fostering continuous improvement. The Committee shall also play a strategic role in integrating ESG principles into organizational decision-making, thereby promoting sustainable development, ethical governance, and social accountability across all levels of operation.

ESG focus areas



Framework Covered under Environmental (E):

Sustainable lending Practice

Sustainable lending practice is the Company's initiative to encourage and support the environmentally sustainable projects and activities. The goal of green financing is to channel funds towards projects/parts of the project that have positive environmental impacts, such as renewable energy, energy efficiency, sustainable infrastructure, and other eco-friendly initiatives, etc.

The Company is committed to create a positive impact through its business founded on the values of respecting human life and addressing the challenges to the environment. The Company supports capacity creation in sustainable sectors like renewable energy, waste management and energy efficiency. The Company will be aligned to national goals and targets in the nation's collective transition to a low-carbon economy.

Green Building initiatives

Under its ESG framework, the Company integrates Green Building principles to promote sustainable infrastructure and responsible resource use. This includes adopting energy-efficient designs, using environmentally friendly materials, and implementing systems for water conservation, waste reduction, and indoor air quality enhancement. The Company will also pursue recognized green certifications for its facilities, reinforcing its commitment to reducing environmental impact and creating healthier, more sustainable environments.

Resource Efficiency:

The Company is dedicated to minimizing its environmental footprint by integrating sustainable practices across its operations. It actively promotes the use of eco-friendly products and services, including responsible sourcing of materials that support sustainability. The Company also ensures that its suppliers and partners uphold similar environmental values. Key initiatives include phasing out single-use plastics, creating eco-friendly workplaces, digitizing operations to reduce paper usage, monitoring printing activities to minimize waste, conducting paperless board and committee meetings, delivering sustainability training to employees and stakeholders, and supporting the transition to renewable energy sources.

Energy Efficiency:

As part of its commitment to combating climate change and fostering a sustainable future, the Company prioritizes energy efficiency and emission reduction. It is actively implementing measures to monitor and minimize energy consumption across operations. Key initiatives include installing energy-efficient LED lighting in all offices and branches, procuring green IT equipment, deploying automated energy management systems, and retrofitting high-consumption devices to enhance performance while reducing electricity use. Additionally, the Company ensures responsible disposal of IT waste through authorized, environmentally compliant channels.

Water Conservation:

The Company acknowledges water conservation as a vital component of environmental sustainability, especially in the context of increasing water scarcity and climate change. To address these challenges, the Company promotes responsible water use and supports initiatives such as rainwater harvesting, wastewater recycling, and adoption of water-efficient technologies. It also emphasizes public awareness, education, and personal responsibility among employees, stakeholders, and communities. These efforts aim to preserve water ecosystems and ensure long-term availability of this critical resource.

Pollution and Waste Management

In alignment with its commitment to climate action, the Company annually measures, verifies, and discloses its greenhouse gas emissions in accordance with the GHG Protocol. It strives toward carbon neutrality by reducing emissions and offsetting unavoidable ones. The Company also adheres to responsible waste management practices, including segregation of dry, wet, and sanitary waste across all locations. It discourages single-use plastics, promotes reusable alternatives, and ensures safe disposal of e-waste and hazardous materials through authorized vendors. Paper usage is minimized through digitization, monitored printing practices, and paperless meetings. Additionally, the Company supports national initiatives to promote sanitation and solid waste management.

Framework Covered under Social (S):

Customer Engagement

Under this Policy the Company defines “engagement” as “the process of encouraging people to be actively involved and associated with the Company.

The Company is aware of the ongoing legal responsibilities as per the laws of our country. The main focus of the policy is to ensure that customer's voice is heard at every level of the organization, both on a formal or informal basis, as individuals or as members of groups, at a level that is comfortable and at a pace that can be determined.

Acquiring a new customer is much costlier than retaining an existing one and hence, it is essential to build customer engagement and loyalty. This can be achieved in the following ways:

Deciding the range of ways for customers to become associated with the Company for existing and future service quality and standards.

Relationships are based on openness, honesty, and transparency. Use digital channels and emerging technologies correctly.

The Company should consider customers’ views if found viable and feasible, while making decisions across all aspects of service delivery and ensure that the outcome from customer engagement is reported through our governance structure and back to all our customers.

The Company needs to understand the needs, requirements and experience of the customers to consider the same. This applies to the process of customer engagement as much as it does to the services provided by us. There may be barriers that get in the way of effective engagement. To involve and include more customers, CFHL needs to identify ways to widen access to catering to their different requirements and interests.

The Company to undertake periodic survey exercises to give some insights about the satisfaction with its services, as a starting point. The survey elicits information about its customers about the experience of the services that have been delivered.

Customer feedback via electronic media will facilitate CFHL to gauge their views and response for taking corrective steps, wherever necessary.

Events may be held to promote a service, support environmental improvements, provide information, consult on a major issue, or for social/community reasons.

The Company understands that clear and timely information is key to establishing a trustworthy relationship with customers.

All prevailing regulatory/legal/statutory compliances, as applicable and modified from time to time need to be adhered to within the prescribed time frame, if any.

Diversity and Inclusion

The Company aims to create an inclusive workplace and leverage the power of diversity for sustainable competitive advantage, economic growth and societal progress. Employees from different backgrounds should be able to function without any barriers and with equal opportunities to participate, develop, and contribute freely and equitably.

The objective is to:

- To ensure that the Company continues to be an employer for all diversity groups- gender identity, disability, caste, creed, colour, religion, marital status, age, sexual orientation and expression, medical condition, language and any other aspects as applicable.
- To create an environment that has zero tolerance for discrimination. Discrimination against any employee on any of the above grounds is prohibited and equal prospects are made available.
- To create and foster an open culture of inclusion for all its stakeholders, including all employees (whether permanent, fixed term or temporary), business partners, vendors, suppliers, consultants, contractual staff, trainees, direct selling agents, and any other person/entity acting directly or indirectly for and on behalf of the Company.

The basis for recruitment, development, training, compensation and advancement of employees at the Company shall solely be based on qualifications, performance, skills, experience, expertise, potential, and discipline and there shall be no other extraneous criteria of differentiation.

The Company follows the principle of equal pay and terms of employment (including benefits, training, promotions, performance reviews, transfers, exits, etc.) without any bias. CFHL believes that all its employees should receive equal pay where they are carrying out similar work, work rated as equivalent or work of equal value.

All employees and stakeholders of the Company shall be always treated with dignity and respect. There is no tolerance for disrespectful or inappropriate behavior, unfair treatment or retaliation of any kind. Harassment (physical, verbal or mental harassment) is not tolerated in the workplace and in any work-related circumstances outside of work.

The Company inculcates awareness amongst its employees through educational sessions and by forming internal groups to promote diversity among employees.

Appropriate disciplinary/ legal action will be taken against any employee/personnel who violates this policy. Based on the seriousness of the offense, disciplinary action against an employee may include verbal or written reprimand, warning, suspension or termination of employment.

No reprisal or retaliatory action will be taken against any individual for raising concerns. However, any such reporting by an employee, if found to be in bad faith or in a false or frivolous manner, will be considered a violation of the code of conduct, and such employee may be subject to disciplinary action.

The Company respects the privacy of every individual and ensures utmost secrecy and confidentiality of information/concerns concerning disability/ sexuality/ gender identity or any other personal information shared with it by its employees (or potential candidates). However, if any disclosure is mandated under law, then any such disclosure will be handled with utmost confidentiality and under applicable laws.

Human Rights Statement

As one of its core values, the Company supports, protects and promotes human rights and ensures that fair, ethical business and employment practices are followed.

The Company is committed to the compliance of all applicable employment, labour and human rights laws. This Statement applies to all stakeholders of the Company, including

employees (whether permanent, contractual or temporary), Directors, business partners, vendors, suppliers, consultants, trainees, direct selling agents, or any other person / entity acting for and on behalf of the Company.

This Statement sets out the broad framework to ensure that all stakeholders are treated with utmost respect and dignity and conveys the fact that CFHL does not condone human rights violations or abuses.

The Company is committed to maintain a safe, harmonious business environment and workplace for everyone, irrespective of caste, region, gender, religion, disability, qualifications, background etc. CFHL advocates that the workplace should be free from violence, harassment, intimidation and/ or any other unsafe or disruptive conditions, either due to external or internal threats. Accordingly, CFHL has strived to provide reasonable safeguards for the benefit of employees while having due regard for their privacy and dignity.

The Company prohibits all forms of slavery, coerced labour, child labour, human trafficking, physical/sexual violence etc.

The protection of the Company's brand, reputation, trust as an institution which promotes and protect human rights is imperative. Any non-compliance or adherence to the practice of human by any employee or any other stakeholders is likely to invoke appropriate disciplinary /punitive action.]

Stakeholder Engagement

The Company recognizes that effective stakeholder engagement is an essential component of our business operations to be undertaken at business and site level. It is an important mechanism to understand stakeholders and their needs, involve them in managing risks and resolving conflicts at an early stage, thus ensuring a long term 'social license to operate' for a business. The Company endeavors to achieve this by:

- Maintaining positive legal compliance to applicable stakeholder engagements, disclosure regulations and conforming with the requirements of the Company Homes Sustainability Framework.
- Ascertaining the nature of impact on stakeholders, their legitimate concerns, interests and expectations as well as their potential influence on the Company for analyzing the implications of those factors on business operations.
- Embedding the principles of inclusiveness, transparency, materiality, completeness and cultural appropriateness in all our engagement activities.
- Seeking to disclose information about the company's activities in a timely and culturally appropriate manner to enable informed and meaningful engagement.
- Resolving stakeholder grievances in a timely and culturally appropriate manner.

Undertaking engagement in a non-discriminatory and interactive manner that encourages stakeholders to provide feedback and engage positively with the business operations.

Responsibility Advocacy

Advocacy refers to the activities performed while interfacing with a wide range of stakeholders such as Government agencies, non-governmental organizations, academic and research institutions, associations at local, national, and international levels and individuals with the objective of influencing policy, regulations and other decision making endeavours.

The Company believes that it is necessary to represent and engage with authorities on matters concerning the various sectors in which it operates. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

Responsible Advocacy specifies the following critical and necessary guidelines to be followed by all employees, relevant contractors engaged by CFHL and all partners & associates in all advocacy activities with internal and external stakeholders:

- Achieve total compliance with all applicable regulations pertaining to advocacy activities with the Government, non-governmental organizations, industry associations, and individuals.
- Focus on transparency, accountability, strong corporate governance standards and ethical guiding principles in all advocacy interactions.
- Ensure adherence to anti-corruption guidelines/policy (available on CFHL's website) in all stakeholder interactions and implement record management tools
- Implement grievance redressal mechanisms to support the investigation of any instance of non-compliance with this policy
- Undertake appropriate disciplinary action against any proven instance of non-compliance with this policy.

All employees of the Company, members of the Company's Board and the Company's contractors when acting on the Company's behalf such as agents, public affairs, communications and legal consultants, outsourced personnel, and other third-party representatives are covered.

Fair Competition

Laws encouraging fair competition known as competition laws in most countries are made by the governments to restrict activities which prevent competition and create monopolies. Lack of competition results in manipulation and exploitation of markets to the detriment of the economy.

The Company is totally committed to doing business by ethical practices for the benefit of consumers, clients, suppliers, regulatory authorities, all other stakeholders and the community at large. Adhering to fair play rules will also enable us to avoid legal liabilities and penalties. All staff of the Company Homes Limited directly and any third party acting on behalf of the Company are covered.

As per the principles of the fair and open competition followed by us:

- Concentration will be on achieving advantages through good performances and by avoiding unethical, unlawful practices.
- No discrimination in respect of suppliers, clients or customers
- No discussion, collusion or arrangements with, competitors regarding:
 - Customers, Products, Markets, Locations, Costs, Pricing, Contracts, Bids or quotes,

- Suppliers, Distributors which may be detrimental to the interest of the Company.
- Not undertake any activities which unfairly restrict competition, upset the free market or likely to abuse a prominent market position
- Ensure efficient market operations by providing competitive prices, product choices, and innovation.

Another Company is considered a competitor if it competes with the Company in the relevant sales markets (Housing Finance), if it vies for customers, loan proposals, or if it competes with Can Fin Homes Limited for employees in the labour market.

Communications with a competitor can raise suspicions that an anticompetitive agreement has been formed that can subject Can Fin Homes Limited to an investigation or litigation.

Additionally, in some jurisdictions, the exchange of competitively sensitive information is also considered to be a violation of competition laws.

The Company will not share confidential business information unrelated to an agreement, and will not restrict or limit competition on other bids.

In all instances where there might be a necessity to discuss or, potentially agree upon matters with a competitor, the employees of the Company should seek professional advice from either the inhouse legal department, or if required, outside legal counsel or from the Legal & Regulatory Affairs Department.

III Frame work Covered under Governance (G):

Ethical Business Conduct: Promote a strong ethical culture within the company. Uphold integrity, honesty, and compliance with laws and regulations.

Board Oversight: Clearly define the roles and responsibilities of the board in overseeing ESG matters. Establish Committees to focus on specific aspects of ESG performance.

Risk Management: Integrate ESG risk assessments into overall risk management processes. Regularly review and update risk management policies.

Cyber security and data privacy governance framework: The Company's cyber-security and data privacy governance encompasses management oversight at various levels through Executive Committees, Information Technology Strategy Committee of the Board with the ultimate responsibility assumed by the Board of Directors. The Company follows a comprehensive 360-degree approach to cyber security with the triad of Confidentiality, Integrity and Availability (CIA) at the heart of the information security framework. The approach covers all aspects of prevention, detection and response.

Good Governance practices: The Company is committed to maintain the highest levels of ethical standards of integrity, corporate governance and regulatory compliance. These parameters form the bedrock of our corporate governance policy. The Company have proactively upheld good governance practices and are constantly striving to enhance our standards. Our Board of Directors are 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.

The Company's corporate governance framework complies with the The Companies Act, the regulations and guidelines of the Reserve Bank of India/National Housing Bank, the Securities and Exchange Board of India ("SEBI") and the requirements of the listing agreements entered into, with the Indian stock exchanges.

In addition to its ESG policy, the Company has established separate, dedicated policies on Equal Employment Opportunity, Succession Planning, Anti-Corruption, and Anti-Bribery. While these policies operate independently, they align closely with the Company's broader ESG goals by reinforcing ethical governance, inclusive workplace practices, and long-term organizational sustainability.

ESG Disclosures & Reports

The Managing Director & CEO and Dy Managing Director and the Whole Time Director of the Company are the key persons for implementation of ESG initiatives.

The reporting format prescribed by SEBI named 'Business Responsibility and Sustainability Report' (BRSR), aims to establish links between the financial results of a business with its ESG performance. This can make it easier for regulators and investors and allied stakeholders to obtain a fair estimate of overall business stability, growth and sustainability. As per existing regulatory framework the Company shall prepare w.e.f. 2022-23, the Business Responsibility & Sustainability Report on annual basis which should form part of the Annual Report of the Company and shall be displayed on the website of the Company.

The Company will drive towards the implementation of policy through widespread awareness and concrete actions, while being open to continual improvement. The Company believes that the policy serves as a strong foundation for seamless integration of our marketplace, workplace, environment, and community concerns with Company's business operations in order to support the larger goal of sustainable development.

The Company shall communicate this policy to all stakeholders and ensure it is available to the public to ensure effective implementation of the same.

The Company shall review the ESG Policy and allied management systems annually to ensure their continuing applicability and relevance to our operations and evolving stakeholder expectations. Mid-term review can be made as and when required.