



ESG Policy Environment, Social and Governance Framework

Namdev Finvest Private Limited

Registered Office:

S-1, S-7-8, SHREE NATH PLAZA, SECOND FLOOR,
NEER SAGAR MARKET, BHANKROTA,
JAIPUR, RAJASTHAN-302026
INDIA

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Prepared by	Umang Lodha ESG NFPL	
Recommended by	Sanjay Chaturvedi Chief Treasury & Investor Relations NFPL	
Approver	Board of Directors	June-2024

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1. Introduction

Namdev Finvest Private Limited (NFPL) is a Non-Banking Financial Company having valid Certificate of Registration with Reserve Bank of India vide registration No. B-10.00260 on 20th August 1997 under current RBI classification as NBFC – Non-Deposit taking Asset Finance Company.

It is focused on offering finance to MSME, Two-wheelers, Solar panel loan, Electric Vehicle (EV) loan, EV charging station loan and all kind of light commercial vehicles segment.

2. Objective

Namdev Finvest Private Limited (Namdev) recognizes the renewed and continuing importance of having a responsible ESG (Environmental, Social and Governance) framework since this framework is capable of positively or negatively impacting the entire stakeholders of the Company both external and Internal - Customers, employees, Investors, Lenders, Vendors, Other stakeholders, and Community at large. It has thus become imperative to put together a sustainable ESG framework and ensure that it aligns with the strategic vision and goals of the Company and therefore value is created for all the relevant stakeholders.

The drive started in 2005 by The United Nations as an Environmental Program under various schemes and policies which further was implemented in India by SEBI (The securities and exchange Board of India) in the year 2012. The COVID 19 pandemic has amplified calls for embracing sustainability and made a compelling case for corporates including policy makers to consider the impact of ESG into their decisions. Towards this, company has laid out the following Environmental, Governance and Social Framework which combined with its AML, Fair Practices Code and other regulations governing the NBFC segment provides the necessary impetus to the Company to achieve its desired growth in a responsible, inclusive, and sustainable manner.

3. Guiding Principles of the Framework

The guiding principles of ESG framework is driven by its mission to provide appropriate credit solutions to the hitherto unreached segment of the market by providing secured financial products to small business owners and self-employed individuals who are cut off from the formal lending ecosystem.

The Company is committed to responsible business and the principles establish the Company's strategic commitment towards Environmental, Social and Governance related risk management and therefore managing ESG Risk is an integral part of Company's sustainable development initiative and credit risk assessment process.

The Company also recognizes that there can be certain specific ESG elements which may be added based on requests by its investors, lenders etc. and the Company shall remain committed to assessing the feasibility of its integration into ESG framework from time-to-time review and Responsibility.

The ESG framework includes formalization of the accountability for ESG implementation and compliance. The Company shall set up an Advisory committee meeting– a management level



committee comprising of min two Directors and Senior Management who will be primarily responsible for implementation of the ESG framework including formulation of policies and processes to enable implementation of ESG structure across the Company. This Committee would report to the Board at a future date once the policy and the detailed framework and guidelines are formalized. Regular awareness trainings and branch review on ESG compliance is done on timely basis.

4. Approach and Focus Areas for the Company

4.1 Environment

The overall approach is driven towards Greater use of technology, energy consumption, water conservations, E waste management.

The following would be the key focus areas of the Company:

- a) All projects and processes shall be designed keeping in view environmental protection as an integral part to achieve sustainable development.
- b) The Company will monitor, control and upgrade technology to prevent pollution and conserve resources.
- c) The Company will promote reduction in the use of water consumption by self-awareness campaigns & displaying posters.
- d) The Company shall make efforts to dispose E-Waste in the most responsible manner, as follows:
- e) Electronic waste generated by the Company will be disposed as per approved E waste policy of the Company.
- f) The Company will ensure that no hazardous electronic waste is sent from the Company to the landfill.
- g) 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.
- h) As a part of our mission of green finance, our company actively participate in the advancement of sustainable practices by financing solar products and promoting the adoption of eco-friendly technologies. Our mission is to encourage investments in a wide range of solar solutions, including solar panels, solar cookers, solar lights, solar pumps, and solar motors. These initiatives not only benefit businesses but also contribute to environmental resilience, energy efficiency, and self-sufficiency.
- i) Through our financial support, we enable the growth of e-rickshaws, thereby promoting e-mobility. Furthermore, we facilitate the establishment of electric vehicle (EV) charging stations, fostering a cleaner and more accessible transportation ecosystem. Together, we strive for a greener, more sustainable future.
- j) Company will report its annual GHG/CO2 emissions and reduction on public platform such as company websites, annual or sustainability reports for keeping a track on our impacts.



4.2 Social

The overall approach is driven towards high standards of excellence and best practices in our Workforce and employment practices and enhancing our relationship with internal and external stake holders.

a) 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 its employees and there will be no discrimination based on race, caste, colour, 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.

b) Employee Ethics & Code of Conduct

The Company has mechanisms to deal with issues related to inhumane treatment including mental or physical coercion, sexual harassment, sexual abuse, slavery, of employees. This is guided by the Code of Conduct and HR/Ethics Manual, an internal document available to all employees and strict adherence to the policies and framework is expected from all employees of the Company.

c) 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.

d) Health

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 its employees.

- Availability of First Aid Boxes in every department/section and maintenance thereof.
- The Company will impart necessary health education to employees.
- The Company will ensure availability of equipped ambulance through third parties at all the times to shift the patient to the nearest hospitals.

e) General Safety

The Company and its employees shall strive to achieve zero accident (fire) on sustainable basis.

- Fire extinguishers of required type and capacity shall be installed at appropriate places in the branches/offices. Members shall be imparted training to operate fire-fighting equipment.



- Preparation of On-site emergency plans, conducting of regular mock drill and evacuation program will be ensured.
- Dissemination of relevant information to employees relating to general safety, equipment operating safety and cautioning through visual media.
- Development of safety culture, enforcement of safety rules and accepted safe practices.

f) 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 takes 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.

4.3 Governance

The Company is 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. 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 Indian companies Act, the regulations and guidelines of the Securities and Exchange Board of India ("SEBI") and the requirements of the debt listing agreements entered into, with the Indian stock exchanges.

The Company is committed to the principle of transparency and good governance and will ensure the following:

- Comply with the Corporate Governance standards as stipulated by the regulators from time to time including but not limited to independent directors, committees etc.
- Provide for adequate transparency about the company's operations, and a governance structure that demonstrates appropriate accountabilities.
- Take demonstrative action to ensure that its employees are not involved in corrupt practices, ensure that the employees' conduct scrupulously adhere to the policy governing the "Code of Conduct."
- Employees uphold high standards of business integrity and honesty; and
- Deal with regulators in an open and co-operative manner.
- The Data privacy policy to deal for protection of customer and Company data.
- Have adequate measures to deal with non-disclosure agreements with all external parties, be it lenders, lawyers, consultants, IT vendors whose services are taken for company's day to day affairs.

5. Approach and Focus Areas in the business of lending

5.1 Environment

The ESG framework of the Company would ensure that the business activities and operations of the Company would comply with the applicable laws and regulations of the country.



Further 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. Screening of loans

We are cognizant of our environmental and social risks in our lending and hence evaluate these risks as part of our credit appraisal process. As part of our credit policy, the Company will continue to evaluate all loans, whether for very small projects expansion or for regular working capital requirements or any other purposes. Any loan application non-compliant with Global, National sanctioned guidelines issued by World bank, UN, EU, OFAC and RBI or any such restricted available list for the sanction/terrorism list and guidelines for protecting local environmental, social or labour laws are likely to be rejected during the screening of the loan.

b. Loan / Service Agreements

Loan Agreements will clearly enumerate a clause on compliance with all applicable local and national environment, social and labour laws. Sales/field Officers are well apprised about the ESG framework and would diligently scrutinize every loan proposal/service agreement to identify any environmental, social or labour risk that may emerge by dealing with a particular customer or vendor.

c. Typical customer profile is as follows:

Product	Description - End use	Target segment	Security	Avg. Ticket Size	LTV in %	Average Tenor (months)	E&S checking requirement
Small Business/ Mortgage Loans/ Other products	Business/ working capital /Agri purpose	Shopkeepers / individuals/ day to day services	Residential / commercial property	5-7L	40% - 60%	36-84	Yes

A detailed list of prohibited activities/ exclusion list is provided as an **Annexure 1**.

5.2 Social aspects in lending

Our approach to doing business in a responsible and sustainable manner is reflected in the social impact created by the Company across the following aspects:



a) Customer segment

The target customers are individuals into daily services and small businesses owners and self-employed with reasonable repayment capacity, however largely not catered to by the traditional / formal lending eco-system.

b) New to organized finances (first time borrower)

Our Company promotes equality of opportunity across the country spreading from Tier II onward areas of the country. **Majority of our customers are the first-time borrower** from the underserved communities as of date and we intend to continue focus such class of borrowers, most of them are just graduating from MFI category and moving towards owning their own small businesses for self-sustainability.

Such startups usually promote development-oriented activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro enterprises/shopkeepers through access to such formal financial services/products.

c) Financial Inclusion: Women borrowers as loan applicant

Women's socio-economic empowerment, **our majority of loans inclined towards Women as either Applicant or co applicant**, whose income is also included for determination of repayment abilities of the borrower. Our lending helps women develop entrepreneurship skills and help in increasing the business income of this gender segment and eventually in elevating individual families living standard.

d) Financial Inclusion: Presence in Tier II or below cities- deep Urban and Rural presence

Our customers are based out of southern states of the country including low-income states, largely from Tier II or below cities which helps families in these areas to connect with the organized source of borrowings. Our lending therefore directly addresses the financial inclusion goal of the nation.

e) CSR initiatives

The Company intended to take up suitable CSR projects and program which would complement the businesses of the Company in the areas of **financial literacy, financial inclusion**, human welfare activities, livelihood for poor in a structured manner.

The Company has a governance structure such as CSR committee and has a CSR policy in place to ensure that the CSR projects are implemented with rigor and structure.

6. Annexure 1: List of Prohibited Activities

The Company will not support any of the following activities:

1. Conversion or degradation of critical forest areas or forest-related critical natural habitats.
2. Leasing or financing of logging equipment, unless an environmental and social impact assessment indicates that;



- a. all timber harvesting operations involved will be conducted in an environmentally sound manner which minimizes forest destruction; and
- b. the timber harvesting operations will produce positive economic benefits and sustainable forest management systems.
3. Production or trade in any product or activity deemed illegal under the laws or regulations of India or international conventions and agreements or subject to international phaseouts or bans such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls and other hazardous substances, wildlife or wildlife products regulated under the Convention on International Trade and Endangered Species of Wild Fauna and Flora and trans-boundary trade in waste or waste products.
4. Extraction or infrastructure in or impacting: protected area like Strict Nature Reserve/Wilderness Areas and National Parks, Natural Monuments and Habitat/ Species Management Areas, as defined by the International Union for the Conservation of Nature (IUCN).
5. Production of or trade in nuclear reactors and components thereof.
6. Production of, trade in or use of un-bonded asbestos fibers.
7. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to biodiversity and habitats.
8. Projects or companies identified by the Government to be in violation of local applicable law related to environment, health, safety, labor, and public disclosure.
9. Projects or companies where the primary business activities are in the following prohibited sectors: gambling; media communications of an adult or political nature; military equipment production;
10. In the event that any of the following products form a substantial part of a project's primary financed business activities a) alcoholic beverages (if contrary to local norms) (except beer and wine); b) Tobacco; c) Weapons and munitions; or d) Gambling, casinos and equivalent enterprises.
11. Companies/businesses found by a court or administrative body of competent jurisdiction engaging in unlawful practices.
12. Small businesses that knowingly and intentionally engage in forced labor, unfair labor practices and predatory lending.
13. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
14. Destruction of High Conservation Value areas
15. Pornography and/or prostitution
16. Racist and/or anti-democratic media



7. High Risk Profiles

S. No.	Profile Name	S. No.	Profile Name
1	Chicken/mutton Shops (butchers)	5	Production or trade in tobacco.
2	Travel Agent without own vehicle	6	Local Print media
3	Commission Agents (without visible stocks & Commission not credited in banking)	7	Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
4	Builders & Developers	8	Police profile to be done with deviation.

8. Negative/Exclusion Profile

S. No.	Profile Name	S. No.	Profile Name
1	DSA / Collection agency (Agents of Banks / MFI)	14	Businesses involved in the production, processing or distribution of illegal drugs.
2	Building Material Suppliers (Without Setup)	15	Production or trade in any product or activity deemed illegal
3	Real estate agents	16	Media
4	Unlawful entertainment and recreation centers	17	Politician
5	Gambling and gaming business	18	Places of worship
6	Production or trade in products containing PCBs.	19	Lawyers and law enforcement agencies
7	Casinos and equivalent enterprises	20	Trade in wildlife products regulated under cities
8	Production or trade in alcoholic beverages	21	Production or trade in weapons and ammunitions



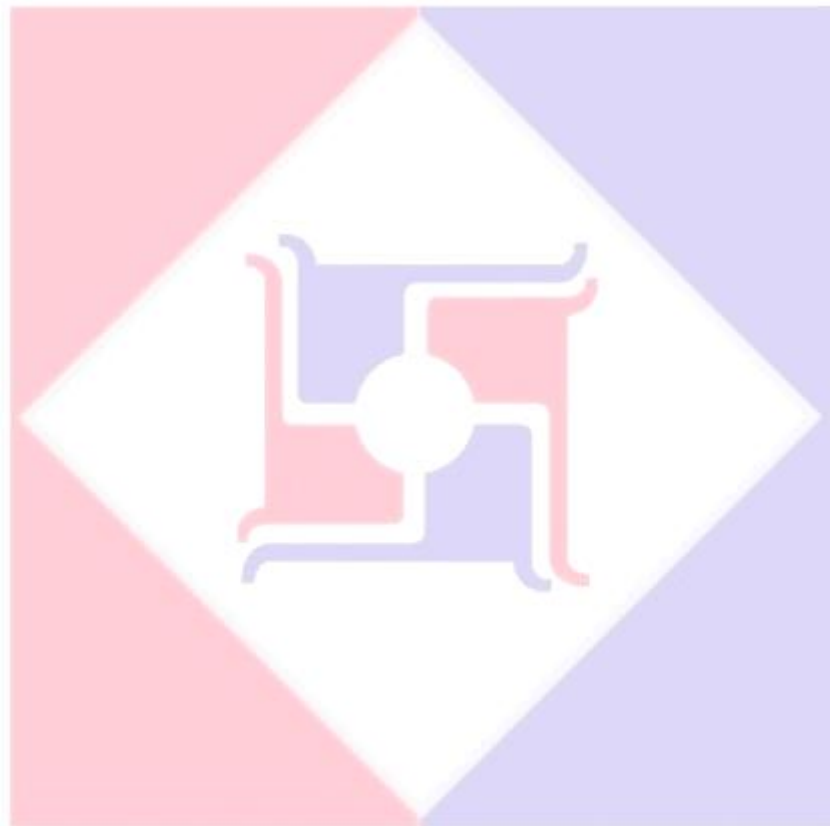
9	Production or activities involving harmful or exploitative forms of forced labor/harmful child labor	22	Any other profile that is identified locally
10	Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements	23	Production or trade in radioactive materials.
11	Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest	24	Production or trade in or use of unbonded asbestos fibers.
12	Amusement Parks	25	Production or trade in alcoholic beverages (excluding beer and wine).
13	Liquor parlors and bars		

9. Monitoring and implementation

S. No	Activity	E/S/G	Owner	Timeline (tentative)	Observer
1.	Mail is rolled out for the display and availability of all mandatory regulatory requirements at BO/RO/HO	E & S	Compliance and Admin	Monthly	ESG Manager
2.	Mail is rolled to IT for confirmation on adherence of IT policy and customer DATA security as per regulation	G	IT Dept	Monthly	ESG Manager
3.	Training is conducted on ESG	S	HRD	Monthly	ESG Manager
4.	E Waste confirmation is taken	E	IT	Monthly	ESG Manager
5.	Code of conduct, AML, Compliance policies	S	Compliance	As per regulation	ESG Manager
6.	POSH Training and awareness	G	HRD	As per regulation	ESG Manager
7.	Loan screening (credit U/W all cases are screened)	G	Credit	Monthly	ESG Manager
8.	CSR activity (Financial inclusion and literacy)	S/G	Admin	Annual	ESG Manager



9.	Report on first time borrower (Focus)	S	Risk	Monthly	Treasury
10.	Women as a majority borrower/co-borrower	S	Risk	Monthly	Treasury
11.	40% and above to be in Tier 2 or below cities	S	Risk	Monthly	Treasury
12.	ESG Reporting	E	ESG	Yearly	ESG Manager



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