

ESG Policy Environment, Social and Governance

Namdev Finvest Limited
(Formerly Known as Namdev Finvest Private Limited)

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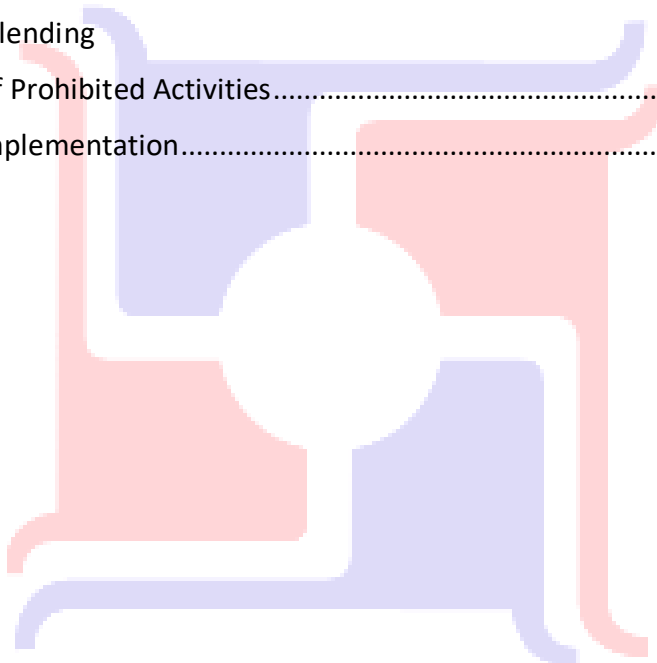
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1. Objective

Namdev Finvest Limited (NFL) formerly known as **Namdev Finvest Private Limited** 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. Toward this, the 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.

2. 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 the 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 internal 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 training and branch review on ESG compliance are done on timely basis.

3. Approach and Focus Areas for the Company

3.1 Environment

The overall approach is driven towards Greater use of technology, energy consumption, water conservations and 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 of E-Waste in the most responsible manner, as follows:
 - Electronic waste generated by the Company will be disposed of to the recyclers registered with State Pollution Control Boards.
 - The Company will ensure that no hazardous electronic waste is sent from the Company to the landfill.
- e) 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.
- f) As a part of our mission of green finance, our company actively participates 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 solar solutions like solar rooftop panels for both residential and commercial purposes. These initiatives not only benefit businesses but also contribute to environmental resilience, energy efficiency, and self-sufficiency.
- g) Through our financial support, we enable the growth of e-rickshaws, thereby promoting e-mobility.
- h) The company will report its annual GHG/CO₂ emissions and reductions on company website via its ESG Page and Annual or Sustainability report.

3.2 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 stakeholders.

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. Namdev Finvest Prohibits discrimination against

all internationally recognized Protected Categories such as people over 40 years old, Sex, Race/ethnicity/national extraction/social origin/caste, Religion, Health status including HIV status, Disability, Sexual orientation, Political affiliation/opinion, Civil/marital status and Participation in a trade union.

- 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.
- Namdev Finvest strictly prohibits all forms of child and forced labour. In line with its commitment to upholding human rights, the Company ensures that all employees are 18 years of age or above at the time of hiring.

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 and 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 BO/RO/HO and maintenance thereof.
- The Company will impart necessary health education to employees.
- The Company will ensure to display the contact no. of nearby hospitals ambulance on notice board at all the times.

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.

g) Gender Action Plan (GAP)

Company's GAP specifies how it will promote gender equality across its programmes and workplaces. It affirms that promoting gender equality and the empowerment of women and girls is the responsibility of everyone, regardless of organizational role. The GAP elaborates the steps required to accelerate progress on gender equality in 2024–2029, as well as within institutional systems and processes, with clear indicators and monitoring mechanisms to track change.

3.3 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 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 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.
- 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 and ESG screening with external parties, be it lenders, lawyers, consultants, IT vendors whose services are taken for company's day-to-day affairs.
- All ESG-related complaints raised by internal or external stakeholders are addressed in accordance with the Company's Grievance Redressal Policy, ensuring fair, timely, and transparent resolution.

4. Approach and Focus Areas on the business of lending

4.1 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 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 falls under Global and National sanction guidelines issued such as United Nations Security Council Consolidated list, European union sanction list, OFAC (Office of Foreign Assets Control) sanction list, World Bank List of Ineligible Firms and Individuals, UK Sanction list, Netherlands Sanction list (Dutch Sanction list), RBI restricted list, IFC exclusion list, [prohibited activities](#) and non-compliant with the guidelines for protecting local environmental, social or labour laws should 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 appraised 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-allied purpose	Shopkeepers/individuals/day to day services	Residential / commercial property	5-7L	40%-60%	36-84	Yes

A detailed list of prohibited activities is provided as Annexure 1.

4.2 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, small businesses owners and self-employed with reasonable repayment capacity, who is largely not catered to by the traditional/formal lending eco-system.

b) New to organized finances (first time borrower)

Our company promotes equal opportunity across the Northwestern part of the country spreading from Tier II onward areas of the country. Some of our customers are first-time borrowers from the underserved communities and we intend to continue focusing on 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, 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

Our majority of loans are 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 Northwestern 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.

5. Annexure 1: List of Prohibited Activities

The Company will not support any of the following activities:

- a) Forced labour¹ or child labour²
- b) Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
 - 1. ozone depleting substances (under Montreal Protocol) PCB's (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals
 - 2. wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES)
 - 3. Unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length)
 - 4. Production or trade in toxic substances (under the Rotterdam Convention, Stockholm Convention and WHO "Pharmaceuticals: Restrictions in Use and Availability")
- c) Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.

¹ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by International Labor Organization (ILO) conventions.

² With regards to child labour, this refers to (a) formal or informal employment of persons under the age of 18 that is economically exploitative, likely to be hazardous, interfere with the person's education, or is likely to be harmful to the person's health or development, (b) under the age of 15 for general work, or (c) the worst forms of child labour as defined by ILO Convention No. 182

- d) Destruction³ of High Conservation Value areas⁴
- e) Radioactive materials⁵ and unbounded asbestos fibers.
- f) Pornography and/or prostitution.
- g) Racist and/or anti-democratic media.
- h) Weapons and munitions
- i) Production or trade in wood or other forestry products other than from sustainably managed forests.
- j) Activities relating to:
 1. Oil sands (such as extraction, production, or transportation);
 2. uranium or other radioactive fuels (such as extraction, and/or power or thermal generation based on uranium or other radioactive fuels); or
 3. thermal coal mining, transportation of thermal coal material, or power and/or thermal generation based on thermal coal (any person involved in such activities, a "Producer").
Distribution by any party of power or heat generated by thermal coal shall not be prohibited, provided that such party, being the distributor, is not an associate of and is independent of and operationally separate from the Producer and/or any of its associates.
 4. Activities that increase use of fossil fuels and/or prolong the technical or economic lifetime of heat and power production using fossil fuels, except for back-up in power generation plants, for household cooking purposes and for processes where feasible alternatives do not exist.
 5. Coal prospection, exploration, mining, processing, and trading; and/or the construction of new or refurbishment, retrofitting and rehabilitation of existing coal power facilities, including dual power plants; and/or the expansion of captive coal used for power and/or heat generation.
 6. Oil exploration and extraction (from bituminous shale, tar sands or oil sands),

³ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

⁴ High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

⁵ This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

- production, or trading; and/or oil transportation and storage, including oil
7. pipelines; and/or oil refining and distribution, including petrol stations.
 8. Construction of new or refurbishment, retrofitting and rehabilitation of heavy fuel oil (HFO) or diesel-only, dual-fuel HFO or diesel/gas and HFO or diesel/renewable hybrid power plants.
 9. Diesel-only decentralized energy solutions (including mini grids and commercial and industrial installations).
 10. Diesel/renewable hybrid de-centralized energy solutions are only eligible for investment if the specified criteria are met:
 - (i) A renewable-only solution has been proven as not offering sufficient reliability or cost efficiency.
 - (ii) The diesel element is supplementary and is subsidiary to and enabling, the renewable energy project, whilst maintaining on average over time a minority share (<50 % of power generation from fossil fuels in hybrid systems with the remaining portion from renewable energy and batteries).
 - (iii) The majority of "expected" generation should come from renewables (i.e., actual production may differ based on primary energy resource, e.g., wind, solar or hydro); and (iv.) The specific greenhouse gas emissions of the project are lower than 250kg of CO₂ equivalent/MWh.
 11. Stand-alone diesel generators.
 12. Gas exploration, extraction, production, and trading; gas power plants; and/or gas transport, storage, refining and distribution, including import/export infrastructure, and processing facilities, except for liquid petroleum gas (LPG) for cooking and heating purposes if conditional criteria are met.
 13. Liquid petroleum gas (LPG) for cooking and heating purposes including associated facilities for sourcing, transport, storage, bottling and distribution is only eligible for investment if the specified criteria are met:
 - (i) The investment is substituting other higher carbon intensive fuel sources.
 - (ii) There is no economically and technically viable renewable energy alternative.
 - (iii) The LPG is used for cooking and heating purposes only (industrial uses are excluded).

- (iv) There is a clear impact case in improved living standards, reduced air pollution and increased health of consumers compared to alternative fuel sources.
14. Transport and related infrastructure (road, rail, port) where the primary use (>50% of handled tonnage) is fossil fuel transport; including the shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements.
 15. Activities that exclusively serve the extraction or production of fossil fuels e.g., a solar power installation/plant for a coal terminal or other fossil fuel activities.
 16. Companies or projects that exclusively provide services (including advisory), equipment, or other outputs to excluded fossil fuel activities e.g., a company that exclusively provides construction services for oil exploration activities.
 17. Companies or projects that exclusively produce goods for and/or provide goods to excluded fossil fuel activities e.g., a company that exclusively manufactures machine parts for use in coal-fired power plants.
 18. Projects with an annual average emission factor of 250kg CO₂e per MWh and above.
 19. Projects and/or activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources, projects significantly impacting on protected areas, or cultural heritage sites (including UNESCO World Heritage Sites and United Nations List of National Parks and Protected Areas) without appropriate mitigation/compensation.
 20. Projects and/or infrastructure that result in limiting people's individual rights and freedom, or violation of human rights. Projects or companies that provide significant, direct support to a government that engages in a consistent pattern of gross violations of internationally recognized Human Rights.
 21. Any activity that leads to forced evictions unless the evictions are carried out in accordance with national law and in full compliance with the provisions of international human rights treaties.
 22. Resettlement of 5,000 or more persons.
 23. Projects or companies that provide significant, direct support to a government that engages in a consistent pattern of gross violations of internationally recognized Human Rights.
 24. All projects that pose potentially serious occupational or health risks.
 25. All projects with potentially major impacts on people or which pose serious socio-

economic risk, including but not limited to Physical and Economic Displacement, impacts on Indigenous Peoples and adverse impacts on Cultural Heritage.

26. Extraction, mining of conflict minerals and metals.
27. Any activity involving significant degradation, conversion, or destruction of critical habitats; where the "destruction" of critical habitats and/or high conservation value (HCV) areas means (a) the elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use and/or (b) modification of a habitat in such a way that the area's ability to maintain its role is lost.
28. Projects that entail or have entailed conversion or degradation of natural forests, critical forest areas or HVC areas to plantations or that lead to deforestation or significant degradation or have a significant negative impact on primary natural forests or HCV areas, as well as biomass sourcing from such areas.
29. Extraction or infrastructure in or impacting: protected area Categories I, II, III, and IV (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). Projects in IUCN Categories V (Protected Landscape/Seascape) and VI (Managed Resource Protected Area) must be consistent with IUCN management objectives <https://www.protectedplanet.net/> unless it can be demonstrated through an environmental assessment (i) there is no degradation of the protected area and (ii) there are positive environmental and social benefits.
30. Biomaterials, biomass, and biofuel production that use feedstock that can serve as food or compromise food security.
31. Biofuel projects if they are: (a) Based on feedstock grown on land with high carbon content or biodiversity value, such as rainforests, wetlands, peat lands and grasslands, in reserves or on protected lands, or on lands with a high conservation value; or (b) with a production area larger than 75ha and/or only focusing on export of feedstock or biofuels; or (c) biofuel projects for which a lifecycle emission assessment shows lower climate and development benefits than alternative use of the same feedstock, e.g. direct combustion in a co-generation plant; or (d) using solid biomass fuels from forests, planted or natural, having a carbon cycle incompatible with the Paris Agreement.
32. Commercial concessions over, purchase/leasing of logging equipment for use in-, logging of- and sourcing of biomass from primary natural forests, primary tropical moist forest, old-growth forest or High Conservation Value (HCV) forests/areas.
33. Projects, not categorically prohibited, but located in or sufficiently near sensitive

locations of national or regional importance which may have apparent environmental impacts on: wetlands; areas of archeological significance; areas of importance to ethnic groups/indigenous peoples; primary temperate/boreal Forests; coral reefs; mangrove swamps; and nationally-designated seashore areas.

34. Construction, expansion or retrofitting of sanitary landfills, landfill cells; landfill mining; the collection, handling, treatment, disposal of hazardous waste; and/or the processing of toxic waste.
 35. Construction, expansion or retrofitting of waste incineration plants or any other form of thermal treatment of waste e.g., pyrolysis and gasification for the recovery of energy or fuels.
 36. Any water-related project including desalination project not meeting the EIB eligibility requirements.
 37. Any geothermal project not having a fully disclosed/disclosable third-party independent assessment on geological and seismic risks as well as appropriate operational and regulatory controls in place to avoid seismic events.
 38. Large-scale power transmission.
 39. Municipal wastewater treatment plants servicing more than 150,000 people.
 40. Municipal solid waste-processing and disposal facilities
 41. 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.
 42. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- k) In the event that any of the following products form a substantial part of a project's primary financed business activities⁶
- (i) Alcoholic Beverages (except beer and wine)
 - (ii) Tobacco
 - (iii) Gambling, casinos and equivalent enterprises.

⁶ institutions and investment funds, "substantial" means more than 10% of their underlying portfolio volumes

6. 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 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