

**KOGTA FINANCIAL (INDIA) LIMITED**

**ESG POLICY**

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## 1. Introduction

Kogta Financial (India) Limited (“Company” or “KFL”) is a Non-Banking Financial Company (“NBFC”) having valid Certificate of Registration with Reserve Bank of India (“RBI”) vide registration no. B.10.00086 dated May 27, 2016 under current RBI classification as NBFC - Investment and Credit Company (“NBFC-ICC”) – Non Deposit taking Systemically Important (“ICC-ND-SI”) with more than 25 years of experience in asset finance business.

It is focused on offering financing of all kind of commercial vehicles (HCV, LCV, MUV, SCV, ICV), Cars, Tractors, Construction Equipment, Three-wheelers, Two-wheelers and MSME & Loan against property segment.

## 2. ESG Vision

Our ESG Policy is driven by our vision to become a "Trusted and Innovative" Financial Service Provider in India. In our pursuit towards creating an equity of opportunities, through the bouquet of offerings, we intend to employ the best of innovation and service in expanding our customer base and business. With an in-depth market knowledge and business experience gained over 20 years, we feel indebted towards benefiting the economically weaker section, lower- & middle-income groups and vulnerable segments of the society by providing them opportunities of growth and self-upliftment.

We as a Company envision integrating the criteria of ESG risks and value creation opportunities into our lending operations, while ensuring that our financial services are being compliant to the social and environmental laws of the land, adopt good governance practices and follow International guidelines.

### ESG

To ensure our services and operations are sustainable from environmental, social and financial perspective.

### Beneficiaries

We will benefit economically weaker sections, lower & middle income groups, first time borrowers, small scale industry entrepreneurs, small mining operators and retail traders

### Diversification

We will continue to offer loans for the purchase of commercial vehicles, four-wheelers, tractor and disburse Loan Against Property (LAP) and Secured Business Loans to the SME/MSME segment

### Impact

We will monitor our performance against the defined ESG criteria and report on a regular basis

### Value Creation

We will constantly strive towards enabling inclusive human and social development; by creating innovative and affordable product offerings

## 3. Objectives and Scope

### Objectives

With most of our offerings facilitating the finance of commercial vehicles, four-wheelers and tractor; we recognize that our employees, customers, third-party service providers we deal with, through our operations can have significant impact on the environment and community. Therefore, we comprehend and endorse the need for adherence to environmental, social, and governance policies consistent with our vision.

Through this ESG Policy, we aim to:

- i. ensure that our financial service is socially and financially sustainable and reflects a shift towards promoting environmental sustainability;
- ii. deliver overall positive social impact by improving the livelihood of the beneficiaries;
- iii. develop an integrated approach towards ensuring adherence to ESG parameters in addition to financial criteria throughout the loan cycle and in our operation;
- iv. continually engage with our stakeholders to create more awareness about ESG;
- v. encourage our borrowers to manage risks responsibly by working beyond regulatory requirements and moving towards enhanced social value creation;
- vi. encourage greater transparency and accountability on ESG topics internally and externally through periodic disclosure.

Towards achieving these objectives, we are committed to adopt global standards and principles, which will further help integrate ESG criteria in our approach and decision-making processes.

### **Scope of the Policy**

The ESG policy is applicable to our employees, customers, key stakeholders associated with us and third-party service providers to the extent possible. This policy shall apply to our operations and all the products in consideration or offered by us following the date hereof, and will be interpreted in accordance with Local, State and National Laws and regulations.

## **4. Roles and Responsibilities**

Our ESG Compliance Officer, with guidance from the Chief Operating Officer (COO), is primarily responsible for ensuring that the consideration of ESG criteria is integrated into the financing decisions and our operations in collaboration with the ESG team. Where additional subject matter expertise is needed, the teams will utilize external resources as relevant and necessary. The ESG team is responsible for facilitating the implementation of this policy in our operations and our financial services and for maintaining and updating the policy to ensure its continued relevance. The authority to approve this policy will rest with our Board.

## **5. Integrating ESG Criteria in our Operations and Financing Decisions**

In accordance with this policy, in our financing decisions, we will:

- i. continually identify and operate in compliance with all the applicable National and State laws and regulations and the guidelines defined by Reserve Bank of India (RBI (as a minimum));
- ii. explore ways in which our actions and initiatives can address various environmental challenges, give preference to eco-friendly and lesser carbon intensive alternatives and continually build capacity towards ensuring the same through relevant interventions;
- iii. screen, scrutinize and validate all our products for their environmental and social impact;
- iv. as appropriate, promote the social development impacts of our loans.

At the organizational level it would further imply that we will:

- i. ensure fair recruitment process which helps identify and hire people with the right values;
- ii. treat all employees and third-party service providers fairly and respect their dignity, well-being and diversity;
- iii. not employ or make use of child labour and forced labour of any kind;

- iv. pay wages which meet or exceed the legal minimum wages;
- v. facilitate various learning and development interventions, whenever deemed appropriate and necessary towards the implementation of this ESG Policy;
- vi. provide safe and healthy working conditions to all the employees and contractors employed by us;
- vii. assess the health and safety risks arising from work activities, and take appropriate actions to eliminate or reduce risks to health and safety of the workers and all those employed;
- viii. promote and adopt energy efficient technology and equipment in our day to day operations while aiming to reduce the GHG emissions resulting from our operational activities;
- ix. engage with all our stakeholders, both internal as well as external, at regular intervals, in a constructive manner;
- x. use effective systems of internal control and risk management covering all significant ESG aspects;
- xi. promote best practices and uphold high standards in relation to corporate governance including transparency, honesty, integrity, fair working conditions, diligence and ethics in all business dealings;
- xii. prohibit contributions to political parties or political candidates, where these could constitute conflicts of interest;
- xiii. deal with regulators in an open and co-operative manner;
- xiv. refrain from financing activities on the prohibited investment activities list (Appendix 2);
- xv. monitor, evaluate, and enhance the ESG performance with respect to environmental consciousness, financial sustainability and improved governance, through appropriate performance indicators; and
- xvi. ensure that stakeholder grievances are addressed satisfactorily.
- xvii. respect the human rights of our employees and everyone we come into contact with.

## 6. Applicable Environmental and Social Requirements

### Product Screening

Every product offered by us will be screened for material ESG risks and impacts. The early stage ESG risk assessment will rely on primary information furnished by the borrower (as illustrated in Appendix 3) and accurate contextual information available from the field investigations. The ESG screening of products will validate the respective purpose of the product sought, primarily against the borrower's ability to help us promote our ESG vision.

### Monitoring and Evaluation

In case of material risks identified during the screening or diligence process, the borrower will develop a mitigation/ action plan to mitigate these risks, or monitor ongoing progress on ESG aspects, as applicable. Where management of, or performance on, a material risk needs improvement, we will support the borrowers in the development of an action plan.

## 7. Stakeholder Engagement

Constructive communication with internal and external stakeholders is an important exercise which helps companies convey their ESG commitments for long-term value creation and building a mutual understanding of the ESG strategy. Stakeholder consultations will also help in the identification of their interests and expectations from us, which will form an important component of our strategy-making process. We will engage with all our stakeholders, to work in collaboration to achieve our ESG commitments while benefitting them.

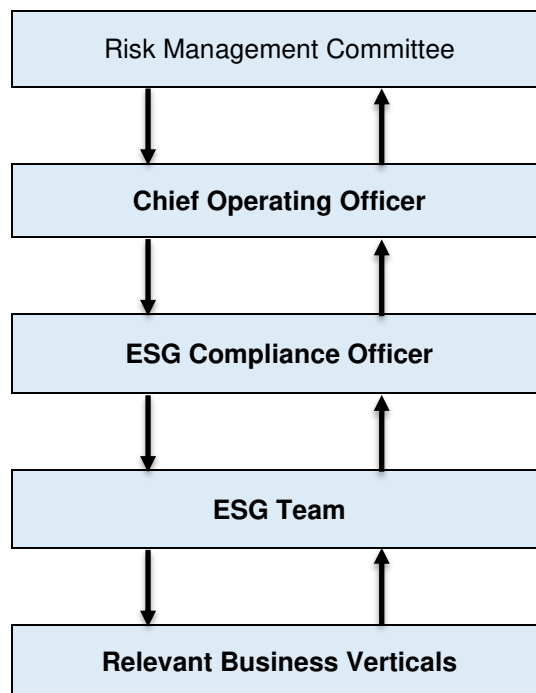
## 8. Governance

The Company has established a simple governance structure for effective oversight and implementation of sustainability initiatives.

The responsibility for driving the implementation of ESG rests with the Chief Operating Officer (COO) who leads and approves all ESG related matters and decisions. The Risk Management Committee has the ultimate accountability for managing ESG matters in the organisation.

Company has appointed an ESG Compliance Officer to be the key coordinator of ESG efforts. The ESG Compliance Officer reports to the COO on ESG performance and updates and works closely with relevant key business divisions to manage the implementation of ESG plans and strategy.

This then cascades down to the representatives from key business divisions and departments, who are also data owners of key sustainability initiatives, to help assist and operationalise the ESG agenda of the organisation.



Reporting to	Review Frequency
Risk Management Committee	Quarterly
Chief Operating Officer	Quarterly
ESG Compliance Officer	Quarterly
ESG Team	On Going basis
Relevant Business Verticals	As & When basis

## 9. Grievance Redressal

In order to address effectively any operational, social, environmental, labor and other general concerns, we have established a structured grievance redressal framework supported by a review mechanism. This redressal mechanism is used not just by our customers, but also by our employees, third-party service providers, and other key stakeholders associated with us.



## **10. Communication and Disclosure**

We are committed to transparently communicate and disclose our ESG performance to all the associated stakeholders on an annual basis. We have put in place reporting systems to accurately capture the ESG related information and data for analysis and reporting.

## **11. Validity**

The Policy shall be valid till next review by Committee members and/or Board of Directors, as applicable.

## **12. Review**

The Company's CEO, CFO and COO have been entrusted with the responsibility of enforcement of this policy. They are hereby given absolute power to jointly or severally, make necessary changes, amendments or additions or removals for the operational aspects of the policy within the overall spirit and guidance from time to time for reasons like technology or process upgradation, regulatory changes, maintaining competitive edge or responding to changes in market or risk environment, etc. This is required to ensure full operational freedom to the senior management and make the management team more adaptive to rapid changing external environment. All changes so made shall be noted to the policy approving authority during the next policy review.

The CEO, CFO and COO can decide on delegation of authority and can design / redesign MIS systems and reporting as they see fit to improve the responsibility and accountability within the team hierarchy.

## Appendix-1 Key Definitions

### 1. NBFC (as defined by RBI)

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in installments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).

### 2. MSME (as defined in Micro, Small and Medium Enterprises Development (MSMED) Act, 2006)

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

(a) Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:

- (i) a micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 Lakh;
- (ii) a small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 Lakh but does not exceed Rs. 5 Crore; and
- (iii) a medium enterprise is an enterprise where the investment in plant and machinery is more than Rs. 5 Crore but does not exceed Rs. 10 Crore.

In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification [No.S.O.1722 \(E\) dated October 5, 2006](#).

(b) Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006) are specified below.

- (i) a micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 Lakh;
- (ii) a small enterprise is an enterprise where the investment in equipment is more than Rs.10 Lakh but does not exceed Rs. 2 Crore; and
- (iii) a medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 Crore but does not exceed Rs. 5 Crore.

### 3. Due Diligence

Due diligence refers to a process to identify, prevent, mitigate and account for how an organization addresses its actual and potential negative impacts.

Note: This definition is based on the Organization for Economic Co-operation and Development (OECD), OECD Guidelines for Multinational Enterprises, 2011, and the United

Nations (UN), 'Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework', 2011.

#### **4. Stakeholder (as defined by Global Reporting Initiative)**

An entity or individual that can reasonably be expected to be significantly affected by the organization's activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives

Note 1: Stakeholders include entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization.

Note 2: Stakeholders can include those who are invested in the organization (such as employees and shareholders), as well as those who have other relationships to the organization (such as other workers who are not employees, suppliers, vulnerable groups, local communities, and NGOs or other civil society organizations, among others).

#### **5. Stakeholder Engagement (as defined by AA1000 Account Ability Stakeholder Engagement Standard (2015))**

Stakeholder engagement is the process used by an organization to engage relevant stakeholders for a clear purpose to achieve agreed outcomes. It is now also recognized as a fundamental accountability mechanism, since it obliges an organization to involve stakeholders in identifying, understanding and responding to issues and concerns, and to report, explain and answer to stakeholders for decisions, actions and performance.

## Appendix-2 Prohibited Investment Activities List

Exclusions as per the Asian Development Bank (ADB) prohibited investment activities list shall be applicable. The following activities shall not qualify for financing:

- (i) production or activities involving harmful or exploitative forms of forced labor or child labor;
  - (ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as
    - a. prohibited pharmaceuticals, pesticides, and herbicides;
    - b. ozone depleting substances;
    - c. polychlorinated biphenyls and other hazardous chemicals;
    - d. protected wildlife; and
    - e. transboundary waste.
  - (iii) production of or trade in weapons and munitions, including paramilitary materials;
  - (iv) production of or trade<sup>1</sup> in alcoholic beverages, excluding beer and wine;
  - (v) production of or trade in tobacco;
  - (vi) gambling, casinos, and equivalent enterprises;
  - (vii) production of or trade<sup>2</sup> in radioactive materials<sup>3</sup>, including nuclear reactors and components thereof;
  - (viii) production of, trade in, or use of unbonded asbestos fibers<sup>4</sup>;
  - (ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;
  - (x) 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 marine biodiversity and habitats;
- a) “Prohibited Pesticides & Herbicides” shall mean such pesticides and herbicides that are subject to phaseouts or bans, a list of which is available at [www.pic.int](http://www.pic.int)
  - b) “Prohibited Pharmaceuticals” shall mean such pharmaceutical products that are subject to phaseouts or bans, a list of which is available at [www.who.int](http://www.who.int)
  - c) “Child Labor” shall mean the employment of children whose age is below the host country’s statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 “Minimum Age Convention” available at [www.ilo.org](http://www.ilo.org)
  - d) “Forced Labor” means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty
  - e) “Ozone Depleting Substances” shall mean 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 on Substances that Deplete the Ozone Layer dated 26 August 1987, together with target reduction and phaseout dates as per information available at [www.enup.org/ozone/montreal.html](http://www.enup.org/ozone/montreal.html)
  - f) “Polychlorinated Biphenyls” shall means a group of highly toxic chemicals, polychlorinated biphenyls that are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985

<sup>1</sup> For serial number (iv), (v) and (viii) the term trade will refer to Business-to-business (B2B), a transaction or business conducted between one business and another, such as clearing and forwarding agents, wholesalers, etc.

<sup>2</sup> For serial number (vii), the term trade will refer to both Business-to-business (B2B) and Business-to-customer (B2C), unless authorized by the Regulatory Authority – Atomic Energy Regulatory Board.

<sup>3</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

<sup>4</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

- g) "Other Hazardous Chemicals" shall mean a list of hazardous chemicals available at [www.pic.int](http://www.pic.int)
- h) "Protected Wildlife" shall mean a list of protected wildlife / wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora effective from 1 July 1975 and available at [www.cites.org](http://www.cites.org)
- i) "Transboundary Waste" shall have the meaning assigned to it under the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal as adopted on 22 May 1989

### **Appendix-3 Credit Assessment**

Our key product offerings include financing for commercial vehicles [Heavy Commercial Vehicles(HCV), Light Commercial Vehicles (LCV), Multi Utility Vehicles(MUV), Three-wheelers], tractors, cars, two-wheelers, small-ticket loans against property and secured loans to Micro, Small and Medium Enterprises (MSME).

The credit assessment for SME/MSME will screen, scrutinize and validate the respective request for associated environment and social impacts, based on:

- Purpose of loan
- Nature of business; along with rationale of loan utilization
- Borrower profile and borrowing history
- Business Output
- Overall business impact
- Any other relevant information

The credit assessment for vehicles will screen, scrutinize and validate the request for its respective environmental and social implications, based on:

- Proposed purpose of the vehicle
- Nature of business (wherever applicable)
- Borrower profile and borrowing history
- Driver eligibility
- Vehicle details and preliminary assessment of the vehicle
- Availability of environment friendly alternatives

## Chapter I – On-site Emergency Policy

### 1. What is Emergency

An emergency can be defined as an accident/incident that has the potential to cause serious injuries or loss of life. It may cause extensive damage to property, serious disruption in working of the company and may cause serious injuries to the employees.

### 2. On-Site Emergency

Any accident/incident taking place in any office premises or in the vicinity of the location of office premises, involving the potential damage to the persons working in the office premises and the property inside the office premises, may be called as On-site Emergency.

The examples of On-site emergencies may include any catastrophe, mishap, natural calamities, riots situation, etc.

### 3. Objectives of Emergency Plan

The main objectives of an emergency plan are:

- a) to control and contain the incident/accident and if possible, eliminate it; and
- b) to minimize the effects of the incident on persons, property and the environment.
- c) to identify and utilize the resources available including the mutual aid
- d) to extend medical support to the affected by identifying the hospitals with the proper required treatment facilities.

### 4. On Site Emergency Plan

The emergency action plan of the company includes the following:

- a) All the main and alternative exit gates are marked/tagged properly with various exit routes. Emergency evacuation/exit should be properly visible & known to employees.
- b) Emergency escape procedures and route assignments, such as floor plans, workplace maps, Assembly points and safe areas are available and easily accessible at all the offices.
- c) The contact numbers of concerned personnel of company, Police, Fire services, Medical services etc. should be prominently displayed at all offices.
- d) Availability of rescue and medical facilities (including First aid boxes) for all employees working in the premises.
- e) The alarms are distinctive and recognized by all employees as a signal to evacuate the office area or perform actions according to the plan's prescribed situation.
- f) Mock drills on the plan should be carried out periodically to make the plan foolproof and employees are made fully aware and are prepared to handle any kind of emergency in the office.

### 5. Site Controller/Declarer of Emergency

The Admin officer shall act as Site Controller for the Regional & Corporate office. The Operations team will act as a site controller for branch & cluster premises. The duties of Site controller will be as under:

- i. Assess the magnitude of the situation and decide whether the evacuation of staff from the office premises is needed.

- ii. Maintain a continuous review of possible development and assess in consultation with other Key Personnel.
- iii. Liaison with Police, Fire Service, Medical Services, and other agencies.

## **6. General Emergency Evacuation Procedures**

- i. Stop all activities immediately. Complete the internal departmental or class procedures that have been determined to be essential prior to an emergency evacuation.
- ii. Follow EXIT signs to the nearest safe exit.
- iii. Use the stairs. Never use the lift. Walk briskly, but do not run. Stay on the right in order to allow emergency response personnel clear access up the stairs, along the left side.
- iv. Allow others to enter the stairwell. As you approach the landing of each floor, allow evacuees from that level to enter the stairwell. Steer clear of hazards. If evacuation becomes difficult via a chosen route, because of smoke, flames, or blockage, re-enter the facility on a safe floor. Continue evacuation via the nearest safe exit route.

## **7. Integration of Business Continuity Policy**

All the aspects of Business Continuity Policy shall also be applicable on this policy.

## **8. Monitoring & Review**

The On-site emergency plan so prepared shall be documented in a printed form. The emergency plan shall be rehearsed and practiced at regular intervals to test efficiency of personnel, equipment coordinated efforts and to increase confidence and experience to operate such plan.

Firefighting drills shall be held as often as necessary and at least once in every six months.

Mock drill of the On-Site emergency shall be conducted at least once in every six months.

The plan so prepared shall be updated annually and displayed in each office premises of the company for easy reference.



## Chapter II – Environment Policy

### 1. Objectives of Policy

With most of our offerings facilitating the finance of commercial vehicles, four-wheelers and tractor; we recognize that our employees, customers, third-party service providers we deal with, through our operations can have significant impact on the environment. The Management is fully committed to protect the environment of the earth. Therefore, we comprehend and endorse the need for adherence to environmental policies consistent with our vision.

Through this policy, we aim to:

- ensure that our financial service is socially and financially sustainable and reflects a shift towards promoting environmental sustainability
- minimize environmental impacts concerning our activities, products and services
- Comply with applicable legal requirements and other requirements to which the Company subscribes which relate to its environmental aspects.
- Prevent pollution, reduce waste and minimise the consumption of resources.
- Educate, train and motivate employees to carry out tasks in an environmentally responsible manner.
- Encourage environmental protection among suppliers and subcontractors.
- develop an integrated approach towards ensuring adherence to Environmental parameters in addition to financial criteria in our operations
- promote and adopt energy efficient technology and equipment in our day to day operations while aiming to reduce the GHG emissions resulting from our operational activities;
- support various environmentally conscious activities over through the CSR activities of the Company.

Towards achieving these objectives, we are committed to adopt global standards and principles, which will further help integrate Environmental criteria in our operational processes.

### 2. Scope of the Policy

This policy is applicable to our employees, customers, key stakeholders associated with us and third-party service providers to the extent possible. This policy shall apply to our operations and all the products in consideration or offered by us following the date hereof, and will be interpreted in accordance with Local, State and National Laws and regulations and be available for the public.

### 3. Roles and Responsibilities

ESG team of the company, with guidance from the ESG Compliance Officer, is primarily responsible for ensuring that the consideration of Environmental criteria is integrated into the operational processes of the company and for maintaining and updating the policy to ensure its continued relevance. The authority to approve this policy will rest with our Board.

### 4. Integrating Environmental Criteria in our Operations and Financing Decisions

The Company is committed to continual improvement of environmental performance. Hence the Company shall:

- facilitate and adhere to the principle of respecting, protecting and restoring environment by responsible lending.
- promote ecological sustainability and green initiatives by adopting energy saving mechanisms, sensitising employees to reduce carbon footprint of the Company.

- commit itself to take all necessary initiatives towards continued reduction in the utilisation of natural resources and also manmade resources.
- proactively promote the same across the value chain by mandating compliance by various stakeholders.
- also persuades and encourage its customers to reduce the carbon footprint.

## **5. Stakeholder Engagement**

Constructive communication with internal and external stakeholders is an important exercise which helps in building a mutual understanding of the continual improvement of environmental performance. Stakeholder consultations will also help in the identification of their interests and expectations from us, which will form an important component of our strategy-making process. We will engage with all our stakeholders, to work in collaboration to achieve our Environmental commitments while benefitting them.

## **6. Governance**

The ESG team under the guidance of ESG Compliance Officer is responsible for ensuring effective implementation of this policy. The Chief Operating Officer and the Board, as part of its periodic review meetings, will monitor the implementation required under the policy. The ESG Compliance Officer under the guidance of Chief Operating Officer is responsible for reviewing and amending the policy on an annual basis (if required).

## Chapter III – Employee health and safety policy

### 1. Objective of the Policy

The Company is committed to ensure the employees to remain free from risk to their health and safety at work. It is also committed towards continual improvement of safety performance and the elimination of workplace injury and illness. It also recognises the importance of co-ordination amongst all stakeholders to achieve our safety objectives. The objective of the policy is to ensure, as far as reasonably practicable, are as below:

- Safe and healthy working conditions is provided and maintained at all times across our operations;
- Employees are provided with information, training, instruction and supervision needed for them to work safely and without risks to their health;
- The health of operational and contract employees and the conditions of the workplaces where they work are monitored;
- Health and safety policies and procedures comply with legislative requirements; and
- Safety performance is continually reviewed and improved
- Risks to workplace health and safety are controlled through engagement of all stakeholders

### 2. Scope of the Policy

This policy is applicable to our employees, customers, key stakeholders associated with us. This policy shall apply to our operations and all the products in consideration or offered by us following the date hereof, and will be interpreted in accordance with Local, State and National Laws and regulations and be available for the public.

### 3. Roles and Responsibilities

HR & Admin team of the company, with guidance from the ESG team and ESG Compliance Officer, is primarily responsible for assessment of health and safety risks arising from work activities, and take appropriate actions to eliminate or reduce risks to health and safety of the workers and all those employed.

The authority to approve this policy will rest with Board.

### 4. Integrating Employee health & safety criteria with our HR policy

The Company is committed towards the continual improvement of safety performance and the elimination of workplace injury and illness. Hence the Company shall:

- ensure the good HR practices which facilitates the operations during business hours only
- ensure mandatory training sessions by HR department on occupational health and safety
- ensure of obtaining insurance coverage for on the job mishappening or accidents
- ensure of obtaining requisite medical insurance coverage for employees
- ensure full assistance in settlement of insurance claims for employees

### 5. Integrating Employee health & safety criteria with our ESG policy

The Company is committed towards providing a healthy workplace environment to the employees. Hence the Company shall ensure that:

- it would provide healthy drinking water to the employees and shall not use tap water for drinking. Either packaged drinking water or water from local suppliers (who maintains good hygiene) only shall be provided.
- All the office premises carries a proper & stable building structure and would not be operating through any office premises that does not have any permanent structure.
- Workplace restroom hygiene shall be maintained by providing good cleaning materials e.g. soap/soap dispenser, hand sanitizers, tissues etc. at the toilets and washrooms.
- pest control activities shall be carried out at the office premises whenever required.
- good personal hygiene of employees such as maintaining clean and odourless body by daily bath, wearing clean clothes, taking healthy food, maintaining dental hygiene, washing hands after using toilet/sneezing/touching anything dirty, keeping workstation clean etc. shall be maintained.
- Hygiene of office kitchen/cafeteria shall be maintained

## **6. Employee Engagement**

The company shall engage with all the employees through mandatory training sessions on importance & development of employee health & safety parameters and adherence to them.

## **7. Governance**

The HR team with the guidance of ESG team & ESG Compliance Officer is responsible for ensuring effective implementation of this policy. The Chief Operating Officer and the Board, as part of its periodic review meetings, will monitor the implementation required under the policy. The ESG Compliance Officer under the guidance of Chief Operating Officer is responsible for reviewing and amending the policy on an annual basis (if required).

## Chapter IV – Waste Management Policy

### 1. Objective of the Policy

The Company understands & acknowledges the requirement of sustainable and holistic waste management essential in reducing its environmental footprint and providing a safe and healthy work environment for its employees and stakeholders.

The Company has aligned to ensure that all types of wastes are disposed of responsibly by using proper waste segregation mechanism at the source. This document outlines the arrangements to minimise waste production, improving waste segregation, facilitate implementation of the action plan brought out in “National Environment Policy 2006” on management aspects of all types of waste (including e waste).

The Company will adopt the principles of the ‘best practicable environmental option’ in the delivery of its waste management services.

All type of waste generated in the premises of the Company shall be managed and handled in accordance with the compliance criteria and the procedure laid down in The Solid Waste Management Rules and E-Waste management rules notified by Government of India Ministry of Environment, Forest And Climate Change as amended from time to time.

The objective of this policy is:

- ✓ To ensure that waste management is performed in accordance with all waste legislative requirements, including the duty of care, and to plan for future legislative changes and to mitigate their effects.
- ✓ To minimise waste generation at source and facilitate disposal of waste in a cost-effective manner.
- ✓ To provide clearly defined roles and responsibilities to identify and co-ordinate each activity of the waste management.
- ✓ To promote environmental awareness in order to increase and encourage waste minimisation, reuse or recycling.
- ✓ To carry out various campaigns to create awareness on waste management
- ✓ To promote holistic approach of waste management in the Company across all premises.

### 2. Roles and Responsibilities

Admin team of the Company, with guidance from the ESG team and ESG Compliance Officer, is primarily responsible for overseeing the day-to-day delivery of general waste, segregation of waste and facilitate the implementation of disposal of waste.

Further, Monitoring and auditing the management systems for all types of wastes across the premises of the Company also rest with Admin department.

The Board will have the authority of approval and amendment of this policy.

### 3. Action Plan

#### 3.1 Collection of waste

It will be mandatory on the part of the person in-charge to report and maintain the records of the waste generation on quarterly basis.

### 3.2 Segregation of waste

The person in charge shall segregate the waste into solid waste and E waste for their storage and disposal purposes.

### 3.3 Storage & Disposal of waste

The person in charge shall store the solid waste in a segregated area for its disposal within 2-3 days and shall dispose off the solid waste in line with the guidelines of local municipal authorities.

Considering the nature of business activity of the Company, the solid waste doesn't consist of any hazardous waste<sup>1</sup> or radioactive waste and generally consist of General waste which includes paper, plastics, glass, liquids and organics etc.

<sup>1</sup> Hazardous waste is defined as a waste that causes substantial or potential threats to public health or environment. For eg. Acids, pesticides, Fluorescent Tubes, Alkaline Solutions, Photographic Chemicals, Batteries Waste Oils Paint, Solvents, Computer Monitors, radioactive substances etc.

No waste should be thrown on the streets, footpaths, open spaces, drains or water bodies etc. Waste should be stored at source of waste generation in two bins/ bags, one for food waste/ bio-degradable waste and another for recyclable waste such as papers, plastic, metal, glass, rags etc.

Waste such as used batteries, containers for chemicals plastics pesticides, discarded medicines and other toxic household waste, if any, should be kept separately from the above two streams of waste.

The E-waste shall be stored and disposed off in terms of the E-Waste management rules notified by Government of India Ministry of Environment, Forest and Climate Change as amended from time to time. Though these rules apply to manufacturers, wholesalers and retailers dealing in Computer and allied hardware units, Printers, Printer cartridges, Telephones including Cellular telephones etc. however the Company endeavors to follow the rules prescribed.

Considering the nature of business of the Company, the E waste generally consist of the various computer hardware or networking machines no longer in usage. The Company shall dispose them off by scrapping them to the computer hardware suppliers/vendors dealing in second hand electronic appliances for reuse.

Alternatively, the Company can also donate them for reuse under any CSR activity or otherwise.

The Company will explore usage of various options/opportunities which results in minimization of generation of waste so that the Company can operate in an environmentally sustainable manner.

## 4. Review

Admin department with the guidance of ESG team & ESG Compliance Officer is responsible for ensuring effective implementation of this policy. The Chief Operating Officer and the Board, as part of its periodic review meetings, will monitor the implementation required under the policy.

The ESG Compliance Officer under the guidance of Chief Operating Officer is responsible for reviewing and amending the policy on an annual basis (if required).

## Chapter V – Stakeholder Engagement Plan

### 1. About the Plan

A stakeholder engagement plan (“Plan”) outlines the plan to communicate with stakeholders who hold interest or potential interest in the business operation of the Company. The plan identifies potential stakeholders, their interest levels, power and influence and shall be continually updated to meet stakeholder needs.

### 2. Objective of the Plan

The objective of engaging stakeholders during the business operation of the Company include:

- To ensure that stakeholders are well informed about the business operation of the Company;
- To involve Stakeholders in the assessment of impacts of the business operation of the Company, management/mitigation measures to be taken and also informing about the social impact assessment;
- To establish and maintain a productive relationship between the Company and stakeholders and also strengthen the future relationships between the Company and stakeholders;
- To ensure that the business operation of the Company does not create or allow unrealistic expectations to develop amongst stakeholders about potential benefits from Company. The engagement process will serve as a mechanism for understanding and managing stakeholder and community expectations, by disseminating accurate information in an easily understandable manner;
- To ensure compliances with both local regulatory requirements and international best practice, wherever applicable.

### 3. Stakeholders of the Company

The key stakeholders of the Company are as follows: -

- Shareholder/ Investors
- Employees
- Communities
- Customers
- Suppliers
- Media
- Government Agencies

### 4. Level of Stakeholder Engagement

- Unaware** – Not aware of the business operation and the impacts of the same;
- Resistant** – Aware of the business operation and resistant to change;
- Neutral** – Aware of the business operation and neither supports or resists;
- Supportive** – Aware of the business operation and supportive of change;
- Leading** – Aware of the business operation and impact and actively engaged in ensuring the success of business operation.

### 5. Process of Stakeholder Engagement Plan

#### I. Stakeholder Identification

The first step of the plan is to identify the list of stakeholders involved in the business operation and shall include all the stakeholder irrespective of their interest/impact on the

business operation. Identification of stakeholders shall also consider the roles and responsibility of stakeholders in the business operation.

## II. Identify Interest, power and influence of stakeholder

The various stakeholders have different interest, power and influence on the Company. Identification of their level of interest and influence on the Company is mandatory to be determined. The best way to identify the interest or influence of the stakeholder is by mapping them on the influence/interest grid or by categorizing them in the following criteria:

- **Very high:** A stakeholder with very high influence has a significant amount of control over key decisions in business operation.
- **High:** A stakeholder with high influence can cause others to take action.
- **Medium:** A stakeholder with medium influence is often part of the decision-making process.
- **Low:** A stakeholder with low influence can offer opinions on decisions and express their concerns, but Company may not always take their ideas into consideration.
- **Very low:** A stakeholder with very low influence can engage in the business operation when they desire, but they won't have control over any decisions.

## III. Create a Stakeholder Engagement Strategy Matrix

The stakeholder engagement plan should establish a stakeholder engagement matrix or a stakeholder communication plan template. The stakeholder communication plan focuses on preparing the communication strategy with the stakeholders along with educating and updating them on a regular basis. Closely communicate and persistently build understanding with stakeholders in order to gain correct perception and lead to good relationship with and trust from stakeholders by adopting particular communication strategies, methods, formats, and procedures suitable to each group of stakeholders, situation, duration, and local culture.

## IV. Choose Tools and Software for Execution

The tools and software used for communication and engagement of stakeholders should feature within the stakeholder engagement plan. Marketing Automation software can help you stay in contact with your stakeholders. With email automation, you can customize your emails with dynamic content and only send certain stakeholders specific information, as well as use visually appealing templates which make the information much easier to digest.

## 6. Stakeholder's Concerns

If a stakeholder has any queries or concerns or require any clarifications relating to the Company, he/she may write to the Company at [complaints@kogta.in](mailto:complaints@kogta.in). The grievances of the stakeholders shall be resolved in the manner as defined in the grievance redressal policy of the Company. Stakeholders Relationship Committee ("Committee") has been constituted to consider and resolve the grievances of stakeholders of the Company.



### STAKEHOLDER ENGAGEMENT PLAN TEMPLATE

<b>Stakeholder</b>	<b>Responsibility</b>	<b>Mode of Engagement</b>	<b>Frequency</b>
Shareholders/ Investors	Compliance Department	<ul style="list-style-type: none"> <li>• Updates through Meetings,</li> <li>• E-mails,</li> <li>• Telephones,</li> <li>• Conferences</li> </ul>	- Monthly/Quarterly updates to all Investors.  - On as and when basis
Employees	Human Resource Department	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Direct interactions with HR Department</li> <li>• Display of Notices/Policies</li> <li>• Trainings &amp; programs</li> </ul>	Interaction/feedback session between HR and Employee on on-going basis
Communities	CSR Department	<ul style="list-style-type: none"> <li>• Awareness Programmes</li> </ul>	On as and when basis
Customers	Business Department and Collection Department	<ul style="list-style-type: none"> <li>• One to one meetings with customers</li> <li>• E-mail and Telephonic Communication</li> <li>• Redressal of Grievances</li> </ul>	Monthly/Regular face to face interaction with customers by business and collection verticals
Suppliers	Admin Department	<ul style="list-style-type: none"> <li>• Regular one to one Vendor Meetings</li> <li>• E-mail and Telephonic Communication</li> <li>• Due diligence while engagement with suppliers</li> </ul>	On as and when basis
Media	Digital Marketing Department	<ul style="list-style-type: none"> <li>• E-mail and Telephonic Communication</li> <li>• Display on website</li> <li>• Through social media channels</li> </ul>	On as and when basis
Government Agencies	Compliance Department	<ul style="list-style-type: none"> <li>• E-mail and Telephonic Communication</li> </ul>	On as and when basis

## Chapter VI – Code Of Responsible Investing

### 1. About the Policy

The Company should conduct business operations in a responsible fashion, considering environmental, social and governance (“ESG”) and business integrity matters. Effective management of these matters not only reduces the possibility of stakeholders being adversely affected by business activities, but also provides them with access to remedy. It can also add value to businesses through, for example, improving business efficiency, staff motivation and stakeholder relations. The Code of Responsible Investing (the “Code”) sets out requirements, recommendations and management systems and works towards the adoption of internationally recognized standards of best practice.

The Code recognizes that not every business will be in full compliance with this Code at the time of adoption. In such cases, the Company will develop an Action Plan (that seeks to achieve compliance) with clear deliverables in reasonable time frames, taking into consideration the risks and opportunities specific to that business and its size and resources.

### 2. Scope

The scope of the policy is as follows: -

- a) The Company, either directly or indirectly, will not be involved in any Excluded Activity.
- b) The Company shall (i) comply with all Requirements of the Code or (ii) for any Requirements with which it does not comply, has agreed to an Action Plan in compliance with the Code.
- c) The Company shall implement systems to monitor:
  - i. implementation of the Action Plan, and
  - ii. that the business otherwise remains in compliance with the relevant provisions of this Code.
- d) The Company shall adhere to the reporting obligations set forth in Annex-6.

### 3. Glossary

- a) **Action Plan:** A plan that seeks to achieve compliance with the Requirements on a specified schedule which the business is willing and able to implement.
- b) **Applicable Laws:** As defined in Appendix-1.
- c) **Applicable Standards:** means and includes
  - ADB Safeguard Policy Statement 2009<sup>5</sup>;
  - ADB Social Protection Strategy 2001<sup>6</sup>;
  - ADB Policy on Gender and Development 2003<sup>7</sup>;
  - IFC Environmental and Social Performance Standards 2012<sup>8</sup>;
  - IFC/World Bank Environmental, Health, and Safety General and relevant Sector Specific Guidelines as applicable<sup>9</sup>; and,
  - National Investment & Infrastructure Fund E&S Management policy<sup>10</sup>.
- d) **E&S Requirements:** the combination of Applicable Laws and Applicable Standards.
- e) **EHS Guidelines:** World Bank Group Environmental Health and Safety Guidelines<sup>11</sup>.

<sup>5</sup> See <https://www.adb.org/documents/safeguard-policy-statement>

<sup>6</sup> See <https://www.adb.org/documents/social-protection-strategy>

<sup>7</sup> See <https://www.adb.org/themes/gender/policy>

<sup>8</sup> See <http://www.ifc.org/performancestandards>

<sup>9</sup> See <http://www.ifc.org/ehsguidelines>

<sup>10</sup> See [https://niifindia.in/wp-content/uploads/2018/06/NIIFL\\_ES-Policy.pdf](https://niifindia.in/wp-content/uploads/2018/06/NIIFL_ES-Policy.pdf)

<sup>11</sup> See [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines)

- f) **Excluded Activity:** Any business or activity listed on Appendix-4.
- g) **IFC PS:** IFC Performance Standards (2012 version)<sup>12</sup>.
- h) **International Sanctions:** As defined in Appendix-1.
- i) **NIIFL E&S Management Policy:** as available at the NIIF Limited website (<https://niifindia.in/>).<https://niifindia.in/>
- j) **Requirements:** As to any business, the requirements set out on Appendix-1 and those requirements set out on Appendix-2 that apply to the business.
- k) **The Code:** This Code of Responsible Investing.

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<sup>12</sup> IFC's Performance Standards on Social & Environmental Sustainability, dated January 1, 2012. The Performance Standards are publicly available at <http://www.ifc.org/performancestandards>

## Appendix – 1 - REQUIREMENTS FOR COMPANY

1. Every business of the Company will:
  - 1.1. operate in compliance with applicable local and national laws including laws covering environmental impacts, labour rights, social issues, corporate governance and those intended to prevent extortion, bribery, corruption and financial crime (“**Applicable Laws**”);
  - 1.2. operate in compliance with relevant international sanctions, including those of the European Union and the United Nations (“**International Sanctions**”)<sup>13</sup>;
  - 1.3. operate in compliance with Applicable Standards;
  - 1.4. implement management systems, appropriate to the size and nature of the business, that ensure a systematic approach to ESG risk assessment, addressing relevant risks, monitoring and reporting on progress and, to the extent possible, involving stakeholders<sup>14</sup>;
  - 1.5. ensure achievement of and continuous compliance with the Requirements or related Action Plan.
2. The Company shall establish and maintain an environmental and social management system consistent with an overarching policy defining the environmental and social objectives and principles that guide the Company to achieve sound environmental and social performance, including compliance with Applicable Laws and Applicable Standards, including any applicable Action Plan (together, the “**E&S Requirements**”).

### Working Conditions and Labour Rights

The Company shall:

1. not employ or make use of forced labour<sup>15</sup>;
2. not employ or make use of child labour<sup>16</sup>;
3. pay wages which meet or exceed industry or legal national minima and provide insurance coverage to the extent required as per law;
4. not discriminate in terms of recruitment, progression, terms and conditions of work and representation, on the basis of personal characteristics unrelated to inherent job requirements, including gender, race, colour, caste, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, marital status, membership of workers’ organisations, legal migrants, or HIV status<sup>17</sup>;

<sup>13</sup> See [http://www.hm-treasury.gov.uk/fin\\_sanctions\\_index.htm](http://www.hm-treasury.gov.uk/fin_sanctions_index.htm) for a full list

<sup>14</sup> See IFC PS 1 for guidance

<sup>15</sup> As covered by the ILO Forced Labour Convention (No. 29) and the Abolition of Forced Labour Convention (No. 105). See [www.ilo.org/ilolex/english/docs/declworld.htm](http://www.ilo.org/ilolex/english/docs/declworld.htm)

<sup>16</sup> As defined by the ILO Minimum Age Convention (No. 138) and the Worst Forms of Child Labour Convention (No. 182). See [www.ilo.org/ilolex/english/docs/declworld.htm](http://www.ilo.org/ilolex/english/docs/declworld.htm)

<sup>17</sup> As covered by the ILO Equal Remuneration Convention (No. 100) and the ILO Discrimination (Employment and Occupation) Convention (No. 111), allowance could be made where positive discrimination is mandated in law and is intended to address a historical imbalance. See [www.ilo.org/ilolex/english/docs/declworld.htm](http://www.ilo.org/ilolex/english/docs/declworld.htm)

5. adopt an open attitude towards workers' organisations and respect the right of all workers to join or form workers' organisations of their own choosing, to bargain collectively and to carry out their representative functions in the workplace;
6. provide reasonable working conditions including a safe and healthy work environment, working hours that are not excessive and clearly documented terms of employment<sup>18</sup>; and in situations where workers are employed in remote locations for extended periods of time to ensure that such workers have access to adequate housing and basic services;
7. in case employment generated indirectly through contracts or sub-contractors, then adequate controls to be setup to ensure compliance with labour law and working conditions related regulations.

### **Access to Remedy**

The Company shall:

1. provide an appropriate grievance mechanism that is available to all workers and where appropriate other stakeholders;
2. implement a procedure for the reporting of wrongdoing and misconduct in the workplace that includes protection for the reporter and appropriate disciplinary action for anyone found to harass the reporter.

### **Business Integrity**

The Company shall:

1. uphold high standards of business integrity and honesty;
2. adopt and implement policies to prevent extortion, bribery, fraud, corruption and financial crime in accordance with local law requirements and international best practice<sup>19</sup>;
3. properly record, report and review financial and tax information<sup>20</sup>;
4. establish corporate governance practices appropriate to the size and nature of the business;
5. deal with regulators in an open and co-operative manner; and
6. use information received from its business partners only in the best interests of the business relationship and not for personal financial gain by any worker.

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<sup>18</sup> Respecting any collective bargaining agreements that are in place or where these do not exist or do not address working conditions, make reference to conditions established, by collective agreement or otherwise, for work in the trade or industry concerned in the area / region where the work is carried out and local or national law

<sup>19</sup> the UK Bribery Act 2010

<sup>20</sup> the company should as a minimum report to local reporting standards and should make progress towards internationally recognised accounting standards

## Appendix – 2 - ADDITIONAL REQUIREMENTS FOR SPECIFIC ACTIVITIES

If the activities of the Company involve or could be reasonably expected to involve:

1. significant air emissions (including of Green House Gases – GHGs), use of water or generation of liquid effluents, generation of hazardous or other solid wastes; or resource use inefficiencies;
2. transactions that generate adverse community health and safety impacts or pose a risk thereof;
3. the acquisition and/or use of land that result in economic or physical displacement;
4. significant negative impacts on biodiversity, habitats or ecosystem services<sup>21</sup>;
5. impacts to Indigenous Peoples (or other marginalised and vulnerable groups);
6. impacts to cultural heritage; or
7. other significant negative environmental or social impacts;

then (i) the relevant IFC PS's should be implemented, (ii) an appropriate stakeholder engagement plan should be developed, and (iii) an environmental and social impact assessment and/or issue specific action plan (e.g. a resettlement action plan) should be developed for such activities.

Also, if the activities of the Company could reasonably be expected to involve:

1. significant risks to the health and safety of workers or to other stakeholders, including affected communities, → assess and mitigate those risks, for example through a Health and Safety audit and action plan, in line with the relevant E&S Requirements; or
2. significant emissions of greenhouse gases, → ensure that adequate measures to reduce emissions to the extent possible and mitigate adverse climate impacts are implemented and that the Company reports on its emissions.

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<sup>21</sup> As defined in IFC PS 6, paragraph 2. These include but are not restricted to (a) provisioning services such as food or timber; (b) regulating services such as water flow regulation; (c) cultural services such as sacred sites; and (d) supporting services such as soil formation

### Appendix – 3 - RECOMMENDED PRACTICES ENDORSED

Businesses should consider the potential for positive environmental and social impact from their business activities and how these could also benefit the business, for example through cost savings, reduced staff turnover or improved stakeholder relations. These should include adopting, developing, offering or marketing:

1. products, services, skills or employment opportunities that could benefit community stakeholders;
2. a living wage that is sufficient to meet workers' needs; and
3. resource efficient, greenhouse gas reducing<sup>22</sup> or low carbon technologies or working practices.

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<sup>22</sup> In line with the UN Framework Convention on Climate Change and the associated 2005 Kyoto Protocol, as may be amended from time to time, and the IFC PS and World Bank Group EHS Guidelines, as may be amended from time to time. See [www.unfccc.int/2860.php](http://www.unfccc.int/2860.php), See [www.ifc.org/ifcext/policyreview.nsf#SF](http://www.ifc.org/ifcext/policyreview.nsf#SF) and [www.ifc.org/ifcext/sustainability.nsf/Content/EHSGuidelines](http://www.ifc.org/ifcext/sustainability.nsf/Content/EHSGuidelines)

## Appendix – 4 - EXCLUSION LIST – PROHIBITED INVESTMENTS

Any of the following activities:

1. Production of, or trade in, any product or activity deemed illegal under applicable host country laws or regulations or subject to internationally agreed phase-outs or bans as defined in global/international conventions and agreements such as:
  - 1.1. hazardous chemicals, pharmaceuticals, pesticides/herbicides and wastes (Rotterdam Convention, Stockholm Convention)<sup>23</sup>;
  - 1.2. polychlorinated biphenyl (PCB)<sup>24</sup>;
  - 1.3. ozone depleting substances<sup>25</sup>;
  - 1.4. wildlife or wildlife products<sup>26</sup>;
  - 1.5. transboundary trade in waste or waste products<sup>27</sup>; and
  - 1.6. unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometers in length;
2. Production of, or trade in, arms (i.e. weapons, munitions or nuclear products) including paramilitary materials;
3. Production of, use of, or trade in, unbonded asbestos fibres<sup>28</sup>;
4. Production of, or trade in, radioactive materials<sup>29</sup>;
5. Commercial logging operations for use in primary tropical moist forest or old-growth forest.
6. Production or trade in wood or other forestry products other than from sustainably managed forests;

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<sup>23</sup> United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; World Health Organization Recommended Classification of Pesticides by Hazard. A list of pharmaceutical products subject to phase outs or bans is available at <http://www.who.int>. A list of pesticides, herbicides and other hazardous substances subject to phase outs or bans is available at <http://www.pic.int>.

<sup>24</sup> PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950 to 1985

<sup>25</sup> As specified in the 1999 Montreal Protocol on Substances that Deplete the Ozone Layer, see [www.ozone.unep.org](http://www.ozone.unep.org), as may be amended from time to time

<sup>26</sup> As specified in the 1975 Convention on International Trade in Endangered Species or Wild Flora and Fauna (“CITES”), see [www.cites.org](http://www.cites.org), as may be amended from time to time

<sup>27</sup> Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, see <http://www.basel.int>.

<sup>28</sup> This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

<sup>29</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial or adequately shielded



7. production or activities involving harmful or exploitative forms of forced labor<sup>30</sup>/harmful child labor<sup>31</sup>; or
8. production of or trade in, coal and related activities including without limitation, coal mining, beneficiation, power generation, trade, supply or infrastructure supporting to any of these;
9. Activities prohibited by legislation of the host country or by international conventions relating to the protection of biodiversity resources or cultural resources, such as, Bonn Convention, Ramsar Convention, World Heritage Convention and Convention on Biological Diversity<sup>32</sup>;
10. 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 marine biodiversity and habitats;
11. Shipment of oil or other hazardous substances in tankers that do not comply with IMO requirements (IMO, MARPOL, SOLAS and Paris MOU)<sup>33</sup>; or
12. Prostitution.

Any businesses, if any of the following activities represents a substantial portion of such business<sup>34</sup>:

1. Gambling, gaming casinos and equivalent enterprises;
2. Production or trade in alcoholic beverages (excluding beer and wine).
3. Production of or trade in tobacco or tobacco related products<sup>35</sup>; or
4. Pornography.

In case of microfinance activities, the following items in addition to the Exclusion List:

1. 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; or

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<sup>30</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

<sup>31</sup> Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development

<sup>32</sup> Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention) - <http://www.cms.int/>; Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention) - <http://www.ramsar.org/>; Convention Concerning the Protection of the World Cultural and Natural Heritage - <http://whc.unesco.org/en/conventiontext/>; Convention on Biological Diversity - <https://www.cbd.int/>.

<sup>33</sup> Non-compliance with International Maritime Organisation (IMO) requirements: tankers that do not have all required International Convention for the Prevention of Pollution from Ships (MARPOL), International Convention for the Safety of Life at Sea (SOLAS) certificates (including, without limitation, International Safety Management Code compliance), tankers banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase out under MARPOL regulation 13G. No single hull tanker over 25 years old should be used

<sup>34</sup> For companies, "substantial" means more than 10 % of their consolidated balance sheets or earnings. For financial institutions, "substantial" means more than 10% of their underlying portfolio volumes

<sup>35</sup> Except, in the case of tobacco production only, with an appropriate timeframe for phase out

2. production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples (as defined in Standard 7 of the performance standards (IFC PS))<sup>36</sup>, without full documented consent of such peoples.

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<sup>36</sup> As specified in the IFC's Performance Standards on Social & Environmental Sustainability, dated January 1, 2012. The Performance Standards are publicly available on the IFC website.

## Appendix – 5 - REPORTS

The Company shall report to Investors:

- a) within 7 (seven) days of the Board meeting of the Company where the financial statements are approved, deliver copies of a written report prepared by it, evaluating the environment and social performance of the Company for the previous fiscal year, describing in reasonable detail: (i) implementation and operation of the environmental and social management system, and (ii) the environmental and social performance of the Company;
- b) on a monthly basis, provide a preliminary notification of any social, labor, health and safety, security or environmental incident, accident or circumstance that: (i) has, or could reasonably be expected to have, a material adverse effect or impact on Investors or the Company, or (ii) involves or causes, or is reasonably likely to involve or cause, any material breach of the E&S Requirements, specifying the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures being taken, or plans to be taken, to address them and prevent any future similar event; and keep the Investors informed of the on-going implementation of those measures.
- c) within fifteen (15) calendar days of a request by Investors, provide such information as is reasonably requested to confirm that the Company is in compliance with the environmental and social management system; and
- d) Investors/Board if it becomes aware of any violation of the E&S Requirements, any failure to comply with these Integrity and Anti-Corruption Compliance provisions (including any requirements established by the Integrity and Anti-Corruption Compliance System), or any identified integrity issue on a monthly basis. However, the Company shall promptly notify Investors if it becomes aware of any material violation of the E&S Requirements.

## Appendix – 6 - SUGGESTED E&S REPORTING FORMAT FOR THE COMPANY

For the purpose of reporting, the Company will send a progress report to Investors, in case no preferred format is pre-decided.

<b>Company Details</b>	
Name of the Company:	
Brief Project Description: (New and under implementation projects)	
Quarter and Year of reporting period:	
Country of Incorporation:	
Country of Operation:	
Sector of Operation:	
Primary Company Products and Activities:	
Primary Target Markets:	
Website of the Company:	
Initial Investment Date (DD/MM/YYYY):	
Stage of Investment:	
Other Bank/NBFC/Private Equity Funds currently invested	
Aggregate Ownership Share of Other Bank/NBFC/Private Equity Funds (%):	
A break down of its portfolio on volume and %, sector, top clients etc. (for FI)	
<b>Economic Performance</b>	
Number of employees (#):	
of which female employees (#)	
Turnover or Sales (Rs. Mn):	
Sales Growth (%):	
Taxes and Other Payments (Rs. Mn):	
Status of the Company (at what stage is the company at the point of consideration for investment)	
<ul style="list-style-type: none"> <li>• Conceptual stage</li> <li>• Development</li> <li>• Modification</li> <li>• Operation</li> <li>• Closure</li> <li>• Other (specify)</li> </ul>	
List any developments and their categorization which have taken place in relation to the Company over the reporting period.	
Describe any changes to management procedures instigated as a result of change in operation or closure of any operation of the Company.	
<b>Significant Events and Issues</b>	
Are you aware of any events (incidents/ accidents) that may have caused damage; brought about injuries or fatalities or other health problems; attracted the attention of outside parties; received warning and penalty notice from authorities; affected project labor or	

adjacent populations; affected cultural property; or created liabilities for your company?	
If yes please provide details of the event/issue or complete an incident report.	
<b>Liason with External Parties</b>	
Describe any reporting/monitoring requirements imposed by local regulatory authorities.	
<b>Management Capability</b>	
Have you received or are you working toward an environmental/social or quality management system (e.g. to ISO 14001 or ISO 9000)?	
If you answered no to the question above, have you got an environmental policy and/or a set of environmental/social or quality management objectives or programs in place?	
Are there staff in the company with identified roles relating to environment, health and safety or social issues? Please describe their job titles and roles in EHS management	

**Please note that sections indicated below may be selectively applicable to the Company. As such, only relevant sections need to be filled by the Company.**

#### **ESDD and ESAP**

<b>Aspect</b>	<b>Details</b>
Has due diligence been completed (in case of FI): (Y/N) If yes, provide following details: <ul style="list-style-type: none"> <li>Name of the agency</li> <li>Was the due diligence deskbased or involved site visit</li> <li>Key findings/issues identified</li> <li>Proposed corrective measures</li> </ul>	
Has corrective Action Plan been identified (Y/N)	
What is the status of the corrective action plan	
E& S improvements achieved	
Updates to correction action plan along with status/further actions to be undertaken, with timeframe: (ESAP Status Report to be attached)	

#### **Occupational Health and Safety**

##### **Incident statistics reporting for Company**

<b>Occupational Health and Safety Incidents</b>	<b>Number of Incidents</b>	<b>Investment Name Occupational Health and Safety Incident Details<sup>37</sup></b>
<b>Fatalities</b>		1. Date(s) of fatality: 2. Cause of fatality: 3. Corrective or preventive measures to prevent reoccurrence:

<sup>37</sup> Provide additional sheets as needed.

<b>Total Lost Time Accidents (including vehicular)<sup>38</sup></b>		<ol style="list-style-type: none"> <li>1. Date(s) of lost time accidents:</li> <li>2. Cause(s) of lost time accident(s):</li> <li>3. Corrective or preventive measures to prevent reoccurrence:</li> </ol>
<b>Total number of lost workdays<sup>39</sup> resulting from incidents.</b>		<ol style="list-style-type: none"> <li>1. Total lost workdays this reporting period:</li> <li>2. Total lost workdays last reporting period:</li> </ol>
<b>Total man-hours worked (total hours worked by all employees) during the reporting period and Incidence calculation.</b>		<ol style="list-style-type: none"> <li>1. Total man-hours worked this reporting period:</li> <li>2. Incidence = total lost workdays/total hours worked</li> <li>3. Incidence this reporting period:</li> <li>4. Incidence last reporting period: Incidence next to last reporting period:</li> </ol>
<b>Training<sup>40</sup></b>		For each type of training, list the date and number of employees that attended during this reporting period.

### Fire Safety Monitoring

<b>Fire Safety Verification Activities</b>	<b>Mandatory Frequency</b>	<b>Date(s) Performed</b>	<b>Observed Deficiencies<sup>41</sup></b>	<b>Corrective Actions and Schedule For Implementation<sup>42</sup></b>
<b>Fire Drills</b>	Minimum: two (2)/year			
<b>Inspection and certification of fire detection and suppression electrical and mechanical systems.</b>	Minimum: one (1)/year			
<b>Portable fire extinguisher inspection, refilling/recharging</b>	Minimum: two (2) inspections/year			

**If any of the in-country standards are exceeded please explain the cause and, if appropriate,**

<sup>38</sup> Inability to work for at least one full workday beyond the day on which the accident or illness occurred.

<sup>39</sup> Lost workdays are the number of workdays (consecutive or not) beyond the date of injury or onset of illness that the employee was away from work or limited to restricted work activity because of an occupational injury or illness.

<sup>40</sup> Personnel should be trained in environmental, health and safety matters including accident prevention, safe lifting practices, the use of Material Safety Data Sheets (MSDS), safe chemical handling practices, proper control and maintenance of equipment and facilities, emergency response, personal protective equipment (PEP), emergency response, etc.

<sup>41</sup> Attach additional sheets as needed to fully describe observed deficiencies.

<sup>42</sup> Attach additional sheets as needed to fully describe corrective actions and implementation.

describe the planned corrective actions

**Social Aspects Monitoring**

**Labour Compliance**

Region/ Zone	Applicable Regulations	Number of Non- compliances	Related Labour Grievances	Total Monetary Impact	Grievances forwarded for Legal Redress

**Grievance Redressal**

Region/Zone	Type of Grievance	Number of Cases	% of Grievances Closed	Total Monetary Impact	Grievances forwarded for Legal Redress

**UNDERTAKING**

Undertaking from the Company that:

“We are aligned to Code of Responsible Investment and ESMS and their requirements are being complied with”.

“We hereby declare that all the information provided and referred to in this report is authentic and that we have not withheld any information pertaining to Environment, health, safety and social matters related to the project/company”.

Name and designation of the official:

Contact number:

Signature:

Date:

**Add relevant documentation as and when relevant:**

- Monitoring Reports;
- Accident/Investigation Reports for Significant Events;
- Records/photographs/articles as supporting;
- Media articles etc.;
- ESAP compliance report;
- Any other improvement points on E&S front which company may like to highlight.

## Appendix – 7 - ACCIDENT/ INCIDENT REPORT

<b>Sheet A: Fatal or Serious Incident Reporting Template</b>	
Date of Report	
Contact Person	
Name of the company involved	
Date of Investment	
Date,time and location of accident	
Date of notification to Investor	
Type of accident	One of: Work-related (state if construction-related or related to company's primary business operations) Security-related Road-related Asset-related (typically members of public; for instance dying as a result of electrocution)
Victims of Damage	Fatalities (including number deceased and differentiating between employee/contractor fatalities and members of the public) Number injured (mention hospitalisations/loss of limb) Loss/damage to company facilities
Immediate response	
Description of Issue	Include the following, including involvement of external parties such as authorities etc: Names of involved Witnesses Routine/non-routine activity being undertaken • Factual statement of what happened Scene inspection photos/notes Sequence of events pre-dating accident Immediate cause Unsafe acts in sequence Unsafe conditions in sequence Underlying causes of unsafe acts/conditions (initial view) Root cause(s) Corrective/preventive action for EACH cause Actioned, time-bound plan (can be attached) Interim preventive measures Other interim actions required and cross-check to other activities/locations for lessons learned
Concluding statement	Outline of accident, key causes, ongoing/pending legal case or police complaint, status of compensation as per law, corrective/preventative actions, final position, and lessons learned
Follow up	To be done as per case to case basis



## Chapter VII - Policy on Prohibited Activities

### 1. About the Policy

Policy on prohibited activities is to establish procedures for handling, preventing and opposing fraud, corruption, money laundering, terrorist financing and other prohibited practices in accordance with international standards (hereinafter called the “**Policy**”). This Policy is not exhaustive, and there may be additional laws and regulations that are applicable on the Company’s operations and Company shall ensure compliance with that law or regulation as applicable and adopt additional policies as necessary to address compliance with that law or regulation.

### 2. Objective of the Policy

The objective of the policy is to ensure that every employee, officers and external stakeholders like vendors, third party service providers, etc. of the Company shall:

- Adhere to the highest ethical standards as defined in the code of conduct and the terms and conditions of the corresponding agreements;
- Take all appropriate measures to prevent fraud, corruption and other prohibited practices; and
- Refrain from engaging in prohibited practices.

### 3. Prohibited Practices

The Company, its employees and officers shall not involve or indulge in below mentioned prohibited practices:

1. **Corrupt Practices:** Offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
2. **Fraudulent Practices:** Any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
3. **Coercive Practice:** Impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
4. **Collusive Practice:** An arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
5. **Obstructive Practice:** Practice of
  - a. Deliberately destroying, falsifying, altering or concealing evidence material to the investigation or making false statements to investigators; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
  - b. Acts intended to materially impede the exercise of the Company’s inspection and audit rights;
6. **Theft:** Misappropriation of property belonging to another party;
7. **Money Laundering:** Practice of
  - a. Conversion or transfer of property, directly or indirectly, knowing that such property is derived from criminal activity, or helping any person who is involved in such activities evade the legal consequences of their actions;
  - b. Concealing or disguising the illicit origin, source, location, disposition, movement or ownership of property knowing that such property is derived from criminal activity; or
  - c. Acquisition, possession or use of property, knowing at time of receipt that such property is derived from criminal activity.

8. **Financing of Terrorism:** Provision or collection of funds by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are or will be used, in full or in part, in order to carry out acts of terrorism. For the avoidance of doubt, this includes without limitation the provision or collection of funds in contravention of the United Nations Security Council resolutions and sanctions applicable to the financing of terrorism.

#### 4. Reporting

- a) The Company shall report the details of all complaints related to suspected Prohibited Practices to Board /Investors on periodic/quarterly basis;
- b) The Company shall authorize a suitable authority to conduct the investigation on the suspicion of Prohibited Practice;
- c) If, as a result of an investigation, the designated Investigation Officer(s) concludes that a preponderance of the evidence supports a finding of a Prohibited Practice by the Company, the Investigation Officer(s) shall prepare a Statement of Charges, which shall:
  - a. Identify as Respondent the Party or Parties alleged to have engaged in a Prohibited Practice;
  - b. State the alleged Prohibited Practice;
  - c. Summarize the facts relevant to the basis for the allegation of the occurrence of the Prohibited Practice;
  - d. Attach all evidence relevant to the determination of a Sanction;
- d) The findings of the Investigation on Prohibited practices shall be shared with Board/Investors.

## Chapter VIII - Procurement Policy

### 1. About the Policy

The Procurement Policy aims to guide the Company, on efficient, fair, ethical and transparent procurement processes that optimize both value-for-money and social and environmental sustainability of the Company's operations (hereinafter called the “**Policy**”).

### 2. Purpose

The Policy sets out the principles, on the basis of which the procurement at the Company is to be conducted. It supports good procurement processes through:

- Application of an implementation methodology which adopts a strategic, cost effective and efficient approach to procurement;
- Optimal value for money approach throughout the procurement and project cycle;
- Inclusion of sustainable socio-economic and environmental objectives in the Company's procurement process; and
- Sound procurement governance and accountability.

### 3. Scope

The Policy governs the procurement of goods, works, non-consulting services and consulting services of the Company and applies to all the stages of the procurement cycle.

### 4. Procurement Standards

The Policy elements will be triggered for transactions with a monetary threshold of INR 100 million. It shall ensure that contracts are not subdivided to be excluded from adherence to the Policy.

The Company shall apply the following standards for their procurement from Private entities:

#### I. Risk Based Engagement

The Company shall implement a pre-screening mechanism for vendors, upon qualification of which, they shall be registered with the Company for a period of five years.

The following aspects need to be put into consideration for pre-screening a vendor:

- Use of competitive tendering methods by Private Entities, particularly for large contracts;
- Engaging with a Private Company, as Private Entity Recipient uses appropriate procurement methods that ensure a sound selection of goods and services at fair market prices and that its capital investments are made in a cost-effective manner;
- Ensure that contracts awarded by the Company be in the best financial interest and distinct from those of any other sponsor(s) of the Project/ Entity.
- Where a shareholder of the Recipient or one of its affiliates, including parent companies and affiliates of such parent companies, is also a contractor or supplier to the Project, a due diligence shall be conducted, for the satisfaction of Board/Investors, to confirm that the costs are in line with current market prices, the original cost estimates and that the contract conditions are fair and reasonable.

#### II. Environmental and Social Considerations in Procurement

The Company is committed, as part of its Environmental and Social commitments, to consider sustainability issues in Corporate Procurement. In order to translate this objective into successful

practical outcomes, the Company has adopted corporate principles for environmentally and socially sustainable procurement, and to that end, the Company will:

- (a) Seek to purchase goods, works and services that lessen the burden on the environment in their production, use and final disposition, whenever possible and economical, technically feasible and cost-effective;
- (b) Take efforts to reduce environmental impact; reduce material consumption; recycle materials/waste; and reduce energy consumption;
- (c) Promote the sustainable use of resources;
- (d) Give preference to goods, works and services certified to internationally recognized principles of environmentally and/or socially sustainable management, where available; and
- (e) Promote the application of good labour standards and working conditions amongst its Suppliers of Goods, Works and Services.

In order to implement these principles in its day to day Corporate Procurement activities, the Company will, as appropriate:

- (a) Incorporate environmental and social considerations, standards and requirements in procurement planning, specifications, technical specifications and scope of work, comprising of following elements:
  - i. Non engagement of child labour and/ or forced labour;
  - ii. Compliance to minimum wages for the sector;
  - iii. Checks and records of overtime work in place and payment of overtime work as per national regulations, etc.; and
  - iv. Provision of safe working conditions and provision of Personal Protective Equipment appropriate to undertake the work;
- (b) Incorporate in contracts standard terms and conditions for corporate procurement, the compliance conditions regarding labour standards and working conditions; and
- (c) Review the environmental and social sustainability of suppliers of goods, works and services in its evaluation of bids and offers.

## **5. Ethical Behaviour**

The Suppliers to the Company shall observe the highest standard of transparency and integrity in the execution and implementation of its contracts, during the Corporate Procurement process. All Suppliers to the Company shall fully cooperate with any investigation into an alleged breach of ethical behavior or Prohibited Practice (as defined in prohibited practice policy) and to permit the Company or its representative to inspect such of their accounts and records as may be relevant for such investigation and to have such records and accounts audited by the auditors appointed by Company.

## **6. Conflict of Interest**

The parties involved in the procurement process of the Company (Key Management Team and / or Procurement Committee / Commercial or Purchase department) shall not have a conflict of interest with regard to the procurement concerned. Providers of goods, works and services and consulting services shall remain professional, objective, and impartial. They shall at all times hold the Companies' interests paramount, without any consideration of future work; and to avoid conflicts with other assignments and their own corporate and/or personal interests.

## **7. Complaints**

Complaints may be furnished at any time to the Company about any part of the procurement process

from the design planning stage through to contract completion. To promote an open, fair and transparent procurement process, complaints should be satisfactorily resolved by the Company in a timely manner.

## **8. Monitoring and Evaluation**

The Company shall prepare and maintain clear documents and records relating to the procurement process for the Company (including projects) from planning to completion of the contract, for the purpose of effective monitoring and evaluation of the procurement cycle.

## **9. Reporting**

The Company shall provide regular updates on grievances received on Procurement aspects, breach of Procurement policy principles identified by the Board of Company and other updates to keep the risks under check to Board/Investors within 10 (ten) working days from identification/ receipt of such information.

The Company shall also report to Board of directors on compliance with the Procurement policy within 30 days of the end of each Financial Year.