NABKISAN Finance Limited

Environmental, Social and Governance Policy

INTERNAL

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1.0	21 March 2025	ESG Policy Introduction	178th meeting of Board of Directors on 21 March 2025
2.0	07 August 2026	• Added " Access to Affordable Basic Infrastructure" under objectives. • Inserted Respective roles of Board Committee in relation to ESG Policy • Added section on the Company's role in governance performance	192nd meeting of Board of Directors held on 07 August 2026

References

Sr	Reference	Reference No.
1.0	Environmental and Social Responsibility Policy of NABSAMRUDDHI Finance Limited	POL/ENV/001

1. Introduction

1.1 NABKISAN Finance Limited (hereinafter referred to as the 'Company'/ 'NABKISAN') is a Middle Layer Non-Banking Finance Company (NBFC-ML) registered with the Reserve Bank of India.

1.2 As a responsible financial institution, the Company aims to assess and monitor its transactions, on an ongoing basis, to reduce environmental risk and adverse impact of its lending practices on the environment. The Company recognises the importance of environmental stewardship and social responsibility in contributing to sustainable development. The Company shall constantly strive to engage its employees, customers and shareholders to encourage environment friendly practices across its value chain.

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

1.4 This Environmental, Social and Governance Policy (hereinafter referred to as 'Policy') will serve as a framework for understanding the impact of all its activities on environment and society and ways to ethically and sustainably managing the environmental and social risks.

2. Objectives

2.1 To ensure that the activities supported by the Company do not result in unresolved environmental and social externalities, the Policy will promote overarching principles viz. gender equality, social inclusivity, environmental sustainability, access to affordable basic infrastructure, good governance, sensitizing employees and financing agriculture allied sector development.

2.2 To ensure the Company's sustainable performance, and incorporate social and environmental aspects in development, the Policy serves as the guiding framework for ultimate activities of beneficiaries supported by the Company. The Policy objective ensures prevention and mitigation of environmental and social harm.

2.3 This Policy will encourage all entities funded/ supported in alignment with its Loan Policy, by the Company to have appropriate consideration for environmental and social risk through detailed identification and mitigation process and grievance redressal measures.

2.4 NABKISAN through its transactions will thus:

i. not extend loans to any activity that features in NABKISAN's 'Exclusion List' (Annexure I) or is prohibited by local, national, or international laws, as applicable as on the date of sanction of a loan.
ii. encourage borrowers to comply with national, environmental and social legal requirements.
iii. encourage borrowers to adopt international good practices and safeguards with respect to national, environmental and social legal aspects, as may be relevant.
iv. promote, prevent and control pollution to protect the environment.
v. promote resource use efficiency and sustainable production of living and natural resources.
vi. promote a safe and healthy work environment and treat all workers fairly.
vii. proactively engage with the stakeholders towards timely redressal of grievances;
viii. encourage borrower to follow robust processes and effective communication.

3. Applicability

This policy covers all the operations of NABKISAN and applies to all Directors and employees of the Company.

4. Governance and Implementation

4.1 The Policy shall be approved by the Board of Directors and reviewed from time to time. Governance of the Policy shall be reviewed by the Board of Directors and the CSR Committee of the Board.

4.2 To further strengthen our vision and focus on ESG, an Environmental, Social & Governance (ESG) Committee shall be established which shall be constituted by the MD & CEO of NABKISAN.

4.3 The composition and functions of the ESG Committee will be defined as part of Operational Guidelines to this Policy.

4.4 Respective roles of the aforesaid board committees in relation to this Policy are as follows:

CSR Committee	Overall governance of the Policy
Risk Management Committee	Oversee, recommend and periodically review, the Company's ESG governance framework, including the ESG risks involved, particularly in relation to fund raising matters and deployment of such funds in eligible ESG sectors/sub-sectors

5. Company’s role in environmental performance

5.1. Compliance

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

5.2. Procurement Practices

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

- Recycled
- Environment friendly
- Energy efficient
- Locally sourced

5.3. Energy and Emissions Management

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

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

5.4. Water Management

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

5.5. Waste Management

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

5.6. Awareness and Employee Engagement

The Company understands that its employees and customers can play a major role in reducing the negative impact on the environment. The Company will engage employees and encourage them to adopt environment friendly practices. The Company shall also endeavour to create awareness among employees and customers for respecting the environment and contributing to protecting and conserving ecosystems, water resources and biodiversity, as well as developing solutions which promote a low-carbon economy.

6. Company's role in social performance

6.1. Human Rights

The Company will respect national and international laws w.r.t social and human rights, as well as international standards on human rights in the value chain.

6.2. Child and forced labour

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

6.3. Freedom of engagement

The Company will ensure that all employees enter into employment with the Company of their own free will and have the choice to leave their employment freely upon reasonable notice and in the manner as provided under the Human Resources Policy of the Company.

6.4. Health and safety

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

The Company is committed to continue to take steps to promote a safe and conducive work environment for its employees and will provide guidance on occupational health and safety, appropriate healthcare benefits and medical cover to all its employees.

6.5. Equality of Opportunity

i. The Company will offer equality of opportunity to all employees and will not engage in or support discrimination in hiring, compensation, access to training, promotion, termination or retirement on any basis including ethnic and national origin, caste, religion, disability, gender, age, sexual orientation, and socio-economic status of the candidate/ personnel.

ii. The Company ensures a fair recruitment process that helps it to identify and hire people with the right values, who are then groomed, encouraged and retained through a combination of financial and non-financial incentives.

7. Employee Ethics and Code of Conduct

i. The Company shall have mechanisms to deal with issues related to inhumane treatment including mental or physical, coercion or verbal abuse, sexual harassment, sexual abuse, slavery, of employees.

ii. The Company's Corporate Governance and other related policies also define good corporate practices, financial transactions, professional code of conduct and management action that will continue to promote a culture of good integrity and ethics amongst its employees.

8. Women Safety

The Company has a Policy of zero tolerance to Sexual Harassment and also has an Internal Complaints Committee under The Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act,2013 ('POSH') to investigate cases of sexual misconduct through a fair and transparent process and take action against erring employees. The Company will continue to promote and protect the well-being of all women employees, especially women who are required to work late due to business requirements.

9. Training and Development

The Company recognizes the importance of having a skilled workforce with necessary competencies to deliver on its strategic and operational plans through well- structured training modules to assist in job specific development as well as personal development of the employees. The Company is committed towards providing an environment that is conducive to and promotes training and development opportunities to all employees. Periodic training and updates on ESG shall be provided to all employees, especially the ESG committee members.

10. Clients of NABKISAN

The Company recognises that maintaining the trust and regard of our clients is important for its success and longevity, in a fiercely competitive market. The Company recognises that product quality and service delivery is vital for the business growth. The Company seeks to achieve this by regularly reviewing service levels and capturing feedback from clients. Abiding by its Customer Privacy policy, the Company will continue to treat clients' data with utmost sensitivity and privacy. The Company will also undertake initiatives to combat cybercrime and data theft by means of a comprehensive mechanism of information and data security.

11. Company's role in governance performance

11.1 The Company strives to adopt a robust governance structure to ensure effective oversight and implementation of ESG initiatives undertaken by the Company.

11.2 The Company upholds the highest standards of corporate governance and is committed to:

i Conducting its business in compliance with all applicable laws, regulations, and ethical standards.

ii Maintaining a robust governance framework comprising effective enterprise risk management, internal controls, business continuity, and internal audit mechanisms.

iii Promoting integrity, transparency, accountability, and ethical conduct through well-defined governance policies, including the Code of Conduct for Directors, Compliance Policy, Internal Principles of Corporate Governance, Enterprise Risk Management Policy, Information Technology Policy, Whistle Blower Policy, and other applicable governance frameworks.

iv Protecting customer, employee, and stakeholder information through robust data privacy, confidentiality, cybersecurity, and information security practices in line with Information Technology Act, 2000, Digital Personal Data Protection Act, 2023 and rules framed thereunder including any other applicable law.

v Ensuring timely, accurate, and transparent ESG-related disclosures, including the publication of the ESG Report, to the extent applicable.

vi Fostering responsible decision-making by integrating ESG considerations into the Company's governance, risk management, and oversight processes.

vii Encouraging effective stakeholder engagement and maintaining appropriate mechanisms for reporting concerns, grievances, and ethical violations in a fair and transparent manner.

viii To comprehend stakeholder views and opinions, the Company plans to engage in frequent interactions with the stakeholder groups and solicit feedback, which covers engaging with employees for feedback on the policies, engagement process, employee benefits, or any other grievance.

ix The Company on need basis may engage with regulators for policy-level dialogue on various ESG topics and also may engage with customers for service improvement, feedback on the services, resolution of their grievances, etc

12 Company’s Lending and Investment practices

12.1. Risk Assessment/ Screening

- The following factors will continue to be reviewed by the Company before taking any lending or investment decision in addition to the factors mentioned under the Loan Policy of the Company:**Social Consideration:** Employment generation, role in socio-economic development of the region, compliance with labour laws, no exploitative / child / forced labour, no discrimination on grounds of caste, gender, race, class, disability, etc., identification, assessment and management of environmental and social risks arising from the prospective client’s business operations.

- **Resettlement & Rehabilitation:** Number of families under rehabilitation, impact on livelihood, Facilities provided to families and its acceptability in the community, Number of villages / populations affected by the project.

- **CSR Initiatives (wherever applicable):** Schools, hospitals, medical facilities, technical institutes, roads, community buildings, drinking water and sanitation and other social sector projects.

- **Emissions:** Air, water, noise, waste and comments on its acceptability.

- **Environmental Consideration:** Air pollution / Water Pollution / Hazardous Waste Management / Ecological impact, Emergency and Disaster management, climate change

12.2. Monitoring

The Company, through its monitoring processes followed, would strive to ensure that the Borrower complies with Environmental, Health, Safety and Social issues and all national laws on social, health and safety, and environmental matters.

12.3. Prohibited Activities

The Company will not deal with any borrowers or vendors who are engaged in the business or trade of any product or activity deemed to be illegal under the laws or regulations in force in India. An indicative list of prohibited activities is provided as an Annexure 1 to this policy.

12.4. Policy Review

The Policy shall be reviewed normally on an annual basis and revised as and when needed. The policy shall undergo revision at shorter intervals also, as per the emergent need. Any revisions in the relevant statutory/regulatory guidelines issued by Reserve Bank of India (RBI)/Government of India (GOI) or any other statutory/regulatory body, from time to time, shall be applicable under the policy. Till the time the Policy is formally revised to give effect to such amendments, the Policy shall be read such that the amendments are automatically applicable to the Policy.

The policy will remain in force till next revision.

13 Operational Guidelines of the policy

MD&CEO, based on the recommendations of Internal Risk Management Committee (IRMC) may issue operational guidelines for the policy.

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Annexure 1

NABKISAN Exclusion List

NABKISAN will not support any of the following activities, involving and not limited to:

i. production or activities involving harmful or exploitative forms of forced labour (forced labour means all work or service not voluntarily performed, that is extracted from an individual) child labour (child labour means the employment of children whose age is below the statutory minimum age of employment in India.
ii. production of or trade in any product or activity deemed illegal as per domestic laws or regulations.
iii. production of or trade in any product or activity that contravenes any international conventions and agreements to which India is a party, and which have the force of law in India.
iv. production of or trade in weapons and munitions including paramilitary materials.
v. production of or trade in tobacco; (This does not apply if the activity concerned is ancillary to a project's (or subproject's) primary operations).
vi. production or trade in alcoholic beverages (excluding beer and wine).
vii. gambling, casinos, and equivalent enterprises.
viii. trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora as listed in the website of CITES (www.cites.org).
ix. production or trade in radioactive materials including nuclear reactors and components thereof. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded.
x. commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest.
xi. production or trade in wood or other forestry products other than from sustainably managed forests.
xii. production, commercial-scale use, trade, storage, or transport of products containing polychlorinated biphenyls; A group of highly toxic chemicals, polychlorinated biphenyls, are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985 and hazardous chemicals as listed in the website www.pic.int;
xiii. production of or trade in pharmaceuticals products subject to phase-outs or bans (available in www.who.int), pesticides/herbicides subject to phase-outs or bans (available from www.pic.in)., or ozone depleting substances as listed in the Montreal Protocol

xiv. Drift net fishing in the marine environment using nets more than 2.5 km. in length.