



Navadhan Capital Private Limited

ESG Policy
v1.0

Contents

A. Introduction	4
B. ESG Policy Objectives.....	4
C. Governance Structure	5
1. Board of Directors.....	5
2. ESG Committee	5
3. Management Roles	5
D. Environmental Principles	5
E. Social Responsibility Framework.....	6
1. Employee Welfare	6
2. Community Engagement	6
3. Customer Relations	7
F. Ethical Governance Practices	7
Transparency	7
G. Risk Management	7
1. Identifying Risks.....	7
2. Assessing Risks	8
3. Managing and Mitigating Risks	8
H. Stakeholder Engagement	8
1. Communication Strategies.....	8
I. Training and Awareness Programs	9
1. Comprehensive Training Modules	9
2. Interactive Workshops.....	9
3. Ongoing Awareness Campaigns.....	9
J. Annexures	10
Annexure-I - ESG Committee:.....	10
Annexure-II -Climate Smart Initiatives:.....	11

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ESG Policy Overview

A. Introduction

In recent years, the significance of Environmental, Social, and Governance (ESG) factors has surged in the business landscape. ESG represents a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature, social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates, while Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

The growing recognition of ESG principles is driven by a combination of factors, including increased consumer awareness, regulatory changes, and the recognition that sustainable practices can lead to long-term profitability. Companies that prioritize ESG practices not only enhance their reputation but also mitigate risks and capitalize on new opportunities. Investors are increasingly seeking out firms that align with their values, making ESG compliance not just a moral imperative but also a competitive advantage.

Navadhan, as a leading Indian NBFC, recognizes its responsibility towards society, the environment, and governance practices. In line with its commitment to sustainable development, Navadhan has formulated this Environment, Social & Governance (ESG) Policy. This policy aims to align the Company's business operations with national and international ESG standards, Sustainable Development Goals (SDGs), and regulatory requirements while fostering inclusive growth and sustainable practices.

Navadhan is committed to integrating ESG principles into its operational framework. As a responsible financial services provider, we recognize the vital role that sustainable practices play in fostering economic resilience and societal well-being. The purpose of our ESG Policy is to establish a structured approach to managing our environmental impact, promoting social responsibility, and ensuring robust governance practices. This policy is designed to guide our decision-making processes and enhance transparency, allowing us to meet stakeholder expectations while contributing positively to the communities and environments in which we operate. Through this commitment, Navadhan aims to not only fulfill its corporate responsibilities but also drive long-term value creation for our investors and society at large.

B. ESG Policy Objectives

Navadhan has defined a set of specific objectives within its ESG policy to ensure a comprehensive approach towards sustainability, ethical governance, and social responsibility. These objectives are aligned with our commitment to responsible business practices and reflect our dedication to contributing positively to society and the environment.

1. **Promote Environmental Sustainability:** Our primary objective is to minimize the environmental impact of our operations. We aim to reduce carbon emissions, promote energy efficiency, and encourage the use of renewable resources. By adopting sustainable practices, we seek to contribute to the global effort to combat climate change and protect natural ecosystems.
2. **Enhance Social Responsibility:** We recognize the importance of fostering strong relationships within the communities we serve. Our objective includes engaging in community development initiatives, supporting local economies, and ensuring that our business practices uphold human rights. We aspire to create a positive social impact by promoting diversity, equity, and inclusion within our workforce and the communities we operate in.

3. **Strengthen Ethical Governance:** Good governance is crucial for the long-term success of any organization. Our objective is to maintain transparency and accountability in all our business dealings. We commit to upholding the highest ethical standards, ensuring compliance with relevant regulations, and implementing robust internal controls. This includes promoting fair practices, safeguarding shareholder rights, and maintaining integrity in our leadership and operations.
4. **Encourage Sustainable Investments:** As a financial services provider, we seek to promote investments that align with sustainable practices. This involves integrating ESG criteria into our investment analysis and decision-making processes, thereby directing capital towards projects and businesses that prioritize sustainability and social responsibility.

Through these objectives, Navadhan aims to create a framework that not only enhances our operational effectiveness but also ensures that we contribute meaningfully to a sustainable future.

C. Governance Structure

The governance structure overseeing the implementation of Navadhan's ESG policy is designed to ensure accountability, strategic alignment, and effective execution of ESG initiatives across the organization. This structure includes a dedicated ESG Committee, which operates under the guidance of the Board of Directors and is supported by management teams across various departments.

1. Board of Directors

The Board of Directors plays a pivotal role in establishing the overall vision and strategic direction of the company's ESG efforts. The Board is responsible for approving the ESG policy, setting measurable targets, and ensuring that adequate resources are allocated for successful implementation. Additionally, the Board regularly reviews ESG performance and progress towards defined objectives, ensuring that the company remains aligned with stakeholder expectations and regulatory requirements.

2. ESG Committee

The ESG Committee, comprising select board members and key executives, is tasked with overseeing the execution of the ESG policy. This committee meets quarterly to assess ongoing initiatives, evaluate risks, and recommend improvements. The ESG Committee is responsible for reporting its findings directly to the Board, ensuring that ESG considerations are integrated into the company's strategic objectives and operational practices. ESG committee Annexure-I.

3. Management Roles

At the management level, various leaders are assigned specific ESG-related responsibilities. The Chief Executive Officer (CEO) champions the ESG vision, fostering a culture that prioritizes sustainability and social responsibility throughout the organization.

Additionally, departmental managers are expected to integrate ESG objectives into their strategies and report on progress regularly. This bottom-up approach ensures that ESG principles are embedded in everyday business operations, enhancing accountability and promoting a culture of sustainability.

D. Environmental Principles

Navadhan is dedicated to implementing robust environmental principles that guide our operations and decision-making processes. We recognize that our actions have a profound impact on the planet, and therefore, we are committed to a sustainable future through the following key principles:

1. **Reducing Carbon Footprint:** One of our foremost commitments is to minimize our carbon emissions across all business activities. We will actively assess our energy consumption and seek innovative solutions to enhance energy efficiency. This includes transitioning to renewable energy sources

whenever feasible, such as solar and wind power, and promoting low-emission transportation options for our employees and clients. By reducing our carbon footprint, we aim to contribute to the global fight against climate change.

2. **Responsible Waste Management:** Effective waste management is crucial to minimizing environmental impact. Navadhan will implement comprehensive waste reduction strategies, focusing on the principles of reduce, reuse, and recycle. We will conduct regular audits to identify waste-generating processes and establish practices that promote resource conservation. Moreover, we will partner with certified waste management companies to ensure that any waste produced is disposed of responsibly, thereby minimizing landfill contributions.
3. **Sustainable Use of Resources:** We are committed to the sustainable use of natural resources in all aspects of our operations. This involves sourcing materials from suppliers that adhere to sustainable practices and prioritizing products that are eco-friendly and ethically produced. Additionally, we will encourage the use of digital solutions to reduce paper consumption and promote a culture of sustainability within our workforce. Training and awareness programs will be established to educate employees on the importance of resource conservation.
4. **Climate Smart Agricultural Practices:** We're fostering sustainable farming by implementing innovative techniques like groundwater recharge shafts and mulch films. These practices help conserve precious water resources and promote healthier crop yields.
5. **Continuous Improvement:** Our environmental principles are not static; we are committed to continuous improvement and innovation. We regularly review our practices, set measurable goals, and track our progress towards enhancing our environmental performance. By fostering a culture of accountability and transparency, we aim to inspire our employees and partners to adopt sustainable practices that benefit both the organization and the planet.

Through the implementation of these environmental principles, Navadhan strives to be a responsible corporate citizen, dedicated to protecting the environment while delivering value to our stakeholders. Annexure-II

E. Social Responsibility Framework

Navadhan is committed to a comprehensive social responsibility framework that prioritizes employee welfare, community engagement, and customer relations. By integrating these elements into our operational strategy, we aim to foster a positive social impact while enhancing our corporate reputation and trust among stakeholders.

1. Employee Welfare

At Navadhan, we recognize that our employees are our most valuable asset. We are dedicated to creating a supportive and inclusive workplace that promotes employee well-being and professional development. Our initiatives include offering competitive compensation packages, comprehensive health and wellness programs, and opportunities for continuous learning and career advancement. We also prioritize work-life balance by implementing flexible work arrangements and encouraging a healthy workplace culture. Regular employee feedback is solicited to identify areas for improvement, ensuring that we respond effectively to their needs and concerns.

2. Community Engagement

Navadhan believes in the power of community engagement and actively seeks to contribute to the local economies in which we operate. Our community initiatives focus on education, environmental sustainability, and economic empowerment. We partner with local organizations to support educational programs,

mentorship opportunities, and skills training for underprivileged groups. Additionally, we participate in community service projects, encouraging employees to volunteer their time and expertise. This engagement not only fosters goodwill but also strengthens our ties with the communities we serve.

3. Customer Relations

Strong customer relations are fundamental to our business philosophy. Navadhan is committed to maintaining transparent and ethical interactions with our clients. We prioritize customer satisfaction by actively soliciting feedback, which informs our services and helps us address concerns promptly. Our customer service teams are trained to uphold the highest standards of professionalism, ensuring that clients receive timely assistance and guidance. Moreover, we strive to provide financial literacy resources, empowering our customers to make informed decisions that align with their financial goals.

Through these initiatives, Navadhan aims to create a holistic social responsibility framework that not only enhances our operational effectiveness but also contributes positively to society and strengthens stakeholder trust.

F. Ethical Governance Practices

Navadhan is firmly committed to ethical governance practices, which encompass transparency, accountability, and compliance with laws and regulations. In an era where stakeholders increasingly demand integrity and ethical behavior from organizations, our focus on these principles is essential for building trust and maintaining our reputation.

Transparency

Transparency is a cornerstone of our governance framework. We believe that open communication and clear reporting on our operations, decision-making processes, and financial performance are vital for fostering stakeholder confidence. Navadhan aims to provide timely and accurate information to all stakeholders, including investors, employees, and the communities we serve. By openly sharing our ESG initiatives, progress, and challenges, we encourage dialogue and feedback, which are crucial for continuous improvement and alignment with stakeholder expectations.

Through our commitment to transparency, accountability, and compliance, Navadhan strives to exemplify ethical governance practices that not only protect our organization but also foster sustainable relationships with all stakeholders.

G. Risk Management

Navadhan recognizes that the integration of Environmental, Social, and Governance (ESG) factors into our business strategy is accompanied by a variety of risks. Effectively managing these risks is crucial to safeguarding our reputation, ensuring compliance with regulations, and achieving long-term sustainability. Our approach to risk management is structured around identifying, assessing, and mitigating ESG-related risks, thereby enhancing our resilience and adaptability in a dynamic market environment.

1. Identifying Risks

The first step in our risk management framework is to comprehensively identify potential ESG risks that may impact our operations and stakeholders. This involves conducting regular risk assessments that analyze both internal processes and external factors. We engage with stakeholders—including investors, employees, and community representatives—to gather insights on their concerns and expectations. Additionally, we monitor industry trends and regulatory changes to identify emerging risks related to environmental sustainability, social responsibility, and governance practices.

2. Assessing Risks

Once identified, we assess the significance and likelihood of these risks. This involves evaluating the potential impact of ESG risks on our financial performance, operational efficiency, and reputation. We employ a risk matrix to categorize risks based on their severity and probability, allowing us to prioritize our risk management efforts. This assessment is conducted annually, with ongoing reviews to ensure that emerging risks are promptly addressed.

3. Managing and Mitigating Risks

To effectively manage and mitigate identified ESG risks, Navadhan has established a set of strategies tailored to each category of risk. These strategies include:

- i. **Implementation of ESG Policies:** We develop and enforce robust ESG policies that outline best practices and standards for our operations, ensuring compliance with relevant laws and regulations.
- ii. **Partnerships and Collaborations:** Navadhan collaborates with industry experts, NGOs, and regulatory bodies to stay informed about best practices in ESG risk management. These partnerships help us enhance our capabilities and remain proactive in addressing potential risks.

Through these structured approaches, Navadhan aims to mitigate potential ESG risks, thereby protecting our interests and fostering sustainable growth.

H. Stakeholder Engagement

Effective stakeholder engagement is crucial for Navadhan to align its ESG initiatives with the expectations and needs of various groups, including investors, employees, customers, and communities. Our approach to stakeholder engagement is multi-faceted, emphasizing transparency, collaboration, and responsiveness.

1. Communication Strategies

- i. **Investors:** We prioritize open communication with our investors through regular updates, reports, and meetings. Our investor relations team ensures that stakeholders are informed about our ESG performance, strategic objectives, and any emerging risks. Annual general meetings provide a platform for investors to engage directly with our leadership team, fostering a dialogue that allows us to understand their concerns and expectations better.
- ii. **Employees:** Employees are integral to our success, and we recognize the importance of engaging them in our ESG journey. We conduct regular surveys and feedback sessions to gauge employee sentiment regarding our initiatives and workplace culture. Internal communication channels, such as newsletters and town hall meetings, are utilized to share updates on ESG goals and achievements, encouraging a sense of ownership among staff. Training programs focused on ESG principles are also offered to empower employees to contribute actively.
- iii. **Customers:** Our commitment to customer engagement is reflected in our dedication to transparency and responsiveness. We actively seek feedback through surveys, focus groups, and customer service interactions. This input not only helps us improve our services but also informs our ESG strategy by aligning our offerings with customer values. We aim to provide educational resources on sustainable financial practices, enabling customers to make informed decisions that resonate with their ethical standards.
- iv. **Communities:** Engaging with the communities where we operate is a cornerstone of our social responsibility framework. We collaborate with local organizations and participate in community events to understand the unique challenges and opportunities faced by these groups. Our community engagement initiatives focus on addressing local needs, such as education and economic development, while fostering partnerships that promote long-term sustainability.

Through these communication strategies, Navadhan aims to foster meaningful relationships with all stakeholders, ensuring that their voices are heard, and their expectations are met. This collaborative approach not only enhances our ESG initiatives but also strengthens our corporate reputation and community ties.

I. Training and Awareness Programs

To effectively implement our Environmental, Social, and Governance (ESG) initiatives, Navadhan recognizes the critical importance of training and awareness programs tailored for all employees. These programs are designed to ensure that every team member understands their role in achieving our ESG goals and can contribute positively to our mission.

1. Comprehensive Training Modules

Navadhan will develop a series of comprehensive training modules that cover various aspects of ESG principles. The training will be mandatory for all employees, regardless of their position or department. Each module will focus on specific topics, such as environmental sustainability, social responsibility, and ethical governance practices. For example, environmental training could include guidance on reducing carbon footprints in daily operations, while social responsibility training might cover diversity and inclusion initiatives.

2. Interactive Workshops

In addition to structured training modules, we will organize interactive workshops aimed at fostering discussion and collaboration among employees. These workshops will provide a platform for employees to share their insights, challenges, and best practices related to ESG initiatives. By encouraging open dialogue, we hope to cultivate a culture of sustainability and social responsibility within the organization. Guest speakers from the ESG field and external experts may be invited to provide additional perspectives and insights.

3. Ongoing Awareness Campaigns

Navadhan will also implement ongoing awareness campaigns to keep ESG principles at the forefront of our organizational culture. This could include monthly newsletters highlighting ESG achievements, challenges, and upcoming initiatives. Additionally, we will leverage internal communication channels, such as our intranet and social media platforms, to share success stories and encourage employees to engage with ESG-related content.

J. Annexures

Annexure-I - ESG Committee:

Name	Role	Designation
Ms. Perna Saxena	Chairperson	Independent Director
Mr. Nitin Agrawal	Member	Founder & CEO
Mr. D. Sahitya Kumar	Member	Head- Agri-Tech, ESG Officer
Ms. Rasika Argade	Member	Manager- Credit Policy
Ms. Miral Dave	Member	Asst. Manager- Strategy
Ms. Ragini Goyal	Invitee	HR Consultant- Executive Coach
Ms. Shivani Kulkarni	Invitee	Investor Representative from Prime VP, IFC supported fund

Annexure-II -Climate Smart Initiatives:

- Clean Energy Financing
- Climate Smart Agri (CSA) practices
- Solar Equipment Financing
- Adolescence Health

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