



Environmental Social & Governance (ESG) Policy Framework

Digamber Capfin Limited



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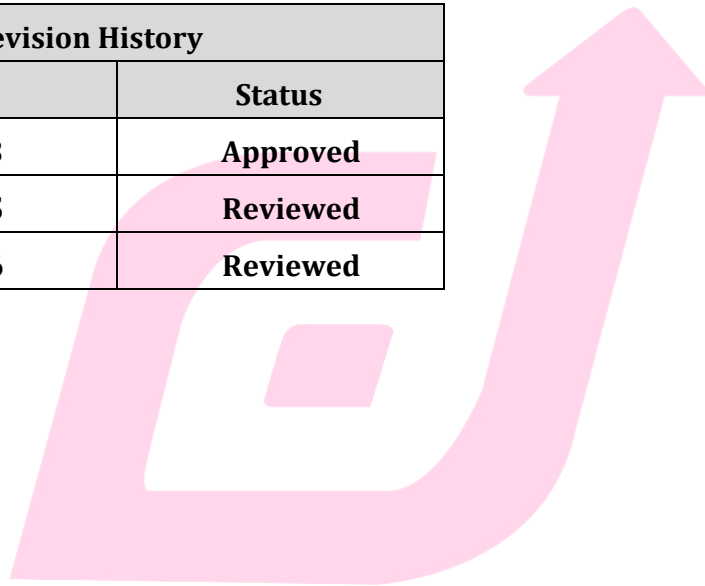
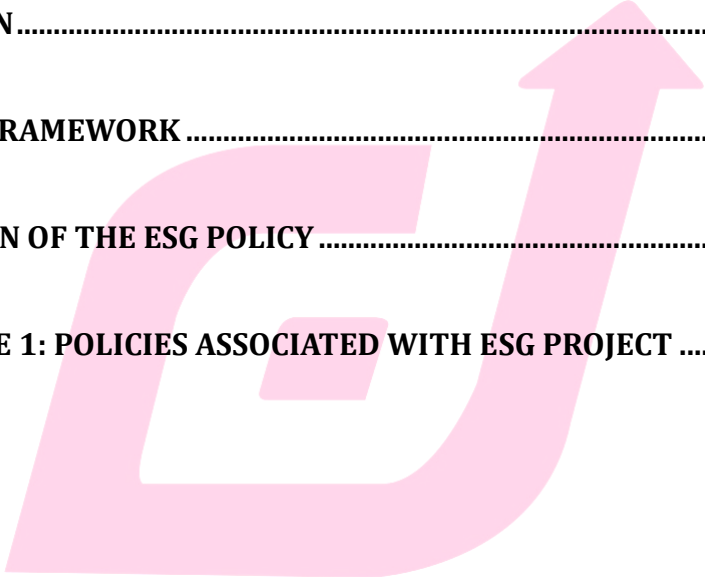


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INTRODUCTION

Digamber Capfin Limited (DCL) was incorporated on 17/04/1995. Pursuant to a certificate issued by the Reserve Bank of India ("RBI") on 09/09/1999., the Company was permitted to commence operations as a non-banking financial company ("NBFC") under section 45 IA of the Reserve Bank of India Act, 1934. DCL was originally classified as Asset Financing. DCL was subsequently granted the status of an NBFC-MFI by the RBI pursuant to a certificate of registration received on 06/09/2013. We are one of India's leading NBFC-MFI with a focus on rural and semi-urban markets. The company provides loan assistance to women under Joint Liability Guarantee and Individual Micro Loan models. As one of the largest NBFC-MFI we have always stayed strong in our commitment to positively impact the environment, our customers, employees and community at large. As an organization, we aim to align our ESG approach with our strategic goals and the experience we seek to offer all the stakeholders. ESG is an area of focus and investment for us and has changed our outlook towards our business and our conduct.

OBJECTIVE

Digamber Capfin Limited is committed to build/ enhance environmental and social prosperity as we feel responsible to grow socially at par with economic growth. The company notes that its employees, customers, investors and all those who are related to its operation have a substantial impact on the environment and society, therefore should support and adhere to the ESG policies to achieve a balance of environmental, economic and social imperatives. DCL has been thriving to fulfill its place as a responsible corporate citizen by adapting to the fair business practices in all areas and have periodical examination and revision of the business practices. The Environmental, social and Governance (ESG) policies of the company defines the framework that would guide the company's initiative to build environmental sustainability.

Through the ESG policy, DCL targets to:

- a) Improve the livelihood of people in low income bracket and economically weaker sections/women
- b) Create innovative and strategic approach towards the environment.
- c) Positively contribute to the environment and social sustainability
- d) Encourage, involve and update stakeholders about the ESG framework
- e) Establish high standards and strategies to promote environmental, social and economic growth
- f) Promote better governance by enhancing transparency in accounting and financial reporting.
- g) Any other activities as mentioned in the Schedule VII of the Companies Act, 2013.

PURPOSE OF THE POLICY

DCL focuses on socioeconomic advancement and plays an important role in making the environment and the society a better place to live and hence emphasises on all effective ways to uplift the economy and society by lending a helping hand. The ESG policy operates as a manual to its stakeholders to imbibe the vision of the policy, to make the society a better place by promoting the communities achieve environmental sustainability. The company will ensure that the ESG policies are followed by all the stakeholders.

The ESG policy framework will serve as a guiding document for all ESG initiatives and activities undertaken by the company. The framework will be reviewed and updated every year.

ESG COMMITTEE

The Board of Directors of the Company will constitute the ESG Committee which will be a management level committee comprising of senior members across major function in the company. The ESG Committee will deal with activities relating to Environmental, social and related governance (ESG Committee). The Committee intends to carry out its ESG activities through its own personnel/ department established with persons qualified to undertake such activities. The Committee will formulate and recommend a ESG Policy to the Board and various recommendations of the Committee are submitted to the Board for approval. The Committee will frame a transparent monitoring mechanism for implementation of ESG projects or programs or activities undertaken by the Company and also monitors ESG policy from time to time.

The ESG Committee also works on improving the company's ESG disclosures in order to effectively demonstrate the ESG commitment of the company to all of its stakeholders.

ESG VISION

DCL's vision about ESG policy is to assist the people (esp. women) falling under economically weaker section and under low and medium income bracket; and to make the environment and the society a better place to live. The company believes that the growth of environment and society is equally important to the company's growth and the company's sustainability in the long run will rely upon the environmental sustainability. While DCL is in the pursuit of discovering various strategies to achieve its goal, the ESG policy greatly helps to follow the developments.

THE ESG FRAMEWORK

DCL is aware of its social obligation of protecting the environment and taking necessary measures in this regard.

1. ENVIRONMENTAL OBLIGATION:

DCL shall emphasize to conduct the business by adhering to mandates prescribed by the central pollution control board (CPCB). DCL focuses to promote eco- friendly practices for using less natural resources and promoting the environment friendly practices by its employees and all stakeholders, which would play a key role in environmental sustainability.

Energy & Emissions: The Company strive to reduce our carbon footprint by taking on initiatives to monitor and reduce our energy consumption. Our initiatives will be aimed at:

- Adopting solar energy in our offices and premises
- Incorporating energy efficient building designs where applicable
- Implementing automated energy management solutions to reduce energy consumption
- Retrofitting existing high energy consuming devices and equipment to maximize performance while consuming less electricity
- Incorporating energy efficiency at our data centers, by reducing server rack space, using Lithium ion batteries in UPS devices and use ozone friendly refrigerants for cooling.

Waste: The company shall make efforts to dispose waste in the most responsible manner. Electronic waste generated by the company will continue to be disposed through authorized personnel. The Company will ensure that no hazardous electronic waste is sent from the company to the landfill.

FOREST CONSERVATION: DCL aims at 'go green' by reducing the use of paper and investing in technology. The company accounts its transactions, raises and approves invoices through technologies (computer) in order to minimize the use of paper to a possible extent, therefore contributing to safeguard the forest. The company shall also take measures to dispose the waste in a sensible manner without negatively impacting the environment.

PROCUREMENT PRACTICES: The Company recognizes the need to work closely with our suppliers to reduce waste, improve efficiency, reduce carbon footprint and engage with them to understand their commitment towards human rights and labour practices. The company will thus continue to work towards greater integration of environmental & social considerations in our procurement practices.

The Company will make efforts to procure products which are –

- Recycled

- Environment friendly
- Energy efficient
- Locally sourced

The Company will also set clear expectations with vendors and suppliers to abide by labor laws, human rights and regulations in their regions of business. They are expected to adhere to laws addressing child, forced or trafficked labor.

CONSERVATION OF NATURAL RESOURCES: The company has also undertaken various initiatives to conserve the natural resources as it believes that exploiting the natural resources for the benefits of man will not make the society nor the environment any better, therefore the natural resources should be restored as a remedial measure.

2. SOCIAL OBLIGATION

NEW TO CREDIT CUSTOMERS: we are extensively reaching out to the 'new to credit' customers who stand in need of funds but had experienced difficulties in discovering lenders as they have no credit history, thus contributing to uplift the economically weaker sections

EMPLOYMENT GENERATION AND WOMAN EMPOWERMENT: DCL provides Micro Finance loans to women who fall under the low- income bracket, encouraging them to generate income and also engage people in their small scaled business

OCCUPATIONAL HEALTH AND SAFETY: DCL acknowledges that our employees are most valuable and providing due importance to their health, safety, working cultures and values are incumbent for the company's development, as we consider employee welfare to be an indivisible factor of economic and social development

GENDER EQUALITY: DCL intends that gender equality policy followed by the company would not only create a great emphasis on the company's performance but also will aid social upliftment. The company believes that through gender equality, we could build powerful economies, create more stable society and also boost the operations and goals of the business.

OPPORTUNITIES TO SPECIALLY ABLED PEOPLE: DCL supports the employment of specially abled people as it believes that the skills of an employee would not be limited or restricted by any physical disabilities, therefore does not hesitate to employ intellectual people with any special abilities.

EMPLOYEE ETHICS & CODE OF CONDUCT: The company has mechanisms to deal with issues related to inhumane treatment including mental or physical coercion or verbal abuse, sexual harassment, sexual abuse, slavery, of employees. This is guided by the Code

of Conduct and Ethics Manual, an internal document available to all employees. The Company's Conduct Regulations also define good corporate practices, financial transactions & personal account dealings, professional code of conduct and management action that will continue to promote a culture of good integrity and ethics amongst its employees.

SAFE WORKING ENVIRONMENT: DCL provides a safer environment for its employees to work, as it considers the protection of the employees as its responsibility. The Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Committee (IC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

COMMUNITY OUTREACH: DCL has been initiating multiple projects as part of children education and other CSR activities as per schedule VII of the Companies Act, 2013.

CHILDREN EDUCATION: As DCL recognizes that education is an essential step to socially uplift the society, It had implemented projects to provide education to children as a means to create ways to help children who are underprivileged to attend school.

Our Customers: We recognize that maintaining the trust and regard of our customers is important for our success and longevity, in a fiercely competitive market. Through our digital platforms and initiatives, we will provide our customers, quick and efficient financial services. We recognize that product quality and service delivery is vital for our business growth. The company seeks to achieve this by regularly reviewing service levels and capturing feedback from customers.

Abiding by its Customer Privacy policy, the Company will continue to treat customers' 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.

3. GOVERNANCE OBLIGATION:

SYSTEMATIC CREDIT UNDERWRITING PROCESS: DCL's credit underwriting process is based on scorecard internally designed and every proposal has to through the grid of maker, checker and reviewer through a defined process. Based on the limits set by the board various internal committees go through the proposal based on the nature and quantum of the loan. Above the specified amount the proposals go the Credit Committee. If the amount involved is larger than the maximum limit set out for the Credit Committee, then the proposal is taken to the Board for its approval.

GOVERNANCE STANDARDS: The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

The company aims to function efficiently in an honest and ethical way. The company adopts to various policies like the anti- corruption policy, cyber and network security, regularity compliance, KYC policy, whistle blower policy and customer grievance redressal to attain effective performance.

The company has credit committee, CSR committee, Risk Management Committee, NRC, ALCO committee, Audit committee and board comprising of independent directors and representatives of management and shareholders.

EXECUTION OF THE ESG POLICY

DCL aims at effective execution of the Environmental, social and governance policies framed by the ESG committee of the company. The company has planned to put the plan into action by:

PROPER CREDIT APPROVAL METHODS: all the employees are well informed about the ESG policies of the company and therefore any credit proposal that contradicts the ESG policy will not be approved. The credit and risk manager will carefully scrutinize the proposals and those proposals with negative impacts will be rejected.

VERIFY THE FINAL APPLICATION OF FUNDS: After the loan is approved by the internal team/committee, the end use of the funds are being checked on random basis to ensure that the loan is being utilized for the intended purposes and not being used for any purpose which are illegal or against the environment policy of the company.

ADOPTION OF SUSTAINABILITY ACCOUNTING STANDARD BOARD'S (SASB) GUIDELINES, NATIONAL GUIDELINES ON RESPONSIBLE BUSINESS CONDUCT (NGRBC) AND UN-SUSTAINABILITY DEVELOPMENT GOALS (SDG)

The company shall prepare the framework for implementing the ESG by adopting following standards, guidelines and goals:-

1. SABS's guidelines and standards
2. Principals issued by NGRBC
3. UN-SDGs

VARIOUS POLICIES: As a part of implementation exercise required policies and procedures will be framed under overall ESG frame work. A list of policies is given in Annexure 1 which may be approved modified or amended from time to time.

MONITORING AND REVIEWING THE ESG POLICY: The ESG committee is liable for the efficient execution of the ESG policy of the company. The Committee through its members shall monitor the functioning of the ESG policy to ensure effective performance and improve the project by updating the policies with reference to recent developments in the ESG framework. In case of any deviation in the ESG framework, the company will take appropriate actions at the right time to rectify it. The committee may also track the recent developments and updates under ESG and Periodical review of the policies and its implementation will be carried by the ESG committee. The ESG committee is vested with the right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or any law for the time being in force.

TRAINING: DCL focuses on building thorough knowledge about the ESG frame work. The company educates its employees, customers and the other stakeholders regarding the ESG policy and reiterates them about their duty to safeguard the environment and the society. Training the stakeholders about the ESG policy will also help in identifying their interests and outlook about the company, thus enables to achieve our ESG commitments while benefitting them.

DECLARATION AND REPORTING: DCL is committed to adopt the best practices and greater transparency in their operations. The performance of the ESG committee will be communicated to every stakeholder of the company on a yearly basis. The ESG policy recommended by the Committee and approved by the Board shall be displayed in the Company's website for public viewing. The Board's Report shall include an annual report on ESG containing particulars as specified.

ANNEXURE 1: POLICIES ASSOCIATED WITH ESG PROJECT

Sr. No	Principle wise Policies
1	Responsible and Sustainable Business Conduct Policy (ESG Policy)
2	Environmental Policy
3	Code of Conduct to regulate, monitor and report trading by designated persons
4	Fair practices code
5	Prevention of sexual harassment at workplace
6	Disciplinary action and grievance redressal
7	Code of conduct for Recovery Agents
8	Code for independent directors
9	Code of Conduct for directors and members of senior management
10	Policy for dealing with Frauds
11	Information Security Management policy
12	Cyber security policy
13	Data Privacy Policy
14	Outsourcing policy
15	Vigil and whistle blower policy
16	Know Your Customer Policy
17	Corporate Social Responsibility (CSR) Policy
18	Policy for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information
19	Code of practices and procedures for fair disclosure and unpublished price sensitive information (UPSI)
20	Policy on Materiality of Related Party Transaction policy
21	Policy for determination of materiality for disclosure of events or information
22	Interest Rate Policy
23	Policy on Fit and proper criteria for directors
24	Compliance Policy
25	Performance Evaluation Criteria for Board, Committees of Board, Chairperson and Directors
26	Code of Ethics and Personal Conduct
27	Mind Your Behavior
28	Equal employment opportunity and non- discrimination
29	Corporate Communication Policy
30	Employee Charter – Human Rights
31	Internal Job Posting policy
32	Auto Promotion Policy
33	Recognition Policy
34	Employee and parental insurance policy
35	Staff welfare & team engagement Policy
36	Leaders as trainer policy
37	Dividend Distribution Policy
38	Board Diversity Policy
39	Fraud Detection Policy
40	Corporate Audit Services (CAS) Risk Based Internal Audit (RBIA) Policy Document
41	Grievance Redressal Mechanism
42	Customer Protection & Grievance Redressal Policy for Prepaid Payment Instruments

43	Sustainable Business Strategy Framework
44	Policy for Monitoring End-Use of Funds
45	Record maintenance and retention policy
46	Risk Management Policy
47	Asset Liability Management Policy
48	Business Continuity Management Policy
49	Remuneration policy
50	Password procedure policy
51	Online Security
52	Retirement Policy





Digamber Capfin Limited

**Address: J 54-55, Anand Moti, Himmat Nagar, Gopalpura,
Tonk Road, Jaipur-302018, Rajasthan.**