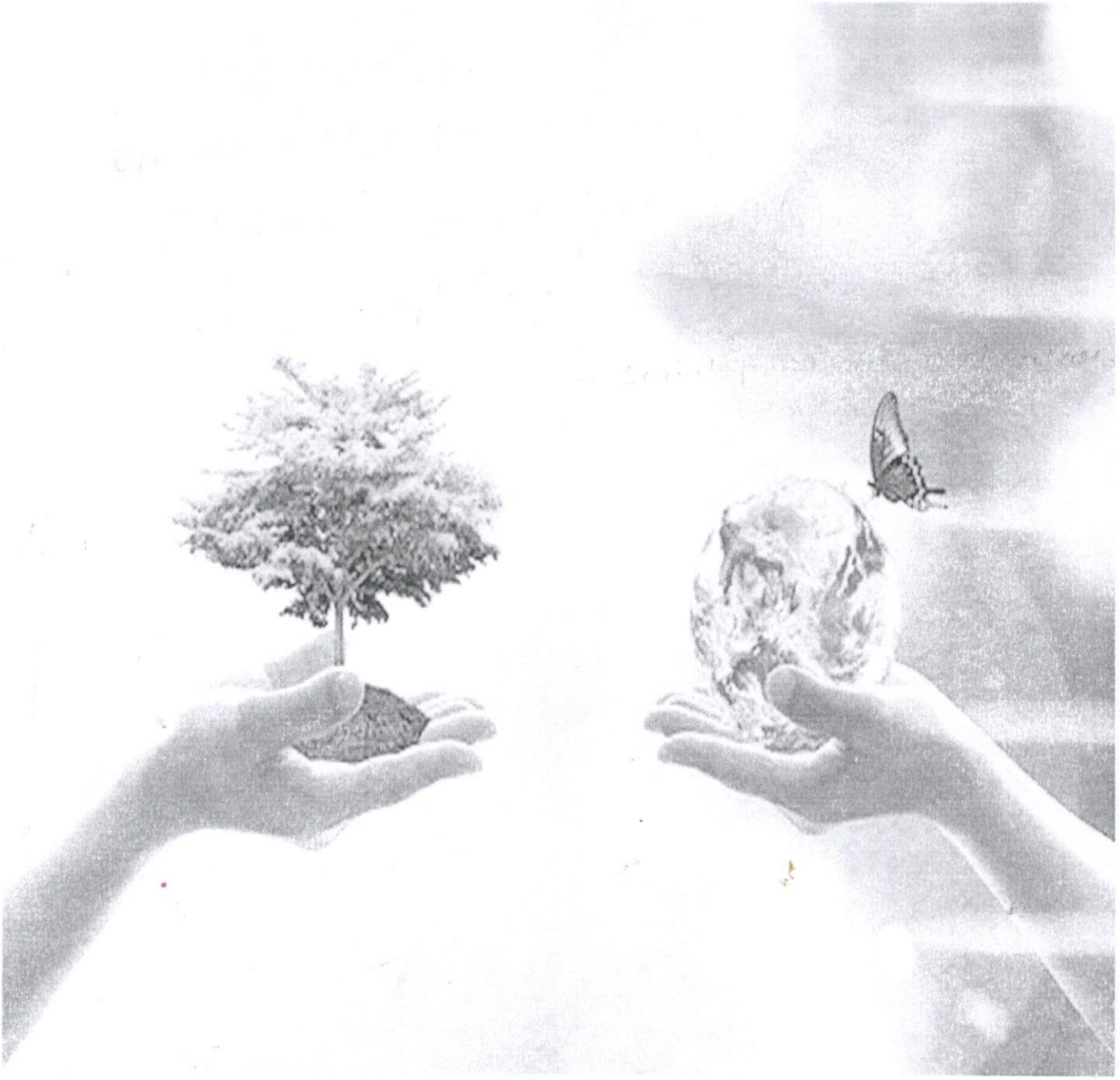
Janakalyan

CIN No: U74999WB2016PTC216823
(An NBFC, RBI approved Microfinance Institution)
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Environmental, Social and Governance (ESG) Policy



Prepared by: Compliance Department
Approved By: Board of Director
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Environmental, Social and Governance (ESG) Policy

Janakalyan Financial Services Private Limited (JFSPL) is a RBI registered NBFC-MFI. It started operations in March 2017 with the objective to support underprivileged women in the rural and semi-urban areas of Eastern and North-Eastern India with economic opportunities to transform the quality of their lives and create employment opportunities for sustainable income. It is committed to support, improve and strengthen the economic status of the underprivileged section of the society.

The company is aware of the fact that its employees, members, partners and the vendors that it deals with in course of its business can have an impact on the environment and community, and therefore acknowledges the need for adherence to environmental, social, and governance policies consistent with the values of Janakalyan by all parties associated with it.

It has therefore laid out an Environmental, Social and Governance (ESG) Policy which combined with its Fair Practices Code will provide it with the necessary impetus to achieve its desired growth in a responsible, inclusive and sustainable manner.

1. POLICY STATEMENT

The ESG Policy of Janakalyan is driven by its mission to improve the standards of living of millions of Indians engaged in micro, small and medium enterprises across the country through a wide range of financial services, in a sustainable and transparent manner based on mutual respect and understanding.

The ESG Framework of the company is focused towards ensuring overall sustainable development in its area of operation and hence the environmental and social considerations play a significant role in the way it conducts its own business and, in the activities, carried out by the borrowers and other stake holders.

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2. PURPOSE OF POLICY

This policy is designed to provide guidance to the employees, members and other stakeholders of the company for handling all issues impacting the Environment, Social Responsibility and Governance (ESG).

JFSPL also recognises that Environment Health and Safety (EHS) is an important and integral component of the broader ESG policy. The company, its employees, members and other stakeholders are committed to providing a safe and healthy working environment and comply with all regulations for the preservation of the environment. They will prevent the wastage of natural resources and minimize any hazardous activity during its operations and disposal of waste. They will strive for a safe and healthy environment, free from occupational injury & diseases. The company will also pursue high standards of safety, health and environmental management as an integral part of the efficient management of the business.

3. GUIDING PRINCIPLES

JFSPL will conduct its business and operations in compliance with all relevant and applicable laws in the country concerning environmental, occupational health and safety regulations.

Environment

- A model of sustainable development will be followed.
- The company will monitor, control and upgrade technology to prevent pollution and conserve resources.
- All projects and processes shall be designed keeping in view environmental protection as an integral part to achieve sustainable development.
- The company will focus on maximum recycling.
- The company will ensure a reduction in the use of water consumption.

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Health

- Availability of First Aid Boxes in every department/section and maintenance thereof.
- The company will impart necessary health education to members.
- The company will ensure the availability of equipped ambulances through third parties at all times to shift the patient to the nearest hospitals.

Social(S)

It examines the Company relationship with employees , suppliers/vendors, customers and communities. Key factors include labour practice, diversity and inclusion, human rights, community engagement and supply of chain responsibilities.

Safety

- Any accident, however trivial it may be, shall be reported. An official or any sub-Committee identified by the ESG Committee shall investigate and find out the probable cause and suggest preventive measures. The recommendations suggested by the officer/team shall be implemented. The company and its members shall strive to achieve zero accidents on a sustainable basis.
- Fire extinguishers of the required type and capacity shall be installed at appropriate places in the branches/offices. Members shall be imparted training to operate fire-fighting equipment.
- Preparation of On-site emergency plans, conducting of regular mock drills and evacuation programs will be ensured.
- Dissemination of relevant information to employees relating to general safety, equipment operating safety and cautioning through visual media.
- Development of safety culture, enforcement of safety rules and accepted safe practices.

Governance: It focuses on leadership, accountability and corporate oversight. These include Board composition, executive compensation, succession planning, anti corruption policy, transparency, internal control and shareholders rights.

The company is committed to the principle of transparency and good governance and will ensure the following:

i. Have an adequate number of Independent Directors.

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ii. Provide adequate transparency about the company's operations and a governance structure that demonstrates appropriate accountabilities.

iii. Take demonstrative action to ensure that its employees are not involved in corrupt practices, and ensure that the employees' conduct scrupulously adheres to the policy governing the "Code of Conduct."

iv. Employees uphold high standards of business integrity and honesty; and

v. Deal with regulators in an open and cooperative manner.

4. POLICY IMPLEMENTATION

The effective implementation of the ESG Policy with regard to **Social Responsibility** will be ensured by scrupulously adhering to the following guidelines:

Loan Proposals

The Cluster Heads (CH), Branch Managers (BM) and Field Officers (FO) are well appraised of the ESG Policy and will diligently scrutinize every loan proposal/service agreement to identify any environmental, social or labour risk that may emerge by dealing with a particular customer or vendor.

All loan proposals would be subjected to a preliminary screening and in case any applicant is found to be grossly non-compliant with national or local environmental, social or labour laws, then the loan application will be rejected.

Exclusion List

JFSPL will not lend to the members for the following activities:

i. Projects or companies identified by the Government to be in violation of local applicable law related to the environment, health, safety, labour, and public disclosure.

ii. Projects or companies where the primary business activities are in the following prohibited sectors: gambling; media communications of an adult or political nature; military equipment production; alcoholic beverages (if contrary to local religious or cultural norms).

iii. Companies found by a court or administrative body of competent jurisdiction engaging in unlawful practices.

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iv. Projects or companies that provide significant, direct support to a government that engages in a consistent pattern of gross violations of internationally recognized human rights, as determined by the Government of India.

v. Production or trade in any product or activity deemed illegal under the laws or regulations of India or international conventions and agreements or subject to international phaseouts or bans such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls and other hazardous substances, wildlife or wildlife products regulated under the Convention on International Trade and Endangered Species of Wild Fauna and Flora and trans-boundary trade in waste or waste products.

vi. Production of, trade in or use of un-bonded asbestos fibres.

Loan / Service Agreements

Loan Agreements will clearly enumerate a clause on compliance with all applicable local and national environment, social and labour laws. Agreements with vendors will be scrutinised and any deviation in terms of applicable local and national environmental, social and labour laws may adversely impact the decision.

End use of Funds Verification

As a part of internal inspection Loan utilization checks (LUC) are conducted. Along with other checks, special emphasis will be given by the inspectors conducting LUC to observe any non-compliance in the social and environmental regulations as applicable and reasonably ascertainable during the visit. Any noncompliance observed shall be reported to the senior management through the ESG Committee who in turn will take a call on further action which may include notifying customers with risks associated with non-compliances and call upon them to take necessary corrective actions or classify the non-compliance as an event of default and recall the entire outstanding of the credit facility.

5. ESG RESPONSIBILITY

The company has identified Head-HR & Admin as the key person for implementation of ESG initiatives and shall take internal/external approvals wherever necessary. He will be the

Convenor of the ESG Committee that shall be constituted with the employees of the Company as members which shall also include its senior management.

The ESG Committee shall inter-alia be responsible for following:

i. Compliance with all legislative requirements pertaining to ESG as minimum standard and where ever appropriate, institute additional measures.
ii. Review and Revision of guidelines for EHS, whenever required.
iii. Dissemination of information regarding EHS amongst members and promoting awareness of EHS by organizing inter department, inter unit competitions and contests throughout the year and specially on the occasion.
iv. Observe National Safety day i.e. 4th day of March, National Fire Service Day i.e. 14th day of April and World Environment Day i.e. 5th day of June.
v. Providing at least 4 hours of EHS training annually to each member, contractors and others who work with the Company.
vi. Implementation of guidelines laid down from time to time for safe & healthy environment.
vii. Encouraging voluntary involvement of members by creating conducive environment.

The ESG Committee through its Convenor will submit a report on ESG to the Committee of Senior Executives (CSE) at least once in a quarter. CSE may form a sub-committee for effective monitoring and observance of ESG and EHS.

6. E-Waste:

Electronic waste or e-waste is generated when electronic and electrical equipment become unfit for their originally intended use or have crossed its total working life span. Computers, servers, mainframes, monitors, compact discs (CDs), printers, scanners, copiers, calculators, fax machines, battery cells, cellular phones and air conditioners are examples of e-waste (when unfit for use). These electronic equipment's get fast replaced with newer models due to the rapid technology advancements and production of newer electronic equipment.

Some eco-friendly waste disposal technique that the Company can adopt to dispose of electronic waste locally are:

i. Dispose of Electronic Waste to a Certified E-Waste recycler; or
ii. Exchange Policy: A lot of electronic companies tend to have an exchange policy whereby they take back your old gadgets when you buy a later version, sometimes offering you a discount on your new purchase; or

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iii. Donate to a small social welfare institution.

7. INITIAVTIVE TO MITIGATE GHG EMISSIONS:

i. Channelize investments towards low carbon sector such as renewable energy, mass transport and green infrastructure.
ii. Use power management features and software on computers and laptops.
iii. Replace carbon dioxide-based fire extinguisher with clean agent fire extinguishers that are less damaging to the environment.
iv. Hold virtual meetings in place of physical commute

8. INITIATIVES TO IMPROVE ENERGY EFFICIENCY:

I. Use energy efficient lighting for e.g., LED Lights
II. Purchase ENERGY STAR qualified office equipment
III. Install occupancy sensors
IV. Integrate renewable energy into your energy mix
V. Switch to a laptop
VI. Conduct an energy audit

9. INITIATIVES TO IMPROVE WATER EFFICIENCY

i. Install advanced water-efficient technologies
ii. Install low-flow toilets
iii. Install faucet aerators
iv. Rainwater harvesting and reuse water

10. GRIEVANCE REDRESSAL

In order to address effectively any operational, social, environmental, labour and other general concerns, the company has in place a structured grievance redressal framework supported by a review mechanism. This redressal mechanism can be used not just by its customers, but also by its employees, vendors and the community at large. The grievance redressal policy is a part of the company's **Fair Practice Code** which is published in its website.

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