



Environmental Social and Governance Policy

History of Revisions

Version	Summary of Revisions	Date of Approval
1.0	Policy Formulation	28-03-2025

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1. Introduction

The financial sector plays a pivotal role today in creating and fostering meaningful environmental and social impact. At Equitas Small Finance Bank Limited (hereinafter referred to as “ESFB” or “the Bank”), customers are at the heart of its success story. Their resilience and aspirations for a better tomorrow have made the Bank one of the leading small finance banks in India. As one of India’s leading financial institutions serving the underserved, ESFB is dedicated to addressing the financial needs of its customers. The extensive range of products and services allow the Bank to cater to the specific needs of customers, including those with variable and cash-based income profiles. By deploying the money that the customers have invested with the Bank into communities with limited access to financial resources, the Bank aims to deliver sustainable social change and enhance the quality of life in the communities it serves. This Environmental Social and Governance (ESG) framework is now being put in place, to further enhance and embed sustainability into the core operations of the Bank.

2. Objective & Scope

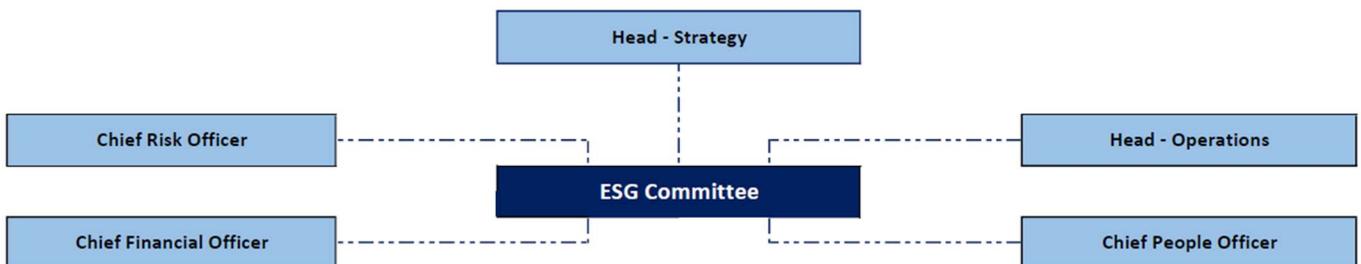
2.1 Objective

The Bank envisions a future rooted in sustainability, with a steadfast commitment to ESG principles guiding its path. The primary objective of this policy is to articulate the ESG framework to enable the Bank to carry out ESG activities to improve the quality of life of its customers and the low-income communities. The Bank also aims to strive towards net zero emissions and enhance its ESG practices.

2.2 Scope

- a) This policy will cover the role, rights and responsibilities of the Bank with regard to ESG activities.
- b) This policy is applicable to all stakeholders, business partners, clients, vendors or suppliers, across all the branches and offices of the Bank in India.
- c) This policy is applicable to all projects, programmes, donations and activities undertaken by the Bank in fulfillment of its commitment to ESG.

3. Governance



The long-term vision of the Bank is to become the standard for ESG practices in the banking industry. To strengthen the pathway to this goal, the Bank will put in place an effective governance structure to monitor its ESG activities.

- **Chairman of Committee:** The Committee will be chaired by the Head of Strategy and in his absence, by the Chief Risk Officer, providing strategic direction and oversight for all ESG activities and performance across the Bank. The Chairman of the Committee can invite members to the Committee as per the requirement.

- **ESG Committee:**

Members: The ESG Committee will consist of senior members from the leadership team and will work under the guidance of Chairman of the committee.

Periodicity and quorum: The Committee will meet as frequently as required, at least twice a year, with at least three members present.

Role of the Committee: The Committee will set the strategic goals for ESG activities within the framework established by the Bank. The Committee will develop the annual plan for ESG activities, taking into account the budget allocated and feedback from across the organization. The Committee’s functions include identifying ESG-related risks and financial impact, implementing sustainable practices, and continuously seeking opportunities to improve in these areas. The Committee will also be responsible for improving the disclosure methodologies, to enhance transparency and ensure that all internal policies are aligned with the ESG vision of the Bank. The Committee may utilize the services of external consultants or advisors, if necessary.

With such a robust governance structure, the commitment to sustainable and responsible banking will be upheld, contributing to a better future for all stakeholders.

4. Framework

This framework is designed to ensure that the ESG initiatives of the Bank benefit the customers, the community and the Bank in meaningful ways, bringing positive change to the world.

	Customers	Community	Company
Environment	<i>Offer sustainable financial products and promote eco friendly banking practises.</i>	<i>Invest in environment friendly projects and green initiatives</i>	<i>Move towards net zero carbon emissions & Implement energy efficient practises</i>
Social	<i>Improve financial inclusion through expansion, digital solutions and financial literacy programmes</i>	<i>Support the development of marginalized communities and promote employee volunteerism for social service.</i>	<i>Ensure employee well being and promote a culture of continuous development and diversity</i>
Governance	<i>Maintain high standards of customer service and always ensure fair and transparent interactions.</i>	<i>Engage with local communities to understand their needs and have ethical and transparent engagements.</i>	<i>Implement robust governance frameworks, ensure transparency in ESG reporting and conduct regular audits to identify gaps and align with industry best practises.</i>

Through this structured approach, the Bank will pave the road for a sustainable and equitable future for generations to come. This framework will position the Bank to navigate future challenges effectively and seize opportunities for growth and positive impact.

5. Activities & Key Focus Areas

The Bank is committed to sustainable and responsible banking, aligning its initiatives with the United Nations Sustainable Development Goals (UN SDGs) to create long-term value for stakeholders. Through the Equitas

Development Initiatives Trust (EDIT), the Bank provides quality healthcare access to marginalized communities by conducting primary health camps in collaboration with hospitals and facilitating subsidized secondary healthcare for deserving patients. It also supports affordable education for children from low-income families through eight schools and promotes skill development for women, along with employment opportunities for unemployed youth. The Equitas Healthcare Foundation (EHF) further strengthens healthcare access through initiatives such as the Sringeri Sharada Equitas Cancer Cum Multispecialty Hospital, which offers affordable cancer care, and wellness clinics addressing preventive health and lifestyle disorders.

The Bank will remain committed to fostering diversity and inclusion by creating a workplace that values and empowers individuals from diverse backgrounds. Additionally, the Bank will prioritize employee development and well-being through upskilling initiatives, comprehensive healthcare benefits, and a safe working environment.

The Bank's actions are guided by a strong governance framework that ensures integrity, transparency, and accountability. Moving forward, the Bank will continue to undertake these activities and contribute up to 5% of its net profits from the immediately preceding financial year to Equitas Development Initiatives Trust, Equitas Healthcare Foundation, or other relevant trusts, as per the annual action plan approved by the Board.

5.1 Key Focus Areas

ESFB has a systematic approach to ESG, identifying focus areas to ensure that its operations benefit the Bank, its customers and the broader community.

a) Emissions

The Bank will conduct regular audits of emissions to identify and address areas for reduction. It will implement energy-saving technologies and transition to renewable energy sources wherever feasible. Additionally, the Bank will compensate for unavoidable emissions through investments in environmentally sustainable initiatives to reduce carbon footprint and achieve net zero emissions eventually.

b) Green Financing

The Bank will explore opportunities to develop and offer green products, assessing the feasibility and impact of such offerings. Further, the Bank will evaluate the impact of its current portfolio periodically to identify opportunities for integrating sustainability considerations into existing products.

c) Operations

The Bank will regularly audit its operational activities to identify and address sustainability gaps and leverage technology to address them. Furthermore, it will implement sustainable practices, including energy efficiency and waste management improvements, across all facilities.

d) Inclusion

The Bank will expand its branch network in underserved and unbanked areas strategically to improve financial inclusion. It will develop and promote digital financial solutions that reach remote and

marginalized communities. Moreover, the Bank will implement financial literacy programs targeting the underserved population to empower them.

e) Development

The Bank will integrate ESG principles into all training programmes to make the employees act sustainably in the organization. It will also ensure clear career development pathways and mentorship programmes to promote diversity and inclusion across the workforce.

f) Community

The Bank will invest in community projects that align with its social and environmental goals. It will also encourage and promote employee participation in these projects to maximize their impact on society.

By focusing on these areas, ESFB aims to achieve structured and sustainable growth that will create long-term value for its customers, the community and the Bank.

6. Disclosures

The Board will approve the Business Responsibility and Sustainability Reporting (BRSR) and Annual Report, containing highlights on the ESG projects or programs and its performance, which will be published and sent to shareholders. The above data will also be published on the website of the Bank.

7. Provisions in policy over and above but in consonance with RBI guide lines

N.A. as there are no RBI Guidelines applicable to this Policy.

8. Changes made to the policy

N.A. as this is a new policy.

9. Periodicity of review of the Policy

The Board will review this policy within 12 months from the date of Board approval / previous review and at such intervals as required based on regulatory and business exigencies.

Author of the Policy	Head – Strategy, BI, Customer Experience & IR
Reviewer of the Policy	Compliance
Date of Approval	28-03-2025
Date of next review	12 months from the date of Board approval/ previous review.