

Muthoot Microfin Limited – ESG Policy

Purpose

An Environmental, Social, and Governance (ESG) policy outlines a company's approach to managing its impact in three key areas: environmental sustainability, social responsibility, and ethical governance. It focuses on reducing environmental harm, promoting social equity and diversity, and maintaining transparent, accountable management practices. The policy ensures the company operates in a way that meets stakeholder expectations while fostering long-term sustainability and positive societal impact.

The Policy is a cornerstone of MML's commitment and support to environmental and social dimensions of sustainable development. The purpose of this policy is to prevent and mitigate undue harm to people and their environment in the development process. These policies provide guidelines to Muthoot's staff, customers, partners, vendors and associated parties, on undertaking activities in an environmentally responsible manner. The policy affirms the commitment of these parties toward healthy ESG practices and serves as a reference point for them to be able to effectively implement the policy within their operational and legal boundaries.

About MML

Muthoot Microfin Limited ("Muthoot"/ "MML"), the microfinance arm of Muthoot Pappachan Group is one of the leading and fast-growing microfinance institutions (NBFC-MFI) in India. The company is focused on providing micro-loans to women entrepreneurs with a focus on rural regions of India. It provides financial assistance through micro loans such as income generating loans to women engaged in small businesses. Delivering financial services to masses including underprivileged and disadvantaged people, living in the rural sectors of the Indian society at affordable terms, in quick turnaround time and with hassle-free processing is the aim of our financial inclusion drive.

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 MML 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.

Policy Statement

The ESG Framework is founded on the concept of overall sustainable development and thereby recognizes Environmental and Social (E&S) considerations in its own business operations and in the activities carried out by the people and institutions associated with it.

This policy applies to all the activities and stakeholders of MML including its employees, stakeholders, customers, partners, vendors and all other parties associated with it.

The Company is committed to achieving long-term sustainable outcomes through its products and services to the broad stakeholders, across the Company's supply chain and in the communities in which the Company operates.

The Company has plans to establish a sustainability management system approach. In simple terms, the Company will review performance to define material issues, develop improvement objectives, implement & track progress, and reviews. This framework will assist in the development and continual improvement of sustainability performance to the benefit of all the stakeholders.

Environmental Policy

Muthoot recognizes the importance of implementing sound environmental practices throughout its office-based activities and will continue to integrate sustainable environmental practices into its daily office-based activities by:

- Continuous efforts to bring down the dependence on paper-work. Muthoot believes that in practical, every breakthrough innovation is based on a technology driven orientation. Therefore, the organization is striving to become paperless and build technology driven platforms which will not only increase the efficiency but also protect environment
- Seeking to minimize adverse environmental impacts from operations;

Muthoot will, within the context and constraints of its business:

- Operate in an environmentally responsible manner and wherever practical, reduce energy, waste and other resources;
- All projects and processes shall be designed keeping in view environmental protection as an integral part to achieve sustainable development.
- Provide an environmentally sound workplace and implement environmentally sound work practices;
- Ensure reduction in the use of water consumption;
- Monitor our programs and implement processes of continuous improvement; and
- Develop an environmentally responsible culture across all levels of organization and consult, educate, train and motivate staff about their environmental responsibilities.

In addition, Muthoot has adopted Exclusion List which defines the types of projects that it will not finance. As per policy, Muthoot will not finance the following projects:

- Production or trade in any product or activity deemed illegal under Indian laws or regulations or international conventions and agreements.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Trade in wildlife or wildlife products regulated under CITES.

- Production or trade in radioactive materials.
- Production or trade in or use of unbounded asbestos fibres
- Purchase of logging equipment for use in primary tropical moist forest.
- Production or trade in pharmaceuticals subject to international phase outs or bans.
- Production or trade in pesticides/herbicides subject to international phase outs or bans.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labour or harmful child labour.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in products containing PCBs.
- Production or trade in ozone depleting substances subject to international phase out.
- Production or trade in wood or other forestry products from unmanaged forests.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous People, without full documented consent of such people.

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 MML can adopt to dispose of electronic waste locally are:

- Dispose of Electronic Waste to a Certified E-Waste recycler; or
- 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
- Donate to a small social welfare institution

Social Policy

Muthoot will make sure that working conditions in the organization meet (or exceed) the international labour standards. Muthoot also acknowledges that safety and health of workers has a positive impact on productivity and economic & social development. Muthoot aims to be one of the best workplace for employees in the coming years and will also make sure that:

- There is no forced labour and employment is freely chosen
- The right of freedom of association is respected and encouraged by the employer
- No child labour
- Living wages are paid (wages should always be enough to meet basic needs and to provide some discretionary income)
- No harsh treatment is used or discrimination practiced
- Workers are not pressurized to undertake overtime they do not wish to do
- A safe and hygienic working environment shall be provided

In particular, Muthoot will:

- Create safe and healthy working conditions, and protect and promote the health of all workers;
- Fire extinguishers of required type and capacity shall be installed at appropriate places in the branches/offices. Members shall be imparted training to operate fire-fighting equipment's.;
- Preparation of On-site emergency plans, conducting of regular mock drill and evacuation program will be ensured;
- Dissemination of relevant information to employees relating to general safety, equipment operating safety and cautioning
- Ensure that the safeguarding of personnel and property is carried out in a legitimate manner that avoids or minimizes risks to the community's safety and security;
- Protect and conserve biodiversity by avoiding habitat destruction or degradation particularly of natural and critical habitat as also protected areas; and ensure access of communities to natural resources on which their livelihoods depend;
- Respect and preserve the culture, knowledge and practices of indigenous people;
- Protect cultural heritage from the adverse impacts of its Operations and support its preservation.

Muthoot will ensure that affected communities are appropriately engaged on issues that affect them through:

- Prior disclosure of relevant information in a timely and culturally appropriate manner;
- Effective and ongoing consultation with affected communities; and

Governance

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

- Have adequate number of Independent Directors.
- Provide for adequate transparency about the MML's operations, and a governance structure that demonstrates appropriate accountabilities.
- Take demonstrative action to ensure that its employees are not involved in corrupt practices, ensure that the employees' conduct scrupulously adhere to the policy governing the "Code of Conduct."
- Employees uphold high standards of business integrity and honesty; and
- Deal with regulators in an open and co-operative manner.

Grievance Redressal

In order to address effectively any operational, social, environmental, labour and other general concerns, MML 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.

Amendment of this Policy

The Board of Directors of the Company has the right to amend or modify this Policy.

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