



ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FRAMEWORK

2022-23

ABSTRACT

Showcasing the ESG framework and policies to create a better place for living and help the humanity.

ESG Committee

CSR

Introduction

As India's one of the largest Gold Loan Financing Company, we are committed to positively impact the environment, our customers, employees, and the community at large. Our core values have guided our ESG practices, which seek to drive growth and empower communities through our corporate decision-making processes.

We are committed towards pleasant customer service, operational excellence, product leadership, and people. These are in our blood. It is not like we have opted these in just recent years, we have been carrying the same legacy for last 800 Years, with our unique slogan, "Unchanging Values in Changing Times".

As an organization, we aim to align our ESG approach with our strategic goals and the experience we seek to offer all our stakeholders. ESG is an area of heightened focus and investment for us and has changed our outlook towards our business.

Policy Governance:

To further improve our vision and focus on ESG, we have established an Environmental Social & Governance (ESG) committee, which is a top management level committee consisting of senior officials across different verticals in Muthoot Finance, headed by a member of the senior management team. The ESG Committee reports to the Board of Directors on the Company's ESG strategy and road map to achieve set targets.

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 and necessary proposed amendments may be done approved by the ESG Committee and CSR Committee of the Board.

Focus Areas:

Environmental

Muthoot Finance will adhere to the following to uphold its environmental responsibility:

- Implementing and continuously improving the applicable environmental management practices
- Ensure a safe and healthy work environment and engage with employees and overall value chain to nurture a general environmental awareness through training and other modes of communication.
- Implementation of sustainable water management practices
- Measure, monitor and track the progress on environmental management / conservation initiatives in line with national and international frameworks.
- Be an environmentally responsible company within the larger community and communicate the organization's achievements to all relevant stakeholders for wider adoption of environmental management practices.

Our focus areas are:

Energy and Emissions:

Global Warming in recent years has been a major area of concern for the corporates and the Government. Continuous efforts to lower down the Carbon Emissions have to be set and strictly implemented. In our strategy, to combat climate change and transitioning to low carbon emission, we strive to further initiatives to monitor and reduce the energy consumption:

The initiatives can be:

- Focusing on adoption of Solar energy in our offices/branches premise
- Replacing high energy consuming devices and equipment's with the ones consuming less energy and higher efficiency
- Using Ozone friendly refrigerants and coolants for our offices/branches cooling.

Waste:

The Company shall make efforts to dispose of waste in the most responsible manner. The company will ensure that no hazardous electronic waste is sent from the company to the landfill.

The company is conscious of paper usage in its operations, transactions, and customer communications. As a Digitally Inclusive Company, we are continuously striving to focus on digital transformation and paperless working.

We have recently introduced E-pledge form and OTP based agreements across all our branches. Not only in our Offices but also in our branches, we are focused to reduce paper consumption, thereby reducing paper waste. Printing and photocopying operations by employees in our offices/branches are constantly being monitored and are advised to use less papers and more software's.

We are also focusing on using mobile applications e.g iMuthoot App for paying interest and principal of Loan to lower down the need to visit the branches frequently.

We are prioritizing digital KYC enabled by Aadhar and Video KYC over paper KYC. The customer communications are being done via Calls, Messages, Mails primarily instead of printed method.

Eco Friendly Methods:

Some of the initiatives by MFL under this category consist of:

- Designing offices in such a way to maximize utilization of the Sun light.
- E- waste includes safe disposal and handing over of E-Waste to certified vendors for proper disposal.
- Using digital platform for circulating documents for board and senior management meetings.
- Single use plastic water bottles are not being used in our Corporate office.

Procurement Policy:

The company recognizes the need to work closely with our suppliers/vendors to minimize waste, improve efficiency, reduce carbon emission. We 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 labour laws, human rights, and regulations in their regions of business.

Resilience to Catastrophe & Disaster:

We have already installed fire alarms, panic buttons, CCTV cameras, Smoke detectors etc. in our offices. Our Corporate Office building is earthquake proof. Not only this but also, we maintain first aid boxes at our offices/branches. Lightning arrester is installed at our Corporate Office.

Social

Human Resource Management:

Fair and Transparent Workplace:

MFL continuously strives to create an environment which is fair, open, and transparent and where employees can openly present their views.

Because we believe that our employees are central to everything we do, and satisfaction of our employees is at the utmost priority for long run growth and success of the company.

We will provide fair and equal employment and advancement opportunities to all its employees and there will be no discrimination based on race, caste, color, age, sex, disability, and socio-economic status of the candidate.

We ensure a fair recruitment process that helps us identify and hire people with the right values, who are then groomed, encouraged, and retained through a combination of financial and non-financial incentives.

Employee Health & Well-being:

The company is committed to take steps to promote a safe and conducive work environment for its employees and will provide guidance on occupational health and safety, appropriate healthcare benefits and medical cover to all its employees. During Covid-19 pandemic, we took several safety measures to ensure our employees' health and safety.

From their health perspective, all MFL employees including their dependent family members (Spouse & 2 Children) are provided with Medical Insurance. Moreover, regular health checkups of employees above 55 are being done.

Safe Working Environment:

The organization has a Zero tolerance Policy on Prevention of Sexual Harassment (POSH) and an Internal Complaints Committee (ICC) that investigates cases of sexual misconduct and investigates them through a fair and transparent process and act against erring employees. Training on awareness of POSH is being given to all Employees on regular bases.

The organization will continue to promote and protect the well-being of all women employees.

Human Rights:

Four important rights are:

- Right to life and liberty
- Freedom from slavery & torture
- Freedom of opinion and expression
- Right to work

MFL at every instant offers scope of equal opportunities to all its employees. Moreover, we are constantly striving to build a safer and more conducive environment for women employees. This has made us so capable that we have been awarded with Best Workplace for Women Employees.

Every 5th employee in the company is a woman i.e 20% of our employees are female employees and we are much focused to increase this ratio to 25% in next 2 years.

We also sponsor education for children of our Office Boys/Sub Staff.

Inclusion and Diversion:

The diversity of the employees is the strength of our organization. We have employees across North, East West & South of India operating at our 4500+ branches providing best customer service.

We emphasis on recruiting local candidates for our Offices/branches even in Rural and semi urban areas giving opportunity to local youngsters.

Customer Care Executives who are the first point of contact for our customers and act as the face of the organization are female employees at all our branches.

Labor Standards and Working Conditions –

All our offices are maintaining good labor standards with respect to Working hours & Wages. We have a Whistle Blower Policy, empowering staff members to report and bring to light any inappropriate behavior, unethical act in business or personal conduct.

Stake Holder Relation:

All our NCD's are issued online and remain in the Demat accounts.

For all grievance a common email address has been given.

Also, we have identified a need for developing centralized Grievance redressal mechanism for stake holders which will especially focus on the issues arisen keeping the interest of all the Stake Holders.

Occupier Amenity:

We provide good working conditions to all employees with clean and hygienic washrooms, separate for male and female staff members, ensure maintenance of high degree of hygiene through liberal use of hand sanitizers, Corona Guard machines, UV Machines for sanitizing various physical objects like papers, work items etc.

A Gym / Recreation Facility for employees working at our Corporate Office is also arranged with a dedicated Gym Instructor.

Training and Development:

MFL recognizes the importance of having a skilled workforce with necessary competencies to deliver on the strategic and operational plans of the organization through well- structured training modules to assist in job specific development as well as personal development of the employees. The organization is committed towards providing an environment that is favorable and promotes training and development opportunities to all employees.

Our Customers:

We understand that maintaining the interest, trust and regard of our customers is vital for our growth, success in the long run, in a competitive market.

Through our digital platforms and initiatives, we provide our customers with the flexibility to access and consume our services over any digital platform of their choice without a need of visiting our branches frequently.

The product quality and service delivery ensure us to keep on the right track of business growth. The organization seeks to achieve this by regularly reviewing service levels and capturing feedback from customers.

Abiding by its Customer Privacy policy, the organization will continue to treat customers' data with utmost sensitivity and privacy.

Governance

Anti-bribery and money laundering:

For prevention of Money laundering, strict RBI guidelines are being meticulously followed across all our offices/branches.

Cyber Security:

To keep our works, transactions, and policies vigilant, we have implemented enterprise wide.

1. IT Policy and
2. IT Security Policy

which are layered in multiple security threads and ensure the customer data in utmost security and not vulnerable to external threats.

Data protection and privacy:

A strong Data Leak Prevention (DLP) program has been Implemented to ensure data security.

Legal and regulatory fines:

We have SCMS (Standard Compliance Management Software) Legal software available.

A state of the art regulatory and compliance software has been implemented which ensures 7000+ compliances across Central, State & various other regulations and statutory guidelines.