

AADHAR HOUSING FINANCE LIMITED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

(Effective from April 2026)

(Version – 3)

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1. Introduction

Aadhar Housing Finance Limited (AADHAR / the Company) recognizes its responsibility towards the environment, customers, employees, and other stakeholders to operate business in an ethical and sustainable manner. AADHAR is one of the largest Low income housing finance companies in India servicing the home financing needs of the low income sections of the society. Aadhar endeavors to empower underserved millions to own their first homes.

AADHAR is committed to integrating Environmental, Social and Governance (ESG) principles into our lending business where these efforts can contribute to value creation.

This ESG Policy is formulated with a view to carry on business in an ethical and fair manner with positively contributing towards environmental and social sustainability.

2. Objectives

- Align company's overall business objectives with applicable laws, Rules, and Regulations while maintaining transparent and fair relationships with all stakeholders with minimal environmental impact.
- Implementing mechanisms or policies to achieve an equitable, and safe working environment for AADHAR's employees.
- To conduct business in an ethical and accountable manner to achieve sustainable growth, taking responsibility for the social, environmental, and economic impacts of our activities, whilst fulfilling moral and legal obligations.
- Delivering products and services that creates value for customers, providing sense of security and creating customer delight.
- As per the focus areas identified in the ESG Policy, the company shall endeavour to integrate ESG dimensions into its routine practices.
- The provisions of this ESG policy shall apply to the Company, all employees, and vendors.

3. ESG Policy Framework

The Environmental, Social and Governance (ESG) Policy is formulated to support our commitment towards environment, and other stakeholders, which serves as a framework to understand and manage environmental risks, impacts and opportunities.

The ESG Policy framework is governed by AADHAR's **Environmental, Social and Governance (ESG) Committee**, which comprises of –

- a) Executive Vice Chairman
- b) Chief Treasury Officer (CTO)
- c) Chief Risk Officer (CRO)
- d) Head Information technology
- e) Head Technical

Quorum: At least three members would be required amongst "a" to "e" members mentioned above, to form the quorum for the ESG committee meeting. The Executive Vice Chairman will be the chairperson of the meeting.

Meetings: The meetings of the ESG Committee shall be held at least twice in a financial year or at such other frequency as may be required.

4. Roles and Responsibilities

4.1 Roles and Responsibilities of Board of Directors

The Board shall have overall responsibility to oversee and ensure effective implementation of the ESG strategy of the company along with following responsibilities –

- a) To approve / modify the ESG Policy based on recommendations of ESG Committee.
- b) To satisfy itself / ensure effective implementation of ESG initiatives.
- c) To ensure that the ESG objectives/initiatives proposed and implemented by ESG Committee are consistent with Company's overall objectives.

4.2 Roles and Responsibilities of ESG Committee

- a) To formulate / review and recommend ESG Policy of the company to the Board.
- b) Identification and implementation of ESG related initiatives to be undertaken by AADHAR and ensuring effective implementation.
- c) To set the ESG roadmap of the Company with short-term and long-term ESG targets for continual improvement of Company's ESG performance.
- d) To identify, assess and manage environment and social risks & opportunities and their associated impacts across its operations.
- e) *Present quarterly ESG performance reports to the ESG Committee*

5. Focus Areas

The Company has identified the following key ESG priorities through a materiality assessment, ensuring alignment with its business objectives and long-term value creation :

5.1 Resource Efficiency - The Company promotes efficient use of electricity, water, and materials across its operations, supported by responsible waste management practices that reduce environmental impact and improve operational sustainability.

5.2 Climate Action - AHFL strives to enable positive climate outcomes by integrating sustainability considerations into its financing products and services. The Company advances the transition towards a low-carbon economy through climate-conscious business practices.

5.3 Financial Literacy & Inclusion - Expanding access to housing finance remains central to AHFL mission. The Company strengthens customer awareness through financial literacy initiatives, with a particular focus on underserved and economically weaker segments.

5.4 Human Capital Management - AHFL places importance on creating a safe, inclusive, and engaging workplace by prioritizing employee wellbeing, capability building, and retention.

5.5 Stakeholder Engagement - AHFL adopts a structured approach to identify and engage stakeholders, fostering transparent and meaningful dialogue while ensuring a safe, inclusive, and supportive environment for its employees.

6.2 Procurement Practices

The company recognizes its responsibility towards environment and stakeholder and hence will continue to work towards greater integration of environmental & social considerations in its procurement practices.

AADHAR will make efforts to procure, as far as possible, inputs, which are –

- a) Recycled
- b) Environment friendly
- c) Energy Efficient
- d) Locally sourced

6.3 Sustainable Operations

The Company endeavors to minimize adverse impact on environment and social aspects by promoting use of sustainable products and services across its operations.

The Company aspires to take initiatives for:

- a) Phasing out the use of Single use plastic and striving towards reducing use plastic in its office, branches and promotional activities, as far as practicable.
- b) Striving towards making offices and branches eco-friendly.
- c) Reducing paperwork with digitized App-based operations and automation.
- d) Promoting sustainable lifestyles by trainings and awareness programs amongst its employees.

6.4 Workforce and Employment Practices

6.4.1 Non-discrimination and Fair treatment

AADHAR is committed to a work environment where all employees are treated equally with dignity and respect. 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.

6.4.2 Employee health and well-being

AADHAR recognizes and is committed to promote a safe and conducive environment for its employees by striving towards basic safety, good health, and wellbeing initiatives at workplace with various initiatives towards –

- a) Group medical insurance, accident and health insurance
- b) Free Annual health checkup for employees
- c) Maternity, paternity and child care leaves
- d) Guidance on occupational health and safety
- e) Employee housing loan policy
- f) Developing safe workplace with fire alarms, CCTV cameras, smoke detectors, fire extinguishers, fire exit, safety instructions on elevators, in its offices and branches. The Company also maintains first aid boxes at its offices/branches.
- g) Annual and special sick leaves
- h) Work-life balance
- i) Education Assistance to employees

6.4.3 Employee Ethics and Code of Conduct

The fundamental policy of AADHAR is to conduct its business with honesty, integrity and in accordance with highest professional, ethical, and legal standards. All employees are expected to conduct themselves professionally and to respect others in the workplace and uphold high standards of integrity, discipline and ethical conduct and avoid conflicts of interest while fostering a positive work environment.

6.4.4 Women Safety

AADHAR has mechanisms to deal with issues related to inhumane treatment including mental or physical coercion or verbal abuse, sexual harassment, sexual abuse, of employees.

The Company has a Zero tolerance Policy on Prevention of Sexual Harassment (POSH) and an Internal Committee (IC) that investigates cases of sexual misconduct and investigates them through a fair and transparent process and take action against erring employees. The Company will continue to promote and protect the well-being of all women employees, especially women who are required to work late due to business requirement.

6.4.5 Training and Development

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

6.5 Customer

AADHAR aims to enable home ownership for every Indian across the nation and strives to ensure transparency in products sold by it as maintaining the trust and regard of our customers is important for our success and longevity, in a fiercely competitive market.

AADHAR is committed to –

- a) Increase use of technology/automation to provide services and convenience to its customers and improve quality of services provided.
- b) Company has structured Grievance Redressal Mechanism to address customer complaints and grievances with courtesy and on time.
- c) Company will continue to treat customers' data with utmost sensitivity and privacy.

6.6 Community & Society (CSR Commitment)

Guided by the board approved Corporate Social Responsibility (CSR) Policy, the company will continue to –

- a) Actively engage in philanthropic programs to resolve key social challenges in the country
- b) To focus on supporting underserved communities through its projects and interventions in its core areas of intervention
- c) Undertake socially useful programs for welfare and sustainable development of the community at large.

6.7 Cyber Security and Information Security

AADHAR has established a comprehensive and robust mechanism to ensure highest degree of data protection and adherence to principles of Confidentiality, Integrity and Availability (CIA) as guided by its Cyber Security Policy and Information Security Policy respectively.

The Company has complied with all applicable regulations to enhance safety, security, and efficiency to benefit customers, company and other stakeholders.

6. Framework on Climate Related Financial Risks

“Climate-related financial risks” means the potential risks that may arise from climate change or from efforts to mitigate climate change, their related impacts and economic and financial consequences.

Climate-related risks are one of the emerging risks and are expected to significantly impact the regulated entities (REs) as well as have implications on financial stability. As required by RBI, The REs should disclose information about their climate-related financial risks and opportunities for the users of financial statements. It will foster an early assessment of climate-related financial risks and opportunities and also facilitate market discipline.

The disclosures shall cover the following four thematic areas (Pillars) –

a) **Governance**

Company should detail the governance processes, controls and procedures used by the RE to identify, assess, manage, mitigate, monitor, and oversee climate-related financial risks and opportunities.

b) **Strategy**

Company should disclose the identified climate-related risks and opportunities over short, medium and long term, and its impact on company's businesses, strategy and financial planning; and the resilience of AADHAR's strategy taking into consideration the different climate scenarios.

c) **Risk Management**

Company should disclose the processes to identify, assess, prioritize and monitor climate-related financial risks and opportunities, and the processes used for managing climate-related risks, including whether and how those processes are integrated into and inform the RE's overall risk management process.

d) **Metrics and Targets**

The disclosures on metrics and targets should detail the RE's performance in relation to its climate-related financial risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by statute or regulation.

7. Reporting, Disclosure & Assurance

Reporting & Disclosure - AHFL shall publish, on an annual basis, its ESG/BRSR disclosures in line with applicable SEBI regulations, and endeavor to publish a Sustainability Report aligned with globally recognized frameworks (e.g., GRI, SASB) and the UN SDGs. An online archive of ESG/BRSR/Sustainability reports shall be maintained on the company website.

Assurance - AHFL will progressively seek independent, third-party assurance over key ESG disclosures and metrics to enhance reliability and stakeholder confidence.

8. Governance of the Policy

Environmental, Social and Governance Policy needs to be reviewed atleast annually and needs to be approved by ESG Committee & Board.

Annexure

Exclusion List

AHFL shall not knowingly finance or engage with borrowers/vendors involved in:-

- a) Activities that are illegal or contravene applicable laws/regulations
- b) Activities involving forced or child labour or human trafficking
- c) Production or trade of banned narcotics or counterfeit medicines
- d) Trade in wildlife or products regulated/banned under applicable laws or international conventions
- e) Production or trade in controversial weapons (e.g., cluster munitions, anti-personnel mines, nuclear/chemical/biological weapons)
- f) Standalone gambling/casino operations
- g) Any activity expressly prohibited by competent authorities.