# Ecofy Finance Private Limited (Ecofy)

# Environmental, Social & Governance Policy

**August 2025**

| ECOFY | |
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| Policy | Environmental, Social & Governance Policy |
| Reviewing Authority: | CEO & COO Jointly |
| Approving Authority | Board of Directors of the Company |
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# Preamble

*The system for integrating environmental, social & governance (ESG) aspects in Ecofy's business operations comprises two parts:*

- *Environmental, Social & Governance Policy (ESG Policy Statement)*
- *Environmental, Social & Governance Management System (ESG MS)*

*The ESG Policy Statement is a key document outlining the Environmental, Social & Governance (ESG) commitments of Ecofy, as duly signed by the Company's CEO.  The Policy statement depicts Ecofy's intentions on the ESG aspects of the business. The ESG Policy statement will be made publicly available.*

*The Environmental, Social & Governance Management System (ESGMS) Manual is in Part II of this document. It has been developed to enable operationalisation of the ESG Policy of Ecofy. The ESGMS Manual will remain internal to the company. This document will be made available to stakeholders on approval from the competent authority.*

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# Abbreviations

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| BII | British International Investment |
| E&S | Environmental & Social |
| EHS | Environment, Health and Safety |
| ESG | Environmental, Social, and Governance |
| ESGMS | Environmental, Social, and Governance Management System |
| EMS | Environmental Management System |
| EV | Electric Vehicle |
| E&S | Environmental and Social |
| FCDO | Foreign, Commonwealth & Development Office |
| FMO | Dutch Entrepreneurial Development Bank |
| GAP | Gender Action Plan |
| GCF | Green Climate Fund’s |
| GGEF | Green Growth Equity Fund |
| GHG | Greenhouse Gas |
| GIIP | Good International Industry Practice |
| IFC | International Finance Corporation |
| SMEs | Small and Medium Enterprises |
| NBFC | Non-Banking Financial Company |
| NIIF | National Investment and Infrastructure Fund |
| SDGs | Sustainable Development Goals |
| UN | United Nations |
| UNFCCC | United Nations Framework Convention on Climate Change |

# 1 Introduction

## 1.1 About Ecofy

Ecofy Finance Private Limited, operating as Ecofy, is India's first green retail Non-Banking Financial Company (NBFC). Ecofy is promoted by Eversource Capital, a fund manager for Green Growth Equity Fund ('GGEF'). GGEF was established with anchor investment from the National Investment and Infrastructure Fund ('NIIF'), anchored by the Government of India and the Foreign, Commonwealth & Development Office ('FCDO'), Government of the UK.

FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) is the Dutch entrepreneurial development bank, also known as the Netherlands Development Bank, which has made equity investment in Ecofy. Ecofy is raising resources from several other international and domestic financial institutions.

Ecofy, through its offerings, aims to increase green financing to individuals and small businesses to accelerate the transition towards a net-zero carbon economy and, in turn, assist India in achieving its target of net-zero emissions by 2070. It has adopted a unique approach by providing end-to-end digital and transparent solutions to green businesses. It provides loan products primarily for green assets, including electric vehicles (two and three-wheelers), rooftop solar systems, and ESG-oriented SMEs.

## 1.2 Background

As a responsible business and a green NBFC, Ecofy recognises that the operations of its borrowing entities, particularly SMEs and Commercial and Industrial borrowers, can have both positive and negative Environmental and Social (E&S) impacts. If these negative impacts are not managed, they could pose credit and reputation risks for Ecofy in the future. Engaging with borrowers also offers opportunities for downside risk management and upside value creation, such as brand differentiation, improved portfolio performance, stronger relationships, and increased loyalty. To realise its vision of being a catalyst in promoting the green transition towards a net-zero carbon world, the Company understands the importance of addressing these E&S risks and impacts systematically and implementing appropriate measures and initiatives at the right time.

With this background, Ecofy has developed this ESG Policy statement and Management System, aligned with national and international E&S safeguards. This document aims to identify, evaluate, manage, and monitor environmental and social risks and opportunities in our lending activities.

## 1.3 Reference Frameworks

The ESG Policy for Ecofy has been developed concerning the following frameworks:

- Applicable national and local environmental and social (including labour and occupational health and safety aspects of Ecofy's clients) related laws and regulations
- GGEF's ESG policy and ESGMS framework Version 2.0 (developed by Eversource)
- FMO Sustainability Policy 2023

- Good International Industry Practice (GIIP) requirements that include:
  - IFC Performance Standards, 2012
  - The World Bank Group General Environmental, Health and Safety (EHS) Guidelines, 2007 and relevant World Bank Group Industry Sector EHS Guidelines
  - United Nations Guiding Principles on Business and Human Rights, 2011
  - The United Nations Sustainable Development Goals (UN SDGs), 2015
  - CDC Fossil Fuel Policy, 2020

The key ESG aspects identified as material aspects for Ecofy's business canvas are given below:

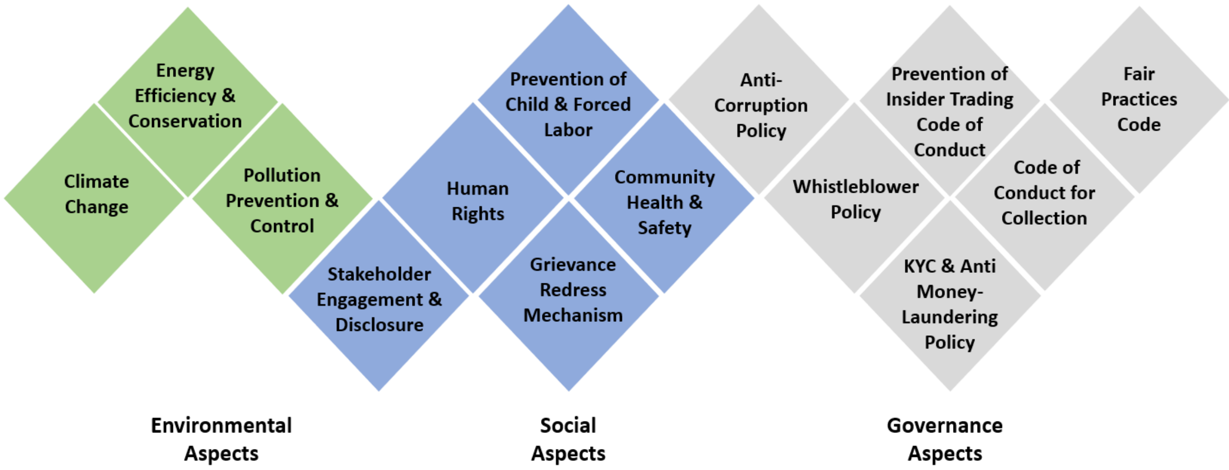


*Figure 1: ESG Aspects as drawn from the Reference Framework*

# 2 ESG and Related Policies

## 2.1 ESG Policy Statement

The ESG Policy of Ecofy emphasises its commitment as a responsible green NBFC to integrate ESG considerations in its lending operations. The company has adopted the following ESG Policy:

ecofy
finance for a greener tomorrow

### Ecofy's Environmental, Social & Governance Policy

Ecofy is India's exclusive green Non-Banking Financial Company (NBFC) that supports individuals and businesses who desire to mainstream sustainability by embracing green choices. Ecofy aspires to be a catalyst in accelerating green transition towards a zero emission future by offering digital, flexible, innovative, and accessible climate finance for a sustainable future.

Ecofy's Environmental, Social and Governance (ESG) Policy aligns and supports India's target of achieving net zero emissions by 2070. In this regard, Ecofy incorporates ESG considerations into its decision-making process and effectively manages environmental and social risks associated with its lending operations.

Ecofy will thus:

- Not extend loans to any activities (as mentioned in Ecofy's 'Exclusion List') that could lead to significant harm to the environment;
- Support businesses and products that will lead to reduction in greenhouse gas emissions;
- Influence borrowers to comply with national environmental and social legal requirements, encourage them to adopt good practices and promote safe and healthy work environment;
- Conduct its business with integrity and ethics through implementation of comprehensive governance structures and practices;
- Maintain transparency in all its business transactions;
- Comply with applicable environmental and occupational health and safety standards in all Ecofy offices
- Promote energy efficiency & conservation and pollution prevention and influence borrowers to follow the same;
- Establish a grievance redressal mechanism, engage with stakeholders and ensure timely redressal of grievances;
- Contribute to the United Nations Sustainable Development Goals;
- Align its business operations with investment themes and impact strategy of GGEF and FMO.

To achieve the policy principles mentioned above, Ecofy has established an ESG Management System (ESGMS) with monitoring and reporting mechanisms. In addition, Ecofy has allocated roles and responsibilities and appropriate resources for effective implementation of ESGMS.

**Date: March 21, 2024**

**Rajashree Nambiar**
Co-founder, MD & CEO

## 2.2 Supporting Policies on Governance

Ecofy has developed other policies to demonstrate its commitment to good corporate governance in its business operations. These policies include the following:

- Anti-Corruption Policy
- Anti-Money Laundering Policy
- Anti-Discrimination Policy
- Code of Conduct for Prevention of Insider Trading
- Code of Conduct for Collection-Recovery Agents
- Equal Opportunities Policy
- Fair Practices Code
- Gender Policy
- Gender Action Plan
- Grievance Redressal Procedure
- Framework for Managing Conflicts of Interest
- Prevention of Sexual Harassment Policy
- Whistleblowing Policy

Some of the aforesaid policies are available on the Ecofy website with public access. Certain policies and Codes of Conduct are available on the Ecofy HR Management System, accessible only to the employees of Ecofy.

The ESG Policy and other related policies will be communicated to all employees through suitable training programs and to other external stakeholders, such as partners, investors, and borrowers, as relevant.

This ESG Policy is implemented through the Company's Environmental, Social and Governance Management System (ESGMS) to achieve the policy objectives. The ESGMS will be implemented in all Company loan transactions from the date of approval.

## 2.3 Approval

The ESG Policy and Principles will be reviewed by the top management committee, comprising of CEO and COO, and thereafter, approved and adopted by Ecofy's Board of Directors. The ESG Policy and ESG Management System will apply to all loans extended by the Company from the date of approval.

## 2.4 Communication

The ESG Policy and Management System will be communicated to all employees through suitable training programs, as well as to other external stakeholders, partners, investors, and borrowers. the ESG Policy statement will be made available on the webpage of Ecofy.

## 2.5 Implementation

This ESG Policy is implemented through the Company's Environmental, Social and Governance Management System (ESGMS) to achieve the policy objectives. The ESGMS is to be formally adopted by the top management and will be implemented in all loan transactions of the Company from the date of approval.

## 2.6 Review and Update

The ESG Policy and Principles will be reviewed and updated as required, at least once in three years, to ensure their effectiveness, adequacy, and alignment with the changing scenarios of environmental and social governance.