

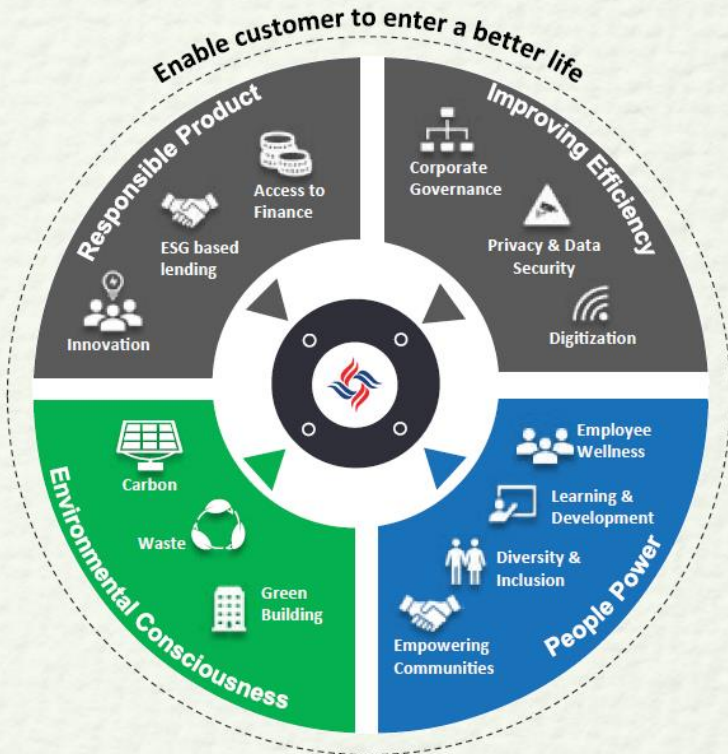




BETTER
LIVES
BETTER
NATION

ESG PRESENTATION Jul-Sep 2023

Cholamandalam Investment and Finance Company Limited

Environmental, Social & Governance (ESG) at Chola



Rating agency	Category	Rating
FTSE Russell	FTSE4Good Index	Renewal of Certificate of membership
SES	ESG Rating	
S & P Global	ESG Rating	24  +5
Others	ESG Presentation, ESG Reports - Cholamandalam Finance	

ESG Updates of Chola	Link
Sustainability Report 20 – 21	www.cholamandalam.com/esg
BRSR FY 21-22	
ESG Quarterly Presentations	
ESG profile update	
BRSR FY 22-23	Chola Annual Report 22-23

Environmental Consciousness



Green Building

- We are constructed our new office buildings at Guindy, under the supervision of a green consultant to imbibe Green Building principles. We are targeting Gold LEED Certification.
- Sensor based lights at Head office



Waste

The Company has the practice of waste disposal through approved vendors for the following categories of waste.

- Plastics
- E-waste
- Other Non-hazardous



Carbon

As an environmentally responsible company we have taken various steps towards sustainability by contributing towards water conservation, energy efficiency, supporting micro businesses in the Renewable energy sector etc. Going forward, we will focus on carbon footprint reduction

People Power

Employee Wellness

- Employee Wellness initiatives for engaging mind, body, spirit of employees.
- Occupational Health & Safety Initiative - Launched digital course on Road Safety for front line employees
- Employee Assistance program – confidential, one on one, private therapy session to manage stress and handle distortions.
- Touching lives – continued financial support for a period of 2 years for families of deceased during Covid
- Workshop conducted to build a community of Mental Health First Aiders
- Nil instances of work-related injury.
- Employee wellness initiatives through ISO 30408:2016 certified HR operations.



Diversity & Inclusiveness

- Business activities such as hiring, promotion, and compensation of employees, conducted without regard to race, state, religion, gender etc.
- Hiring more women in business roles and achieve gender equality in our organization.
- Emphasis on local hiring

Learning & Development

- Skill Development – Power BI, Project Management Workshop, AI for Internal Auditors
- Launched Knowledge series on CSEL Credit & Cross Sell policy ensuring effective execution of sustainable practice across the board.

Empowering Communities

- Key focus areas, are ongoing projects of Health, Water & Sanitation, Education, Arts & Culture, Sports, Rural Development, Environmental Sustainability, Research and Development, Road Safety.
- refer link areas of implementation, reach and/or beneficiaries
<https://www.cholamandalam.com/community-relations>

Responsible Products

Vehicle Financing

- *Financing of Commercial, Passenger, Two-wheelers, Tractors and Construction Equipment in both New and Used Vehicles.*
- *Retail customers especially in smaller towns and rural areas*
- *Focus on transport entrepreneurs, that can be classified as Micro, Small or Medium Service Enterprises*

Housing Finance

- *95% of assets are in tier 2,3,4 cities and suburbs of tier 1 cities*
- *Focus on underserved customers in tier III,IV,V, VI cities to enable them to achieve their dream of entering a better home, minimal documentation*

Loan against Property

- *Over 80% of the book is financed against Self-Occupied residential property as collateral.*
- *Lending to small businesses against the collateral of self occupied residential property at affordable ROI*

CSEL

- *Offers Personal Loans, Professional Loans & Business Loans to salaried, self-employed professionals and micro & small businesses through traditional DSA/DST model, partnerships and FinTech's.*
- *Funding to FTU customer through our partnership business to enhance financial inclusion segment*

SBPL

- *Loans to under-served self-employed non-professional customers*
- *Monthly income range Rs. 25,000- 30,000 & who do not have traditional documents. E.g. businesses that operate in cash (grocery shop, dairy owners, low salaried/cash salaried workers)*

SME

- *Lending to micro, small and medium enterprises*
- *Focus on customer who normally don't fit financial and banking norms, in various industry such as flour mills, textiles, automobile, hospitality, agricultural, plastics, Iron and steel, education institutions, etc. against the collateral of machinery/property or invoice at affordable ROI to customers, who in-turn provide gainful employment to many more people in the workforce in remote locations.*

Responsible Process

Access to Finance

- Enabling organised credit to First time borrowers and 'New-to-credit' customers
- Partnerships to use advanced techniques to appraise and underwrite customers (for unsecured Personal Loans), in the monthly income range of INR 15000-20000, in underserved professions.
- Catering to more than 1.5 Lac customers every month in a complete digital process and are eliminating significant paper and saving fuel.

ESG Based Lending

- No exposure to clients who are substantially involved in IFC excluded activities.
- Target for EV based lending (covered in subsequent slides)

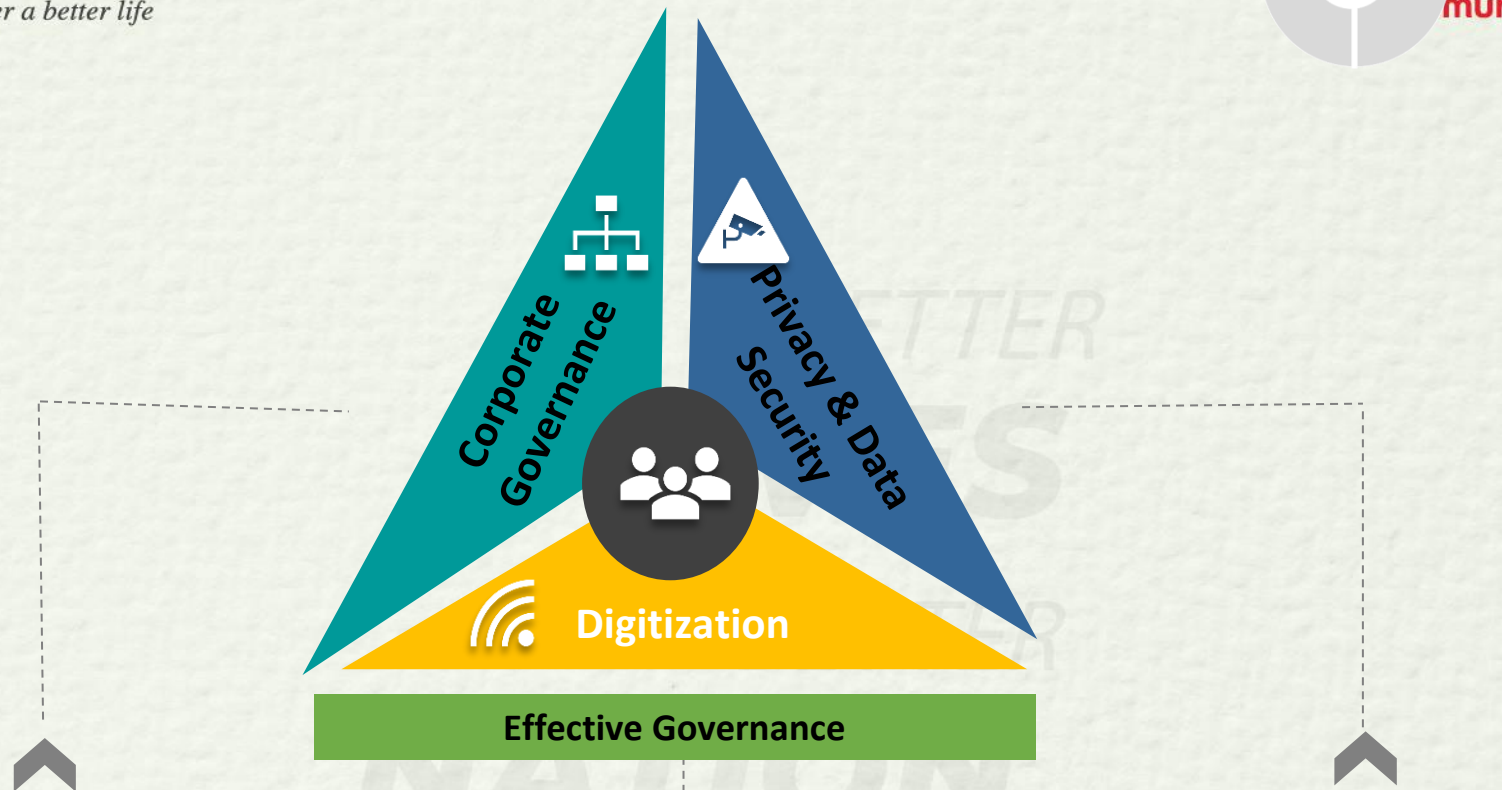
Innovation

- [Gaadi Bazar](#): online marketplace (App & Portal) for buying and selling used CVs.
- SBPL, HL, VF: B.Y.O.D (bring your own device) for SFEs, digitized collection(QR code)
- LAP, HL & CSEL: [App for all financial needs](#)
- HL: Digital Onboarding for pre-approved top up offers to existing customers

Initiatives

- 242 branches in the under- banked districts identified by [RBI](#) circular
- 70+ branches in [Aspirational Districts](#)(MSME),
- 1039 branches are in Rural area out of 1267 branches.
- Target for Environment friendly initiatives (covered in subsequent slides)

Improving Efficiency



Corporate Governance

Policies and process in place to enable highest standards in governance and transparency; ethical behaviour, board diversity etc form a part of our Code of Conduct Policy



Chola Policies &
BRSR Principles

Digitization

Businesses and functions aligned towards going digital; minimal manual documentation currently; first finance company to get all processes on a digital platform aiming at improved efficiency with minimal error

Privacy & Data Security

Policy review at board level on periodic basis; Training on data security and privacy procedures for employees; Monitoring of cyber resilience and response with a stringent SLAs. Periodic Vulnerability assessment for critical applications & infrastructure and effective patch management

GOAL: Support greener environment through Electric Vehicles (EV's) financing..

Target:

- Support the cause of a greener environment through initiating electric vehicle financing and attempting to increase EV loan disbursements by 5% YOY from 2023-2025

Achievement:

- EV loan disbursements were INR 27.48 Cr in YTD Sep'22. Presently they are INR 125.96 Cr YTD Sep'23. The target has been achieved for FY 24.

- **GOAL:** Establish green operational measures across all office branches and raise green awareness among employees and key stakeholders including customers, visitors, CSR recipients etc

Target:

- Achieve green building status for corporate office.
- Replacement of all the CFL's to LED's across all our operations - replace 100% of CFL lighting with LED systems by 2025
- Reduce water consumption through efficient water flow solutions

Achievement:

- Green building status will be achieved in shortly.
- All our new branches have LED lighting. The older branches are in process of being replaced with LED lighting and we expect to complete this well before 2025, almost 90%+ branches replaced.
- All Chola(New & Existing) branches are fitted with water aerators.

GOAL: Continue to focus on providing credit to transport entrepreneurs, new to credit customers and first-time buyers and users

Target:

- Continue to have strong focus towards ensuring financial inclusion of various marginalized sections of society by offering loans for the purchase of, new and used commercial & passenger vehicles, tractors/farm equipment, construction equipment etc. that contribute to the economy and to the social well-being of the borrowers.

Achievement:

- We are majorly present in in Tier III+ cities which makes it organically focused on transport entrepreneurs, new to credit customers and first-time buyers and users.
- New to credit constituted 43% of total VF disbursements.

GOAL: Implement best-in class data protection tools and IT governance to ensure 0% data breaches in customer data protection

Target:

- We will organize periodic information security awareness programs across the organization which will include all types of learning mediums, and the same will be measurable
- We will attain ISMS certification by the year 2025

Achievement:

- Continuous cyber awareness activity through Phishing Simulation Exercise and Cybersecurity awareness campaigns through periodic mailer and various types of assessments.
- We have commenced the process to implement ISO 27001 for applicable Information Technology domains.

THANK YOU