

ESG PRESENTATION

Oct'24 – Dec'24



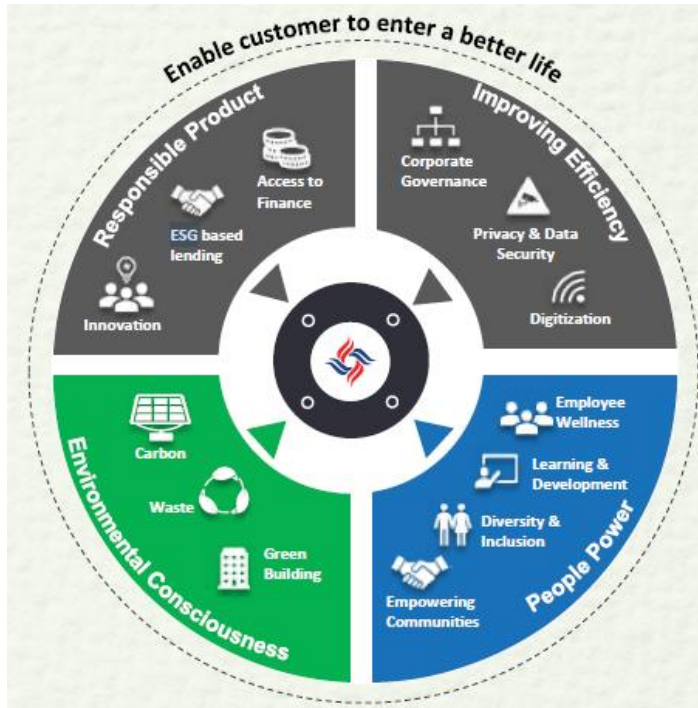
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Environmental, Social & Governance (ESG) at Chola



ESG Framework at Chola:

This framework guides us to reinforce principles of ESG in all aspects of the company’s businesses and focus its efforts on responsible products, improving efficiency, people power and environmental consciousness aligned with the expectations stated in the Business Responsibility and Sustainability Report (BRSR).

ESG Updates of Chola	Link
BRSR FY 23-24	Click here
BRSR FY 22-23	
BRSR FY 21-22	
Sustainability Report 20 – 21	
ESG Quarterly Presentations	
ESG profile update	





Board – The final authority for all the major policy and sustainability reports related to ESG

CSR Committee – This Committee comprises of Chairman, an independent Director and a non-executive Director to support and advise Board on the company’s policies, strategies and programs related to ESG

ESG Steering Committee – This Committee comprises Managing Director, CRO and key risk managers and other invitees from Businesses as may be required.

ESG Working Committee – This Committee comprises the members of the Risk Management (ERM) division and SPOCs from lines of business and functions, directly engaged into ESG related aspects to undertake implementation of the initiatives at the ground level, data obtaining, submission of reports, regulatory compliance, coordination etc.



Policies aligned with SDG

Sl. N	Chola Policies	Complied (Yes/No)	SDG
1	Appointment of Statutory Auditors	Yes	SDG 8
2	Board Diversity Policy	Yes	SDG 5
3	Board Policy on Resolution of Advances For Covid-19-Related Stressed Accounts	Yes	SDG 5 & 8
4	Business Responsibility Policy	Yes	SDG 3, 4, 5, 8, 10, 11, 12 & 16
5	Code of Conduct For Directors & Senior Management	Yes	SDG 10
6	Code of Practices & Procedures For Fair Disclosure of unpublished Price Sensitive Information	Yes	SDG 5
7	Conduct Outside office	Yes	SDG 11 & 16
8	CSR focus areas	Yes	SDG 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, & 17
9	Diversity Policy	Yes	SDG 5 & 8
10	Domestic Travel Policy	Yes	SDG 8
11	Driving Safely Policy	Yes	SDG 3
12	Educational expenses reimbursement	Yes	SDG 4 & 8
13	Emergency Loan/ Employee Loan policy	Yes	SDG 8
14	Employee Leave Policy	Yes	SDG 8
15	Internal job posting policy	Yes	SDG 8
16	Local conveyance policy	Yes	SDG 8

17 PARTNERSHIPS FOR THE GOALS 

16 PEACE, JUSTICE AND STRONG INSTITUTIONS 

15 LIFE ON LAND 

14 LIFE BELOW WATER 

13 CLIMATE ACTION 

1 NO POVERTY 

2 ZERO HUNGER 

3 GOOD HEALTH AND WELL-BEING 

4 QUALITY EDUCATION 

5 GENDER EQUALITY 

6 CLEAN WATER AND SANITATION 

7 AFFORDABLE AND CLEAN ENERGY 

8 DECENT WORK AND ECONOMIC GROWTH 

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 

10 REDUCED INEQUALITIES 

11 SUSTAINABLE CITIES AND COMMUNITIES 

12 RESPONSIBLE CONSUMPTION AND PRODUCTION 

Policies aligned with SDG

SI. N	Chola Policies	Complied (Yes/No)	SDG
17	Maternity & Paternity leave policy	Yes	SDG 3
18	Murugappa Equal Opportunity Policy	Yes	SDG 5 & 10
19	Policy For Claiming Unclaimed Interest or Principal on Non-Convertible Securities	Yes	SDG 8
20	Policy on Co-Lending	Yes	SDG 8
21	Policy on Material Subsidiaries	Yes	SDG 11
22	Policy on Related Party Transactions	Yes	SDG 8
23	Products aligned	Yes	SDG 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, & 12
24	Referral Programme	Yes	SDG 8
25	Remuneration Policy	Yes	SDG 5 & 10
26	Sexual Harassment at work place	Yes	SDG 5, 8, & 16
27	Special Leave Pandemic 2020	Yes	SDG 8
28	Transfer policy	Yes	SDG 8
29	Travel policy (CFF)	Yes	SDG 8
30	Whistle blower policy	Yes	SDG 8 & 16
31	Work days condition of employment	Yes	SDG 8
32	Work days condition of employment (CFF)	Yes	SDG 8

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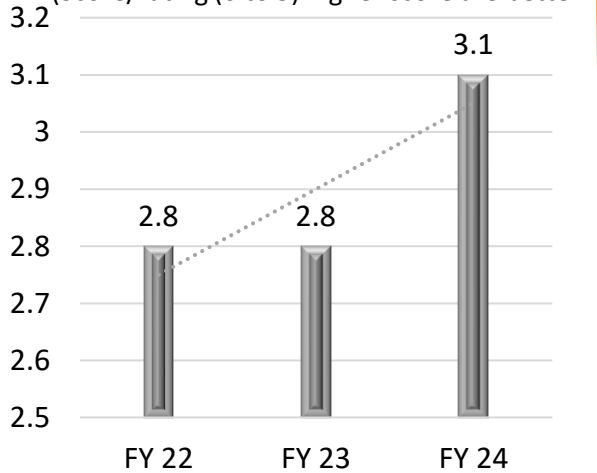
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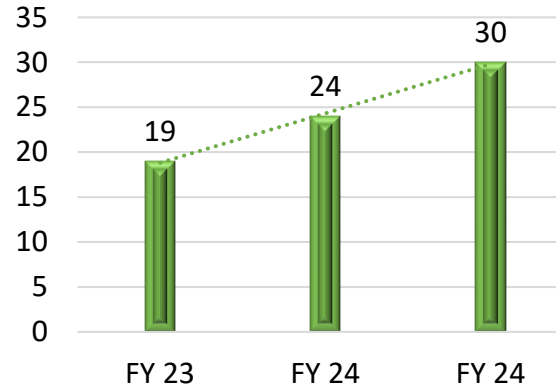
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 

Chola ESG Rating and Ranking

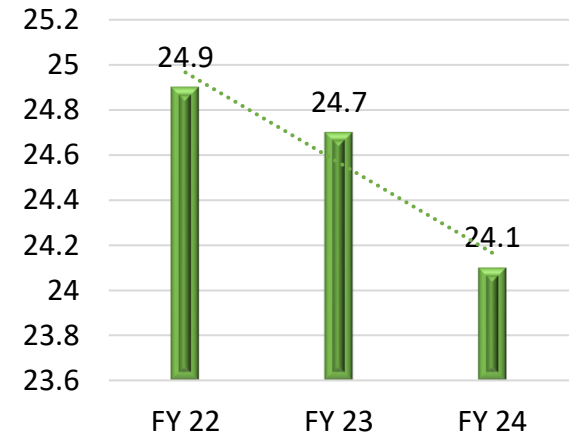
Member of FTSE4Good Index Score of 3.1
(Score/rating (0 to 5) higher score are better)



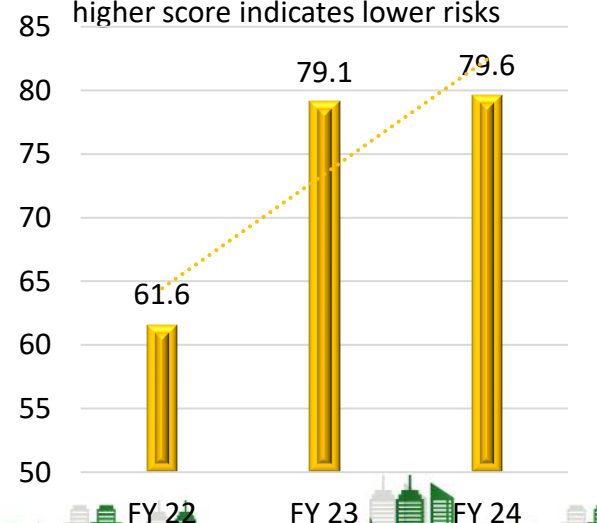
S & P Global
higher score indicates lower risks



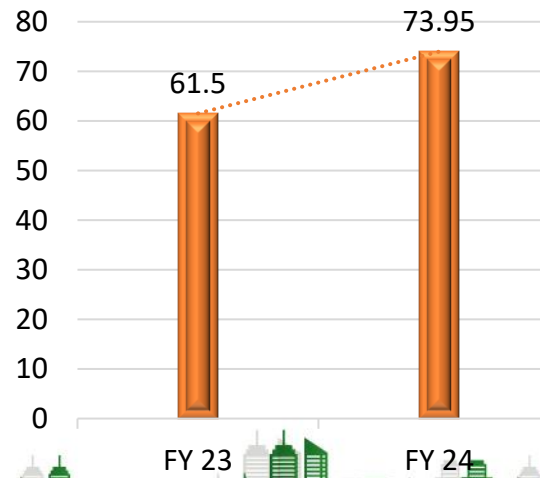
Sustainalytics
lower rank indicates lower risk



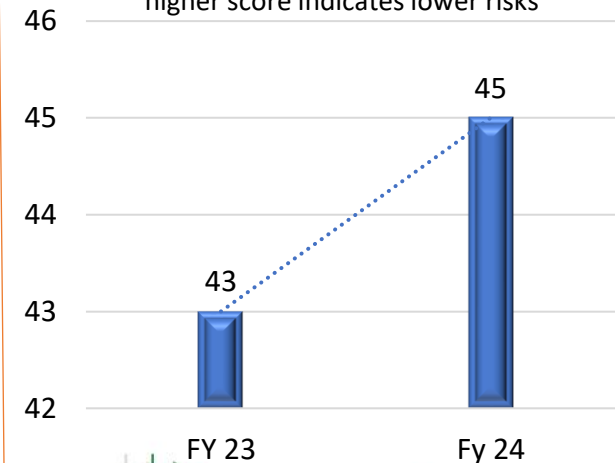
Stakeholders Empowerment Services (SES) Rating
higher score indicates lower risks



ESG Risk Assessment & Insights
higher score indicates lower risks



CSRHub
higher score indicates lower risks



Environmental Consciousness



Green Building

- We have constructed our new office building at Guindy, under the supervision of a green consultant to imbibe Green Building principles. We are targeting Green Building Certification.
- Sensor based lights and Renewable energy used at Head office .



Waste

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

- Plastics
- Other Non-hazardous

In respect of E-waste, the company engages authorized recyclers who certify that all the material have been Dismantled and Destroyed as per the CPCB guidelines with responsibility to follow all compliances as per Environmental Act.

Encourage the usage of glass bottles and glasses at Head Office, to eliminate paper/plastic cups



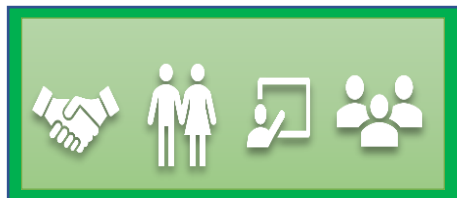
Carbon

As an environmentally responsible company we have taken various steps towards sustainability by contributing towards water conservation, energy efficiency, and supporting micro businesses. Going forward, the Company has taken strong measures to focus on carbon footprint reduction, for example use of recycled paper, double side printing etc.

Refer slide 22 for targets and achievements

Employee Wellness

- **Employee Wellness initiatives** – Wellness activity conducted (Medical Health Camp) at various region to ensure Health & safety of employees. Approx. **1835** of the employee have utilized this activity.
- **Camp's Covered** – Basic , Eye and Dental Care and Blood Donation Camp
- **Occupational Health & Safety Initiative** - Launched digital course on Road Safety for front line employees. large number of employees participated



Learning & Development

- In Q3 of FY 2024-25, conducted targeted **Product and Process Training Sessions** to enhance the **productivity of 2,320 low-performing VF Sales Field Executives** and **58 Home Loan Sales Field Executives**, underscoring our **commitment to continuous improvement and empowering** our team to achieve their **full potential**.
- Designed and executed **SBU-specific training initiatives** to empower our **branch, area, and regional level leaders** with the knowledge and skills necessary to effectively **manage and maximize the profitability of the concerned SBU**. A total of **1,387 LAP Leaders, 219 VF Leaders** and **173 SBPL Leaders** completed the training in **Q3 of FY 2024-25**.
- Conducted **Scrum Master Certification Program for the IT team**, promoting Agile practices and fostering a more adaptive, collaborative culture. **14 IT Leaders completed the certification**.
- Organized a program on **Digital Risk and Auditing, equipping 48 Internal Auditors** with skills to navigate the complexities of **digital risk management and auditing effectively**, ensuring robust **compliance and enhanced security** for our organization

Empowering Communities

- Key focus areas, are ongoing projects of Health, Water and 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>

Our Focus area	Combination of Projects initiated up to Q3 of FY 25
Arts	5
Education	10
Environment	2
Health	13
Research and Development	1
Rural Development	1
Sports	12

Diversity & Inclusiveness

➤ Business activities such as hiring, promotion, and compensation of employees, are conducted without any discrimination.

➤ Encouraging employment and participation of women in business and functional roles.

➤ Emphasis on local hiring



Responsible Products

Vehicle Financing

- *Financing of Commercial, Passenger, Two-wheelers, Tractors and Construction Equipment in both New and Used Vehicles across 1527 branches PAN India*
- *Retail customers especially in smaller towns and rural areas*
- *65% of disbursements are to micro & small enterprises and agri-based customers*

Housing Finance

- *Focused on providing Home Loans under affordable segment with presence across 710 (677 co-located with VF) branches*
- *98% of assets are in tier 2,3,4 cities and suburbs of tier 1 cities*
- *Focuses on reaching out to lower and middle-income borrowers across the country, penetrating to smallest villages and towns.*

Loan against Property

- *Over 78% of the book is financed against Residential property as collateral. Our presence across 781 (771 co-located with VF) branches*
- *Lending to medium & small businesses against properties at affordable ROI under LAP & Micro LAP*

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. our presence across 495 (494 co-located with VF) branches.*
- *Funding to FTU customer through our partnership business to enhance financial inclusion segment*

SBPL

- *Loans to under-served self-employed non-professional customers, across 414 (all co located with VF) branches*
- *Monthly income range Rs. 25,000- 30,000, unorganised segment (grocery shop, dairy owners, low salaried/cash salaried workers)*

SME

- *Lending to micro, small and medium enterprises, across 89 (all co located with VF) branches*
- *Focus on small scale entrepreneurs in industries 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, 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 customers with D2C digital processes that help eliminate paper and save fuel.

ESG Based Lending

- No exposure to clients in case those activities are detrimental to society and environment at large.
- Target for EV based lending (covered in subsequent slides)

Innovation

- [Gaadi Bazar](#): online Trusted marketplace for buying and selling car, truck, bus, two wheeler and three wheeler.
- 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 APF module launch for enabling builder projects

Initiatives

- 303 branches in the under- banked districts identified by [RBI](#) circular
- 80+ branches in [Aspirational Districts](#)(MSME),
- Across 32 states/Union Territories 92% presence across tier III—VI towns



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

Digitization

Businesses and functions aligned towards going digital; minimal manual documentation currently; We are one of the first finance companies to transition all processes to a digital platform aiming at customer satisfaction with improved efficiency.

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”



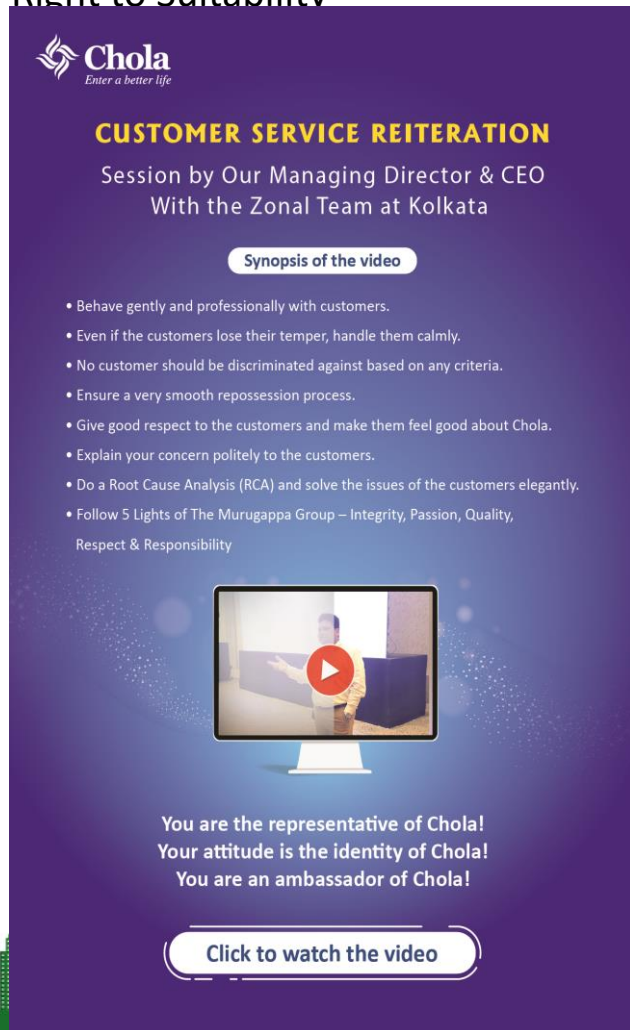
Internal Awareness Campaign



Charter of Customer Rights

- Right to Equitable and Fair Treatment
- Right to Transparency
- Right to Suitability

- Right to Privacy and customer confidentiality
- Right to Grievance Redressal and Compensation




Chola
Enter a better life

CUSTOMER SERVICE REITERATION

Session by Our Managing Director & CEO
With the Zonal Team at Kolkata

Synopsis of the video

- Behave gently and professionally with customers.
- Even if the customers lose their temper, handle them calmly.
- No customer should be discriminated against based on any criteria.
- Ensure a very smooth repossession process.
- Give good respect to the customers and make them feel good about Chola.
- Explain your concern politely to the customers.
- Do a Root Cause Analysis (RCA) and solve the issues of the customers elegantly.
- Follow 5 Lights of The Murugappa Group – Integrity, Passion, Quality, Respect & Responsibility



**You are the representative of Chola!
Your attitude is the identity of Chola!
You are an ambassador of Chola!**

[Click to watch the video](#)



Chola
Enter a better life

LOAN AGAINST PROPERTY

Tips For Effective Customer Handling

Mr. Suresh Kumar S, Business Head - Loan Against Property



We Promise, We Deliver!
Exceptional Customer Care

Follow Fair Practices

- Explain to the customers about the loan process and procedures in collection.
- Inform the customers how and why we are carrying out the repossession process.
- At the early stages of EMI collection, kindly notify the customers about the consequences of repossession and how they can avoid it.
- Be kind and talk politely to the customers in a professional tone.
- Always treat the customers gently with due respect.

**A Customer-Friendly Company is
A Customer-Preferred Company**

[Click to view the video](#)



Decoding KYC Policy

What is FATF?



The **Financial Action Task Force (FATF)** is an international intergovernmental organisation established to combat money laundering, terrorist financing, and other threats to the integrity of the global financial system. It is the global money laundering and terrorist financing watchdog. The FATF was established in 1989 in Paris, France.

FATF regularly publishes reports that raise awareness about the latest money laundering, terrorist financing, and proliferation financing techniques so that countries and the private sector can take the necessary steps to mitigate these risks.

For clarifications, please contact the Compliance Team at HO

Mr. Balaji H - balajih@chola.murugappa.com | Mr. Shakil - shakilac@chola.murugappa.com



Decoding KYC Policy Suspicious Transaction



A suspicious transaction means a transaction, including an attempted transaction, whether or not made in cash, to a person acting in good faith, arising suspicion of crime, or involves financing activities relating to terrorism; unusual or unjustified complexity; having no economic rationale or bona fide purpose.

Suspicious Transactions Reporting

Suspicious Transactions Reporting (STR) is a critical tool for financial institutions to detect potentially illicit activities. Suspicious Transactions Reporting (STR) plays a crucial role in assisting law enforcement agencies and regulatory bodies in investigating and combating financial crimes. Any transaction identified as suspicious shall be reported to the Financial Intelligent Unit – India (FIU-IND) by the regulated entity.

For clarifications, please contact the Compliance Team at HO

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Decoding KYC Policy What is CDD?



Customer Due Diligence (CDD) is a mandatory process of verifying a customer's identity (such as name, address, photographs, KYC documents, the customer's business activities, etc.) to ensure that the true identity of the customer is established.

When the true identity of the potential customer is not established or the company is unable to apply appropriate CDD measures, no transaction or account-based relationship will be undertaken with such a person or entity.

For clarifications, please contact the Compliance Team at HO

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Appearance Matters!
The way you dress is an expression of your personality




During customer visit, you must be appropriately dressed, neat and tidy

Always avoid untidy and unprofessional appearance



It's the right time to contact!

10:00 AM 08:00 PM



Always contact the customer between
8:00 AM to 7:00 PM



REFRAIN FROM SPRAY PAINTING!!!

DO NOT Spray paint on the mortgaged properties of customers!!!
Spray painting is an unfair practice and prohibited.



Please contact Compliance Team at HO for further clarifications

- Appearance Matters
- It's Right time to Contact
- Refrain from Spray Painting

- Peaceful Repossession
- Strict No to Personal Humiliation
- Watch your Language



Peaceful Repossession!
Safety of customers/passengers is Chola's first priority

DO ✓




Ensure peaceful Repossession.

DON'T ✗




Don't use force or damage the Customer's property




Strict No to Personal Humiliation!
Be Modest, Respectful and understand


DO ✓




DON'T ✗



Confine your discussion only to asset recovery and do not make personal comments



Watch your LANGUAGE!
Language is the dress of thought



Treat the customer with dignity, maintain decency and be polite during your conversation.
Avoid rudeness, abusive & inappropriate language.

An excellent customer experience can transform the way customers think about a company. We believe that every Chola employee is an ambassador of Chola to the customer. The way you speak, dress and communicate with customers reflect the values of the 5 lights (Integrity, Passion, Quality, Respect & Responsibility) that Chola holds dear. In this regard we have put down a few Dos & Don'ts for you to follow while handling customers. We request you to abide by them and be a true champion for Chola.

 DO'S	 DONT'S
 <p>Respect your customers: Follow Chola's five lights</p>	<p>Always remember Customer is the King. Don't be rude to your customers</p> 
 <p>Always take ownership to resolve the complaint and provide complete resolution</p>	<p>Don't be indifferent to customers or ignore their queries</p> 
 <p>Always put yourself in the customer's shoes before responding to their query</p>	<p>Don't treat customers as transactions</p> 
 <p>Be transparent with customers on company's grievance escalation matrix</p>	<p>Don't refuse. Try & resolve the issue as soon as possible</p> 
 <p>Equip yourself with:</p> <ul style="list-style-type: none"> • Product/Service Knowledge • Process/Service Knowledge 	<p>Don't be ignorant of company's products/processes</p> 
 <p>Maintain turnaround time to respond to customer's TAT</p>	<p>Don't delay responses to customers</p> 
 <p>Maintain decorum while dealing with customers. Follow the code of conduct of the company</p>	<p>Don't deviate from company policies and procedures</p> 
 <p>Always ensure mandatory displays at branches</p> <ul style="list-style-type: none"> • RBI Ombudsman Scheme • Escalation matrix of the company 	<p>“ YOU ARE AN AMBASSADOR OF CHOLA TO THE CUSTOMERS! ”</p>

Cybersecurity Awareness - Know the flaw



Chola
Enter a better life

CYBER SECURITY AWARENESS MONTH
DID YOU KNOW?

Is Your Device Risk-Free?
#KnowTheFlaw

- **Vulnerability** is a flaw or weakness in an asset's design, implementation, or operation and management that could be exploited by a threat.
- **Threat** is a potential for a threat agent to exploit a vulnerability.
- **Risk** is the potential for loss when the threat happens.

Top Cybersecurity Threats

- Malware
- Phishing
- Man-in-the-middle Attacks
- Denial Of Service
- Spear Phishing
- DNS Attack
- SQL Injection

Keep Threats & Risks At Bay
Save Your Device From Cybercrimes

Dear All,
About

Since 2004, the President of the United States and Congress have declared October to be Cybersecurity Awareness Month, time dedicated for everyone to work together to comprehend the importance of cybersecurity.

Over the years it has grown into a collaborative effort between government and industry to enhance cybersecurity awareness, encourage actions by the public to reduce online risk, and generate discussion on cyber threats on a national and global scale & October 2024 marks the 21st Cybersecurity Awareness Month.

Secure Our World

[Secure Our World](#) is the enduring Cybersecurity Awareness Month theme. This theme recognizes the importance of taking daily action to reduce risks when online and using connected to devices.

In addition, **not only during October, but every day throughout the year to stay safe online.**

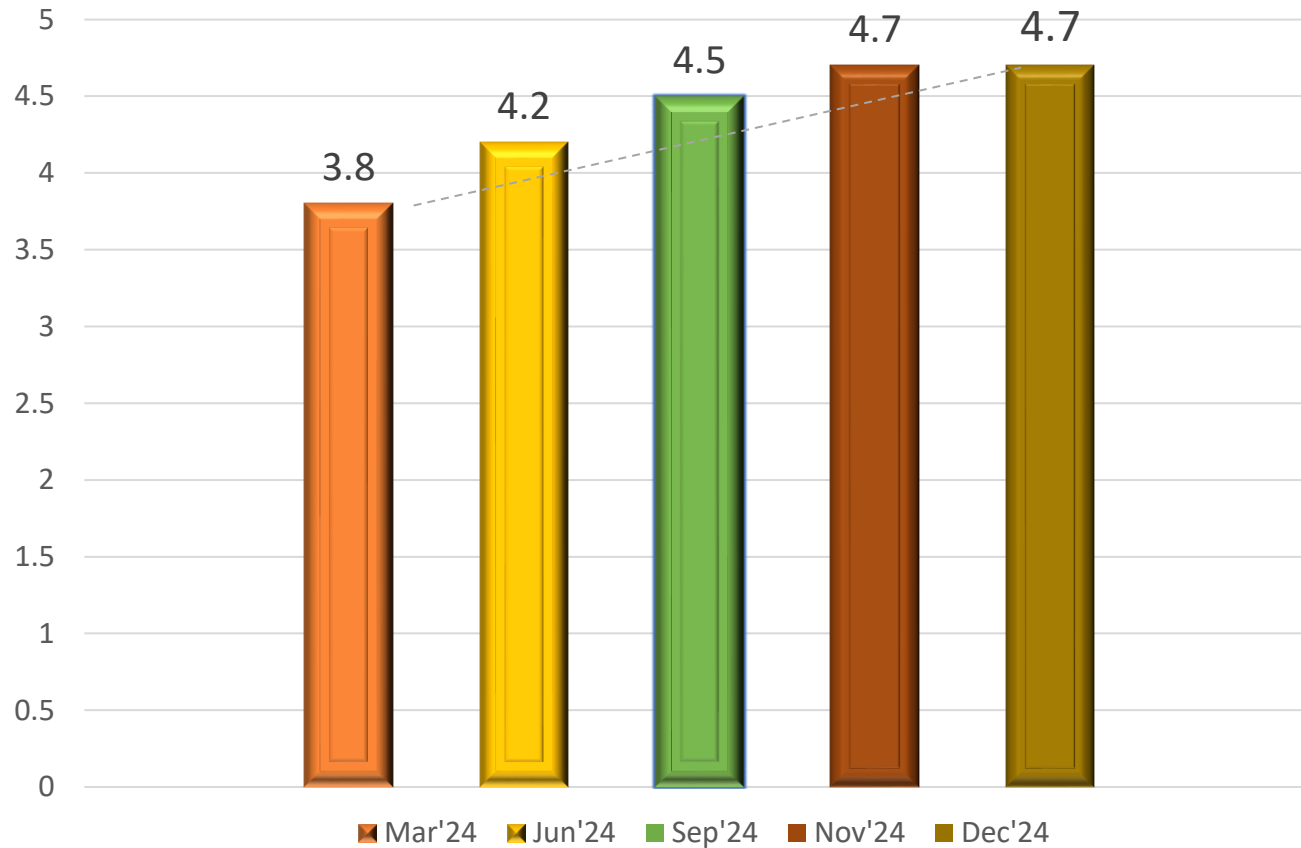


ESCALATION MATRIX

Company is committed to serving customers during the first reach out. However, to ensure transparency, we are also communicating the escalation matrix for reference.



Social Media Google Review



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 68.37 Cr in QTD Dec'23. Presently they are INR 136.47 Cr in QTD Dec'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.
- Energy efficiency - Replacement of all the CFL's to LED's across all our operations - replace 100% of CFL lighting with LED systems by 2025
- Water conservation through efficient water flow solutions

Achievement:

- Green building status will be achieved 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 99%+ 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.
- Achieved ISO 27001:2022 Certification



Risk governance & reporting | Clearly defined roles & responsibilities for effective corporate governance

Organization structure setup to ensure effective governance



Well-defined tracking mechanism & review cadence

- 1 **RCSA (Risk control and self-assessment)** conducted across businesses periodically
- 2 **Multiple Board-led committees** to monitor org risk-

Name of the committee	Key risk reviewed
Risk Management Committee	Overall enterprise risk management policies & processes across each key risk area
Asset Liability Committee	Capital & liquidity position & risk
Audit Committee	Chola's compliance of policies and processes
Business Committee	Business-wise performance & key risks
IT Strategy Committee	IT & cybersecurity framework; IT disaster recovery process
Stakeholders' Relationships Committee	Reputational risk & shareholders' outlook
CSR Committee	Policies, strategies and programs related to ESG

- 3 **Comprehensive monitoring & tracking thresholds by in-house team:**
 - **Risk Appetite Statement** to define organizational risk goals
 - **Risk registers defined** encompassing **300+ metrics** with strong linkages to businesses/functions

Regulatory & compliance risk | Governance further strengthened by robust compliance mechanisms



Cyber risk | Regular monitoring & strong internal processes to prevent, detect & mitigate cyber risk



People

- 1 Well-equipped, adept team of security professionals to mitigate cyber risk at organizational level
- 2 Regular employee trainings & readiness exercises
 - Phishing simulations, crisis management drills, etc.



Process

- 3 Continued effort towards strengthening protocols
 - Code review process
 - Business continuity & Disaster recovery exercises
- 4 Quarterly war gaming & red teaming assessments



Tools & Technology

- 5 Continuous expansion of suite of tools to monitor threats, potential privacy breaches and improve cyber resilience-
 - User access security (SASE)
 - DevSecOps
 - Cloud container security
 - API security

50+ initiatives planned for FY25 to further strengthen cyber risk mitigation



THANK YOU

