

Sustainable financial inclusion for all



# CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

SUSTAINABILITY REPORT FY 20-21

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# Chairman's Message



## Leadership Message

“Chola's employees are the bedrock of the Company's success.”

Vellayan Subbiah

Customer centricity is a way of life at Chola and is reflected in the financial solutions we offer, our business processes and in the ways that we engage with customers.

Dear Stakeholders,

The essence of a sustainable business is encapsulated in our founding philosophy, *“The fundamental principle of economic activity is that if no man you transact with shall lose, then you shall not”*. The Environmental, Social and Governance standards, integral to corporate sustainability have long been the guide rails for the way we do business at Chola and permeate all aspects of our operations.

Customer centricity is a way of life at Chola and is reflected in the financial solutions we offer, our business processes and in the ways that we engage with customers. The COVID -19 pandemic offered Chola tremendous opportunity to live up to our vision of helping people enter a better life. The Company acted nimbly to give digitization efforts a strong fillip and continued to fulfil customers’ needs speedily and safely. While Chola continued to ensure people received credit to better their lives,

we also supported the Government of India’s initiative to extend a credit repayment moratorium and formulated a resolution framework for COVID -19 related stress. This ethos of customer centricity has stood us in good stead as Chola continued to be a preferred choice for credit for thousands of Indians and delivered a strong performance in the last financial year, clocking 16% growth in assets under management. I thank and congratulate each one of our people and other stakeholders for their support in this remarkable achievement.

Chola’s employees are the bedrock of the Company’s success. Their wellbeing continued to be prioritized during the national lockdown and later, as the Company extended multi – faceted support to help them and their families cope with the devastation and disruption unleashed by the pandemic. Extended periods of working from home coupled with the organization’s increased efforts on digitization also heightened the importance of cyber security within the organization. Chola stands firmly committed to protecting our stakeholders’ privacy and has invested in the latest technologies to protect stakeholders against cyber threats.

Inspired by the Murugappa Group’s guiding light of Responsibility that gives us the humility to think about the world around us, Chola enables individuals, families and communities from underserved social sections to enter a better life. In the last financial year, the Company continued to implement its Corporate

Social Responsibility (CSR) programs towards creating meaningful social impact in the areas of healthcare, water and sanitation, rural development, sports, arts and culture and education, among others.

The urgent demands of the climate crisis are a call to action to each of us to mitigate the effects of our lifestyles and economic activities on our ecosystem. Our responsibility to sustainable development has taken enhanced shape as Chola articulated and adopted a sustainability framework which will guide the Company’s sustainability journey.

Chola’s dedication to sustainable development is further reflected in a commitment to regularly disclose the organization’s ESG performance. This Sustainability Report developed in accordance with globally established standards comprises Chola’s maiden disclosure. I invite you to browse through its pages and hope you will find it interesting and useful.

Best wishes,  
**Vellayan Subbiah**  
Chairman



# Executive Director's Message



Chola has historically supported the country's aim of nation building with financial products and services that enable financial inclusion of those who lack easy access to credit.

Dear Stakeholders,  
As India emerges from an exceptionally challenging and stressful FY 2020 – 21, I extend sincere gratitude to each one of you and your families for supporting Chola's business and enabling us to continue to make credit available to those most in need of it during trying times.  
At a time when there was frequent sombre news of families devastated by the loss of breadwinners and livelihoods, Chola ensured that all our employees

retained their jobs and remuneration for the year. We implemented several initiatives to support our people cope with the unprecedented circumstances of the pandemic and have also announced a Pandemic Support Program including financial support for employees and their families affected by COVID -19.  
During the last year, employees' health and safety in the workplace was accorded the highest priority. We conducted extensive communication drives to empower

## Leadership Message

“Employees' health and safety in the workplace was accorded the highest priority.”

Ravindra Kumar Kundu

our people with information on safe practices for self and family care. The campaigns also focused on standard operating procedures in the branches and for customer visits. We believe that these initiatives, coupled with employees' unstinting support and efforts, helped us to successfully manage the impact of the pandemic on Chola's business.

Along with health and safety, employees' wellbeing too received significant attention. Chola's Human Resources and IT teams stepped up to the challenge of keeping employees digitally connected and facilitated virtual town hall meetings between the Company's management and personnel to interact and share the organization's plans and progress. Online Learning and Development programs served to minimize disruptions to employees' professional growth while engagement initiatives helped to maintain morale and assurance of being cared for. Going forward, we plan to conduct regular employee satisfaction surveys to assess the impact of such initiatives and to craft targeted programs to address employees' needs.

Chola has historically supported the country's aim of nation building with financial products and services that enable financial inclusion of those who lack easy access to credit. We emphasize lending to women, as we believe that they play a significant role in social progress and must be encouraged to undertake economic activity. In the last year, Chola continued to prioritize access to credit for women to set up or expand businesses and create assets through home ownership.

Our Corporate Social Responsibility (CSR) programs designed to improve lives of people in underserved communities continued to run in FY 2020 – 21 while adhering to the safety protocols prescribed by different state governments. It is immensely satisfying to share with our stakeholders that the Company expended its total budget of INR 32.07 crores in various focus areas, despite the challenges posed by the pandemic,

The scope of our CSR activities also encompasses members of the trucking and transportation industry who spend a significant portion of their lives on the road and lack adequate access to financial and healthcare

services. This community too received vehicle finance loans, healthcare services delivered through our Raahi Drishti Vision Kendras located in several states, and scholarships for their children to pursue higher secondary and college education.

As one of India's largest non banking finance company, we work in an ecosystem marked by high dependence on technology and rapid technological changes. In this dynamic environment, Chola firmly upholds stakeholders' rights to cyber security and privacy. In tandem with a transition to digitized business processes and communications, we have implemented several measures to secure the organization's digital assets. We have secured 100% of customers' data in 1,100+ branches and have deployed the latest multi-layer protection technology company – wide, including encryption tools to protect stakeholders' personal information against breaches of privacy.

The Company has also supported employees with awareness and training programs in order to maintain cyber privacy and security.

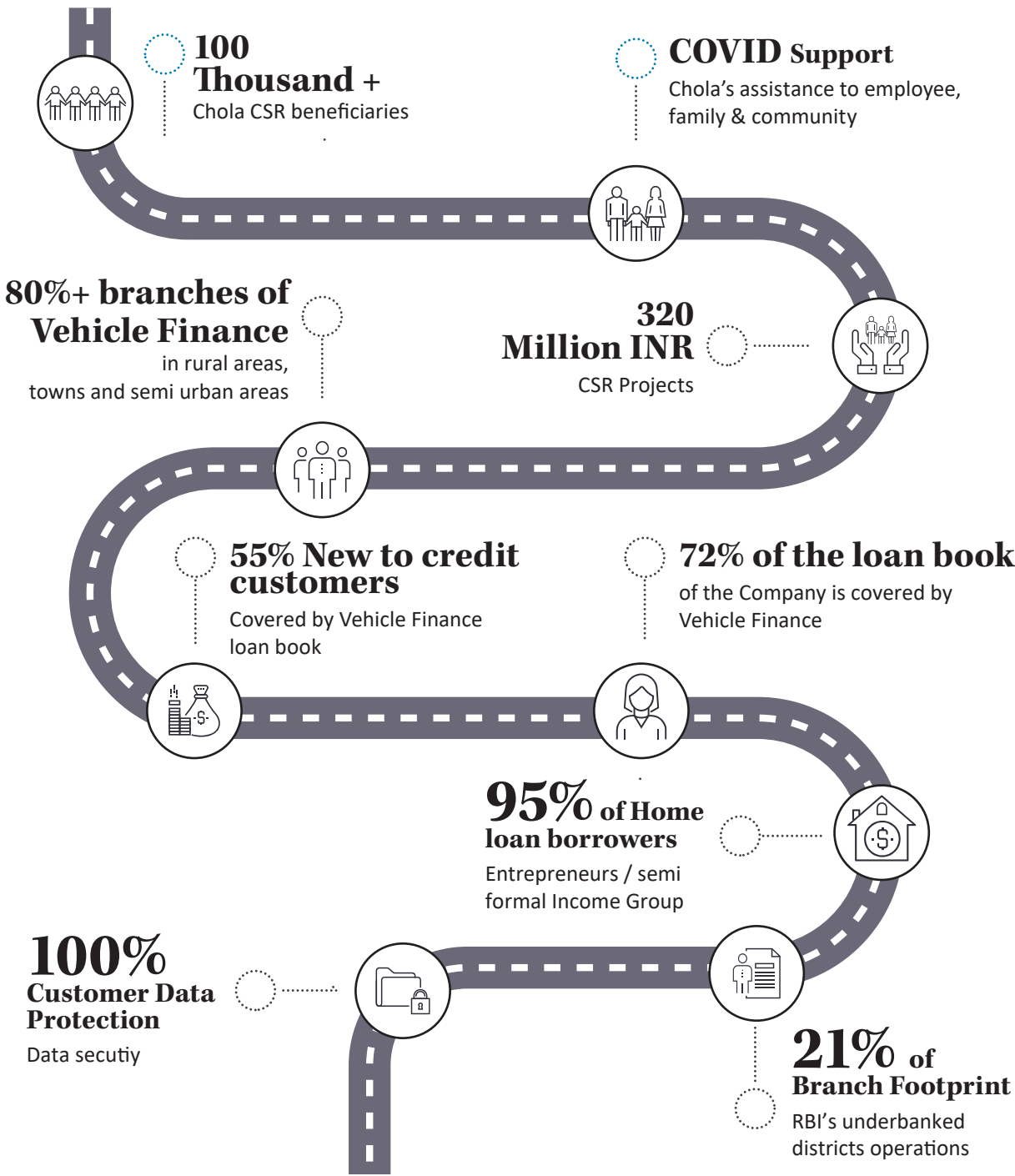
Chola has deepened its commitment to enhancing its ESG performance and sustainability consciousness within the organization and in the business. Our initiatives in digitizing business processes emanate not only from a need for greater efficiency, but also from the urgent need to preserve the natural environment by reducing paper consumption. We have forayed into financing electric vehicles and are working towards deploying these in our business for the use of field personnel. Additionally, the Company has taken steps towards energy and water efficiency and is making green buildings a norm for new Chola office constructions.

It is my pleasure to present our first Sustainability Report, which captures our enhanced commitment to sustainable growth and development. We at Chola welcome your feedback and look forward to engaging with you to address your observations and queries.

Best wishes,  
Ravindra Kumar Kundu  
Executive Director



# Key Highlights of FY 2020 - 21



# Financial Highlights:

₹ In lakhs

	Year ended March 31, 2021	Year ended March 31, 2020
Total Revenue from operations	9,51,601	8,65,263
Other Income	361	26
Total Income (A)	9,51,962	8,65,289
Expenses		
Finance costs	4,57,591	4,59,223
Impairment of financial Instruments	1,32,183	89,733
Employee benefits expense	74,936	65,500
Depreciation and amortisation expense	9,830	10,754
Other expenses	73,578	81,506
Total Expenses (B)	7,48,118	7,06,716
Profit before Tax (C=A-B)	2,03,844	1,58,573

# About Us

Incorporated in 1978 as the financial services arm of the Murugappa Group, Cholamandalam Investment and Finance Company Ltd. (Chola) started out as an equipment financing company. The Company expanded into the vehicle finance business and evolved to include home loans, home equity loans, SME loans, investment advisory services, stock broking and other financial services. We have developed an extensive presence across India which enables us to reach diverse semi- urban and rural customers.

We operate with Assets Under Management (AUM) above INR 76,000+ crores and have 2 subsidiaries, namely, Cholamandalam Securities Limited (CSEC) and Cholamandalam Home Finance Limited (CHFL). Chola’s product portfolio comprises a range of loans that enables improved quality of lives for those with difficult access to finance. We also offer wealth management services and investment solutions that align with the country’s equity and finance markets. A brief description of our products and services is given below. Details of our offerings are available on our corporate website <https://www.cholamandalam.com/products.aspx>

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We operate with Assets Under Management (AUM) above INR 76,000+ crores and have 2 subsidiaries, namely, Cholamandalam Securities Limited (CSEC) and Cholamandalam Home Finance Limited (CHFL)

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## What We Offer



### Vehicle Finance

Chola is a leader in the commercial vehicle segment. Over the years, Chola has created value for its customers by helping lakhs of individuals transform into commercial transportation entrepreneurs.

*Commercial Vehicle Loans:* We offer loans for heavy, medium, light and small trucks and have tie – ups with manufacturers to enable customers to make a choice from a wide range of vehicle makes and brands.

*Car and MUV Loans:* Chola provides hassle-free car finance for both new and used cars and cater to customers living in cities, rural and semi-urban areas. For new cars Chola provides on-road funding on select brands and models.

*Two – Wheeler Loans:* These include in – principle loan approval at customers’ doorstep, enabling quicker access to finance and two - wheeler purchase.

*Three – Wheeler Loans:* These loans include funding for a wide range of three – wheelers (also includes insurance options)

*Construction Equipment Loans:* Chola offers loans for the complete range of Construction Equipment both new and used. Equipment financed include Backhoe loaders, Excavators, Cranes, Wheel Loaders, Motor Graders, Pavers, Compactors, Concrete Mixers, Forklift, etc.



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■ *Tractor Loans:* Funding for new and used tractors and other farm equipment with payment options based on crop patterns. The service also includes digital completion of documentation at customers’ doorstep.



### Loan Against Property

Chola believes that nothing is impossible for those who aspire to enter a better life. Loan Against Property (LAP) are intended to finance dreams and aspirations of individuals and families. These are secured long term loans against property with a lower interest rate than other modes of raising funds. These comprise loans for business expansion and income supplementation against property as collateral



### Home Loans

Chola believes that every family should own a home and recognizes that buying a home is one of the most important decisions in people’s lives. Many important factors need to be considered before choosing the right home loan. Chola home loans are designed to suit all budgets, offer convenient repayment options and fast track approval process. Aligning our commitment with the national mission of ‘Housing for All by 2022” , we offer customized home loans to suit varied budgets. These loans have enabled thousands of self-employed and salaried customers to own their own homes.



### SME Loans

Financing offered exclusively to small and medium business owners to grow / diversify their businesses over the short, medium or long term.



### Securities

Our subsidiary, CSEC, provides investment solutions to individual clients and stock broking and equity advisory services to institutional investors, comprising several large mutual funds in India.



## Our Vision, Mission and Values



### Vision

Enable Customers to Enter a Better Life



### Mission



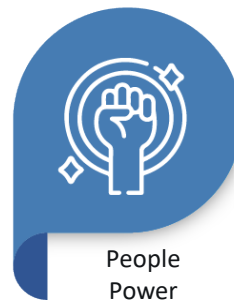
Customer  
First

Switch from  
product  
focused to  
customer  
focused



Improving  
Efficiencies

Long term  
customer  
focus requires  
profitability  
and  
sustainability



People  
Power

People are  
our Primary  
Asset.  
Happier  
People =  
Happier  
Customers



### Our Values

Chola's governance and performance standards are rooted in the founding philosophy of the Murugappa Group, derived from the Arthashastra - "The fundamental principle of economic activity is that no man you transact with shall lose, then you shall not". We are guided by the 5 Lights, namely:

#### The Spirit of the Murugappa Group



#### Integrity

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

#### Passion

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

#### Quality

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

#### Respect

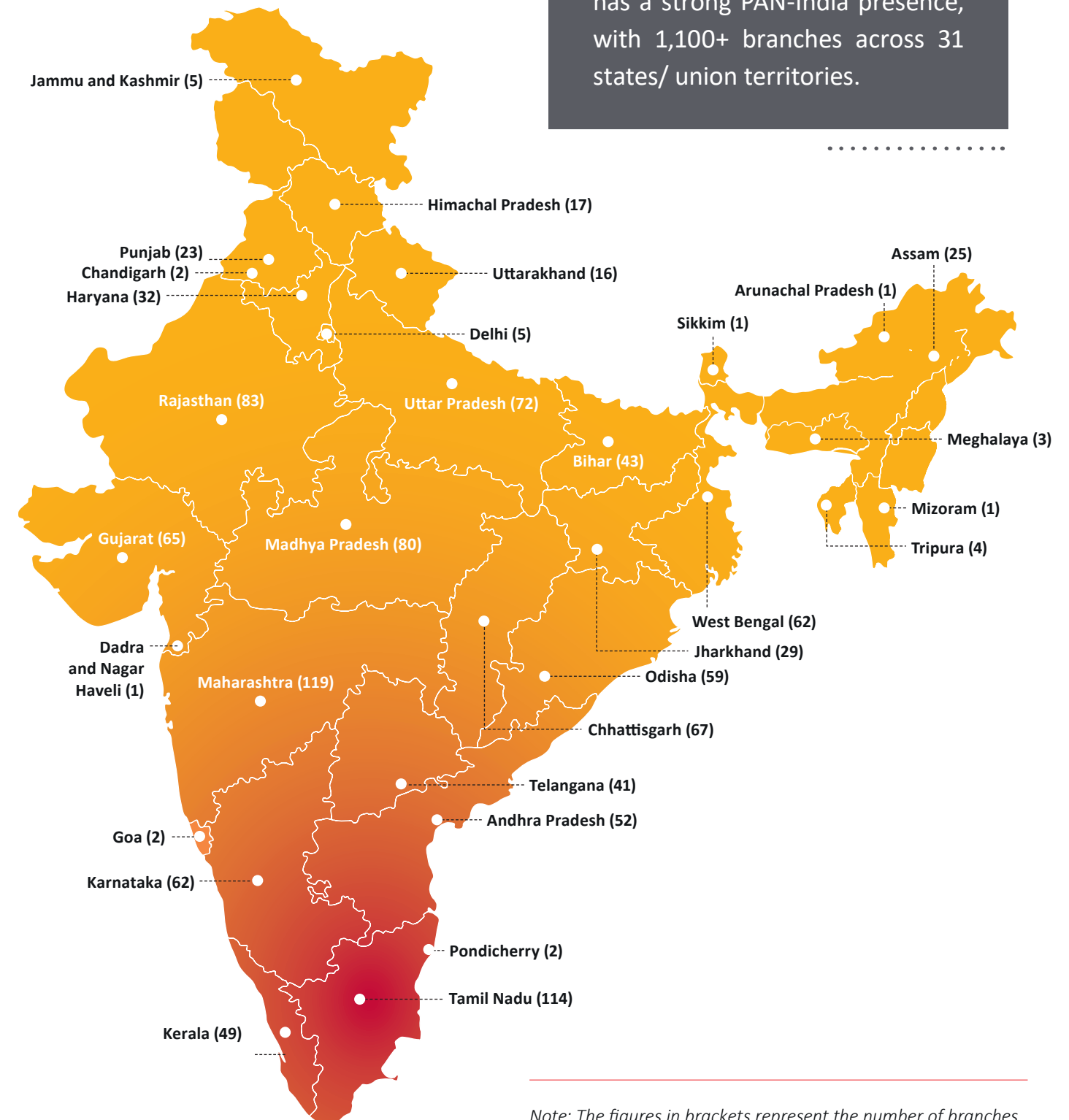
We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

#### Responsibility

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

## Our Presence

Headquartered in Chennai, Chola has a strong PAN-India presence, with 1,100+ branches across 31 states/ union territories.



Note: The figures in brackets represent the number of branches in each state / UT as on 31 March 2021

## Overview of Business Performance

The Indian economy faced an immensely challenging year as industry and services were projected to contract in FY 2020 – 21. The auto industry witnessed lower sales in every segment except tractors. Chola’s Vehicle Finance disbursements declined 13% year on year (Y-o-Y), ending at ₹ 20,249 crores as against ₹ 23,387 crores in the previous year.

The Loan Against Property segment was also impacted during the first half of the reporting year. Most players in LAP were cautious in terms of disbursements. However, initiatives by the Government of India and Reserve Bank of India (RBI) with respect to the emergency credit line guarantee scheme (ECGLS), moratorium and restructuring helped the industry to rebound in the second half of FY 2020 - 21. Disbursements for the year ended March 2021 stood at ₹ 3,627 crores as against ₹ 3,662 crores in the previous year registering a marginal decline of 1% Y-o- Y.

In the Home Loans segment, repayments were significantly impacted especially among marginal communities and self- employed and semi-formal persons. The demand for home loans remained subdued through the first half of the year and green shoots began to emerge in the third quarter. As of March 2021, home loan disbursements registered Y-o-Y growth of 2% with ₹ 1,542 crores as against ₹ 1,505 crores in the previous financial year.

Against this backdrop, Chola achieved a growth of 14% in assets under management (AUM) in the

reporting year and registered a growth of 29% in profit before taxes (PBT) compared to the previous year, after considering a one-time provision of ₹ 566 crores. Disbursements across all products stood at ₹ 26,000 crores as against ₹ 29,000 crores for the previous year, registering a premature decline, as a result of lower disbursements in Q1 and Q2 owing to the lockdown.

Pursuant to the RBI's guidelines on resolution framework for Covid 19-related stress. Chola offered resolution plans to its customers. The Company monitored liquidity closely, observed RBI commentaries, market dynamics, and engaged in continuous dialogue with lenders to ensure a healthy asset and liability management (ALM), resulting in availability of funds at the best rates throughout the year.

### Outlook for the Future

The Company is cautiously optimistic that its robust collection mechanism aided with a strong credit risk assessment framework and investment in digital platforms will support and steer it through the strong currents of COVID - 19 in FY 2021 - 22 as well.

<sup>1</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1693232>

## Collaborations and Memberships

We believe that partnerships with industry bodies enable us to jointly influence policy decisions and plans to expand the number of Indians whose lives are positively impacted by the non banking financial sector. Such alliances also position us to influence the sustained growth and health of the industry. Chola is a member of the following key organizations:



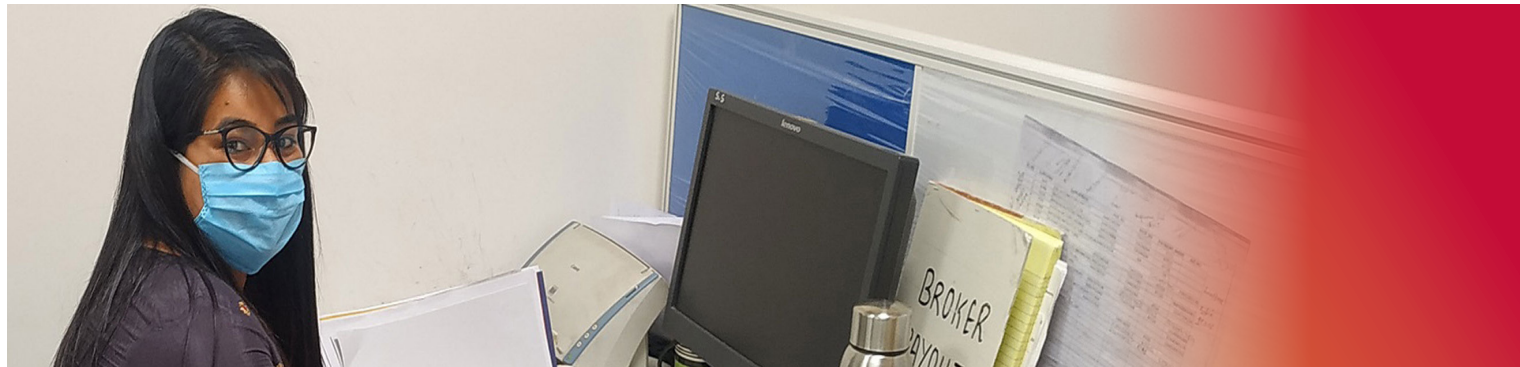
## Awards and Recognition

Chola has been honored with awards from reputed organizations in the areas of Management, Employee Engagement, CSR, Operations and industry performance over the last few years. The key awards we have received over the last 5 years are included below

- Best Managed Companies, 2021, awarded by Deloitte
- Best Social Media Awareness Campaign on Road Safety for #jaldikyahai, 2020, awarded by ET NOW
- Rotary CSR Award, 2020, awarded by Southern India Chamber of Commerce & Industry (SICCI)
- Winner in Employee Engagement and Runners-Up in Learning & Development, 2019, 3rd CII National HR Circle Competition
- Winners of the Award for Operations Category, 2019, awarded by CII
- Star Performer Award, 2017 – 2019, awarded by NSDL
- FTSE4Good Index Series for demonstrating strong Environmental, Social and Governance (ESG) practices.



# Response to COVID -19

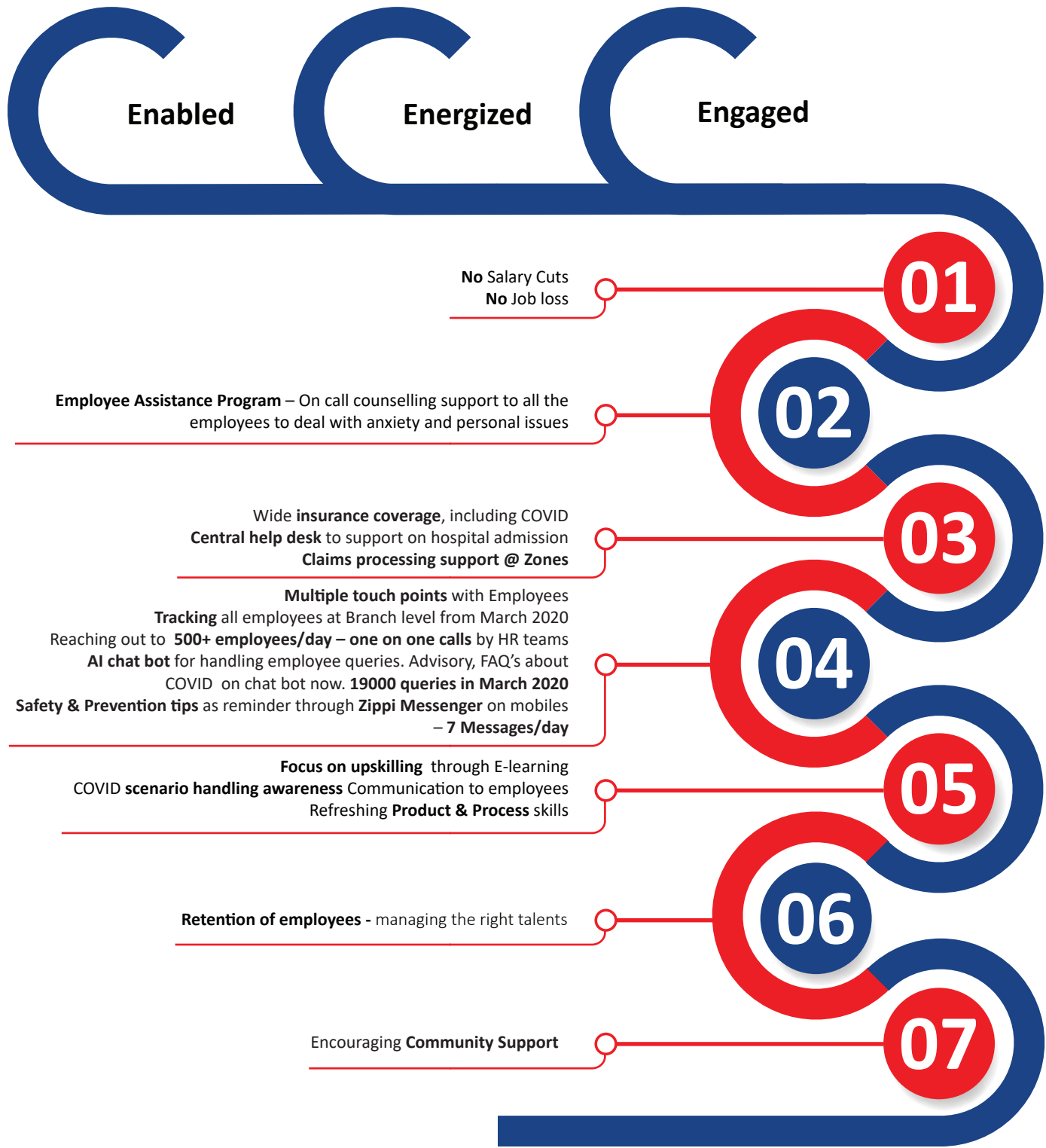


The COVID -19 pandemic wrought untold havoc on economies, industries, communities and individuals alike. The non banking financial sector in India was no exception and was affected significantly by a muted demand for credit <sup>2</sup>. The national lockdown witnessed lowered production, sluggish business and loss of livelihoods, resulting in reduced capabilities for credit among micro, small, medium entrepreneurs (MSME), families and individuals. Nevertheless, the sector continued to disburse credit, though at a slower pace. As an immediate response, the Company set up a crisis management team at the Head office and put in place a business continuity plan that covered financial planning, business strategy realignment, a re-focus of employees’ productivity, increased use of information technology for business processes and customer engagement. Key personnel across functions were assigned to manage remote co-ordination and critical functions were de-risked by identifying back up support. Keeping in mind the wellbeing of our customers, Chola aligned with the moratorium announced by the Reserve Bank of India (RBI) on Equated Monthly Instalment (EMI) payments, and offered a moratorium on credit repayment, that was availed of by a large number of our customers. For those who continued to repay credit and for those who wished to access credit, collections

and disbursements were made possible online. We activated remote working arrangements for all Chola employees and provisioned desktops, laptops tablets for over 95% of them. Cyber security initiatives were enhanced to protect the Company’s assets as well as privacy of customers’ and employees’ personal data. We leveraged remote connectivity tools to launch employee engagement campaigns and devised a comprehensive communication plan to disseminate appropriate information related to COVID -19 at frequent intervals and to prevent panic and lowering of employee morale. Chola also launched several employee wellness initiatives, among them - we neither laid off employees nor reduced salaries, pandemic support program (detailed in pg. 18) and a help desk to support hospital admissions was made available. We also provided counselling facilities to help employees manage their questions, anxieties and personal issues. The key initiatives implemented are summarized in the chart below.

<sup>2</sup> 02AR\_170520215F32D2ACABF74814BB1702A45A1853CC.PDF (rbi.org.in)


## Employee Wellness Initiatives



The second wave of COVID -19 proved to be more severe in its effects than its predecessor and in the wake of the crisis it created, Chola announced a pandemic support program for its employees. The support made available included:

- Monthly gross salary credit to the family of deceased employees up to 24 months
- Employment opportunity on merit for the eligible dependents
- Support education of deceased frontline field employees’ children up to graduation
- Risk protection by way of hospitalization benefits (medical insurance up to Rs 2.5 lakhs) – for the employee and his/ her family, immediate cash facility for those impacted by COVID, Company hospitalization tie-up program for COVID affected employees and families, death cover on account of the pandemic, term life insurance providing 50 times of monthly gross and continued insurance coverage for the rest of the family members for a period of 12 months.
- Interest free loans for COVID affected employees and families on easy repayment terms
- Cash benefit for immediate relief of COVID affected employees
- Additional Death Cover on account of the pandemic
- Special paid leave for COVID affected employees
- Doctor on call 24/7
- Vaccination Support program & exclusive drives
- Webinars on guided meditation and practices to improve respiratory functions

The Company also implemented a program called Mission “Zero-COVID In My Branch” to prevent the spread of the disease and set up a centralized COVID war room in every region to identify hospital beds, oxygen and medication for employees and their families.



# About the Report

This report highlights Chola’s environmental, social and governance/ economic (ESG) performance for the period April 1, 2020 to 31 March 2021. It has been prepared in accordance with the ‘core’ criteria of the Global Reporting Initiative (GRI) Standards. The GRI Content Index is provided at the end of the report.

The GRI Standards constitute a set of globally established sustainability reporting requirements, that enable businesses to report sustainability performance and impacts in a consistent manner. They also allow comparability across businesses and support organizations to make sustainability disclosures with credibility and transparency. Comprising Universal standards and specific standards for Economic, Environmental and Social impacts, the GRI standards represent the requirements of multiple stakeholder groups such as investors, regulatory bodies and governments, industry bodies, policy framers etc.

## Reporting Boundary

This is Cholamandalam Investment Finance Company Ltd.’s (CIFCL) first year of sustainability reporting and covers all verticals of the Company’s operations including its subsidiaries Cholamandalam Securities Limited (CSEC) and Cholamandalam Home Finance Limited (CHFL).

## Data Management

Multiple internal mechanisms ensure that this report presents valid and accurate information. These span an examination of conversion factors and assumptions made as well as periodic reviews and audit trails.

## Risk Management

Given the nature of our business, risk management is an integral aspect of Chola’s management practices. Acting upon our commitment to creating value for stakeholders through sustainable business growth, we have established a robust Enterprise Risk Management (ERM) Framework which supports the Company to continuously identify, report, evaluate and mitigate risks relevant to its operations. The Chola Composite Risk Index, a tool developed in – house, measures the movement of the risks most critical to the Company and provides level and direction of each risk. CURA, our Enterprise Risk Governance and Compliance System went live in FY 2020 – 21.

Chola’s risk governance is overseen by the Company’s Risk Management Committee which meets quarterly to review the Company’s risk management policy, implementation of the risk management framework, monitoring of critical risks and other initiatives. The committee also guides the company’s risk management team in managing risks on the ground. This team reviews all related initiatives and the organization’s risk management information systems (MIS) each month, to ensure the most critical risks are assessed and addressed.



Risk governance at Chola is carried out at three levels as follows:



We also have a risk management division that works as a value centre and engages across business verticals to provide data driven insights about the Company’s portfolio and risk exposures. The key risks faced by the Company are categorized as Credit Risk, Market Risk and Operational Risk.

Credit Risk

In order to mitigate risks arising from customers’ inability to repay loans, we have put in place comprehensive processes that allow us to assess and mitigate risks for all our businesses before and after extending credit to customers. At the approval stage our systems help us to make a thorough appraisal of customers’ ability to repay loans while at the post – sanction stage, we monitor credit portfolio trends to identify early warning signs. These measures enable the Company to modify its credit strategy appropriately and to ensure the sustained growth of the business.

Market Risk

We continuously monitor changes in the market such as interest rates, exchange rates and other asset prices in order to minimize exposure to interest and liquidity risks. The Asset Liability Management Committee (ALCO) reviews market trends and associated risks and implements risk management strategies aligned with the Company’s risk management framework, under guidance from a board sub - committee.

We also have an Asset and Liability Management (ALM) support group which regularly assesses the Company’s liquidity position.

Operational Risk

Losses arising from the failure of internal systems, processes, people, systems or from external events outside organizational control qualify as operational risk. Over the years, Chola has established sound internal control systems and processes to manage such risks. These include back up processes as well as risk control self-assessment at branches that allow the organization to assess operational risks and mitigation processes on an ongoing basis.

We have established robust Disaster Recovery as well as Business Continuity Plans which enabled us to be prepared to run critical functions during the pandemic. We also conduct regular risk - based audits to ensure the effectiveness of our systems and processes and close gaps, if any. Additionally, we promote risk awareness throughout the organization via trainings on risk management and digital communication such as e-newsletters

Approach to Materiality

We present our sustainability performance taking into account the topics most material to creating sustainable value for our business and for all our stakeholders. We engaged in depth with internal and external stakeholders and referred to ESG indices like DJSI, MSCI and SASB in order to identify the topics most material to our business.

We appreciate your interest in Chola’s sustainability performance for the year 2020 – 21. We look forward to your feedback and would be happy to respond to queries you have for us.



**Contact Information for Queries:**

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**CONTACT**  
Cholamandalam Investment & Finance Company Limited (CIFCL),  
Dare House 1st Floor, 2, NSC Bose Road,  
Chennai 600001  
Email: [esg@chola.murugappa.com](mailto:esg@chola.murugappa.com)

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Stakeholder Engagement

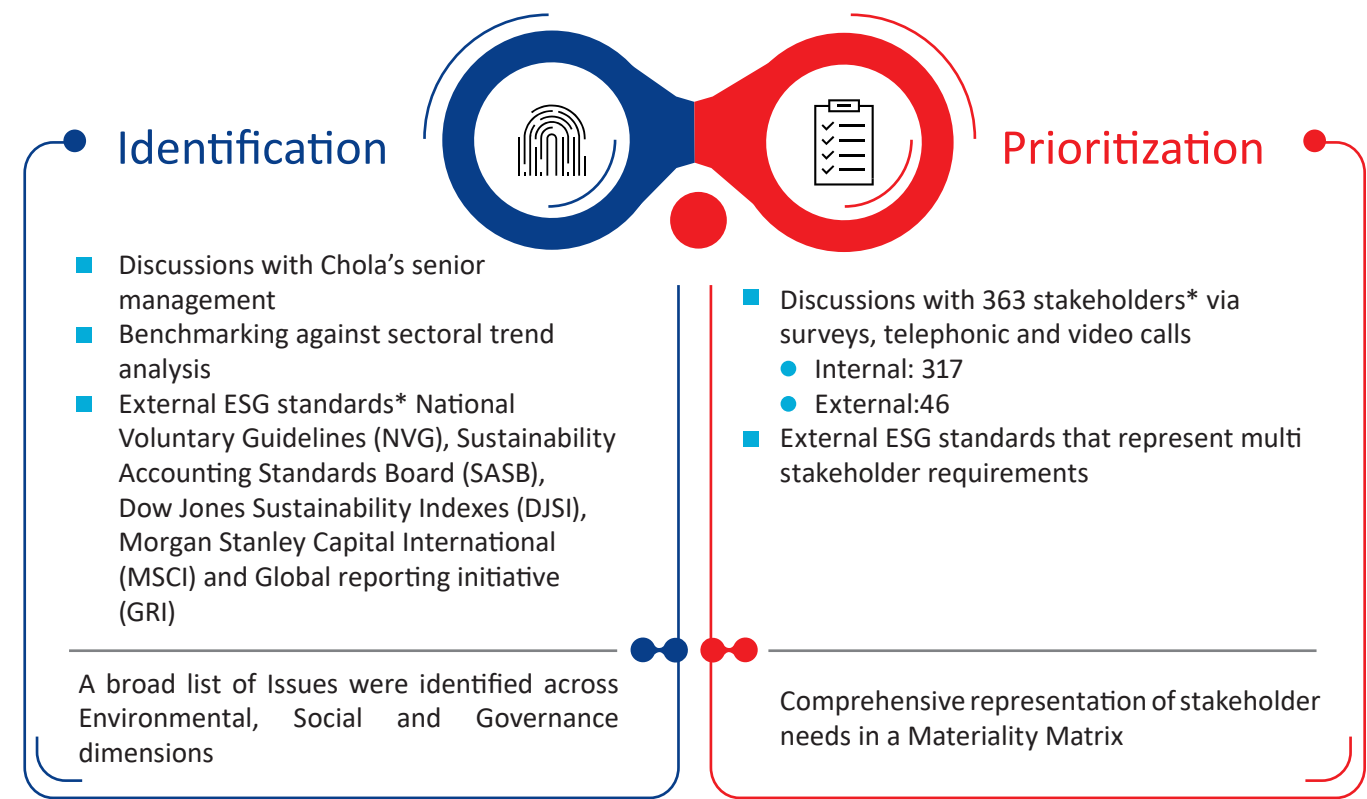
At Chola we leverage various formal as well as informal channels communication to engage with our stakeholders. These encompass digital means as well as Corporate Social Responsibility (CSR) initiatives, statutory report, learning and development platforms and events for internal communications. Our key stakeholder groups, the channels of communication with them and the key areas and topics of concern for each are outlined in the table below.

Stakeholder group	Engagement channels	Main concerns and topics
Customers	<ul style="list-style-type: none"> <li>Digital platforms and applications</li> <li>In - person engagement</li> </ul>	<ul style="list-style-type: none"> <li>Product customization and personalization</li> <li>Consistently enable better lives for a larger number and diverse segments of Indians</li> <li>Ensure protection of personal information</li> <li>Consistent improvement in customer satisfaction</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Corporate social responsibility initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Improved quality of life via improved health and access to education and skill development</li> <li>Preservation of natural resources and environment</li> <li>Disaster relief (as required)</li> <li>Supporting cultural heritage</li> </ul>
NGO partners	<ul style="list-style-type: none"> <li>Corporate social responsibility initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Managerial support and capacity building</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Press releases and publications</li> <li>Investor conferences</li> <li>Annual General Meeting</li> <li>Stock exchange announcements</li> <li>Website disclosures</li> <li>Through RTA(Registrar and Transfer Agent)</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Business updates</li> <li>ESG Performance</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Mandatory compliance reports</li> <li>In person meetings</li> </ul>	<ul style="list-style-type: none"> <li>Statutory compliance requirements: governance, social, environmental</li> <li>Filing online returns through FIDC/SICCI/SIHPA (Finance Industry Development Council/ Southern India Chamber Of Commerce And Industries/South India Hire Purchase Association)</li> </ul>
Banks	<ul style="list-style-type: none"> <li>In person and online meetings and visits</li> </ul>	<ul style="list-style-type: none"> <li>Transparent financial transactions</li> <li>Timely repayment of debt</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Internal communication platforms</li> <li>E-learning platforms and capability development programs</li> <li>Engagement</li> <li>Employee connect tool and personalized help desk</li> </ul>	<ul style="list-style-type: none"> <li>Continuous value creation</li> <li>Fulfilment of company's vision, mission and achieving sustainability objectives</li> <li>Professional capacity building</li> </ul>

## Materiality

At Chola we create value for all our stakeholders by ensuring sustainable business growth. We demonstrate this commitment with continuous efforts to enhance our performance on topics identified as material to our growth.

Material issues are those which have a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large. They are determined through a systematic and robust process that comprises two key steps, namely, identification and prioritization. The figure below outlines the process we have followed to determine issues that are material to Chola’s business.



# National Voluntary Guidelines, Sustainability Accounting Standards Board, Dow Jones Sustainability index, Global reporting Initiative

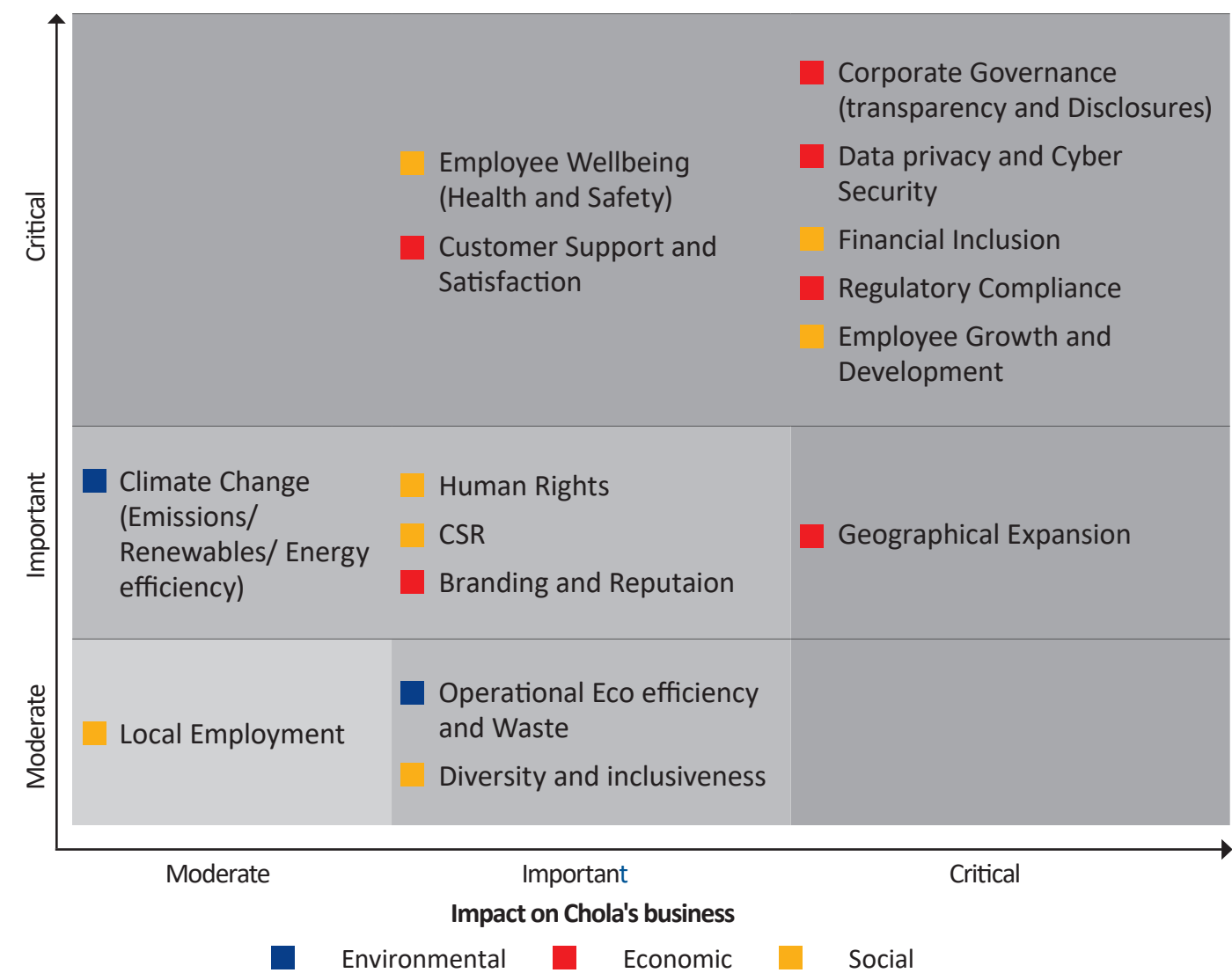
\*Stakeholders as below:

- Internal: Leadership, Senior management, mid and junior level employees
- External: Legal/ Technical Vendors, Suppliers, Feet on Street (outsourced and in house),Banks, Customers, Investors, OEMs, Dealers, Franchises/ DSA, NGO/ Local community

Subsequently, the Company’s Sustainability Materiality Matrix was developed. This maps the material issues on 2 dimensions: Importance to Chola’s stakeholders and Impact on Chola’s business



Importance to chola's Stakeholders



The key material issues identified for Chola are as follows.

	Key material issue	Why is it material
Environmental	Climate Change (emissions, renewables/ energy efficiency)	This has implications for managing our impact on the climate and is key to transitioning to a carbon neutral business
	Operational Eco- Efficiency and Waste	Represents responsible operations and management of waste in compliance with regulations
Social	Financial Inclusion	To fulfil Chola's corporate vision to enable customers to enter a better life
	Employee Growth and Development	Catalyzes employee potential to enable professional and personal growth
	Employee Wellbeing (Health and Safety)	Enables employees to develop health as a personal asset and emphasizes Chola as an organization that prioritizes employee wellbeing
	CSR	The Chola brand is leveraged as a force for good to support community development
	Human Rights	Ensures respect for individual rights and minimizes discrimination on grounds of demographic and social differences
	Diversity and Inclusiveness	Reiterates Chola's commitment to social inclusion and merit-based engagement of employees, customers, suppliers etc.
	Local Employment	Ensures financial inclusion and enables a sensitive understanding of customers' socio – cultural context and needs
Governance	Corporate Governance (Transparency and Disclosures)	Ethical governance is central to Chola's values and way of doing business
	Data Privacy and Cyber Security	To ensure protection of customers' personal data and privacy and compliance with applicable regulations
	Regulatory Compliance	Ensures adherence to all applicable regulations and monitoring of upcoming regulations
	Customer Support and Satisfaction	To be the preferred choice for customers' financial needs
	Geographical Expansion	Enables greater financial inclusion of Indians across the country
	Branding and Reputation	Enhances credibility and trust among diverse stakeholders, emphasizes Chola's reputation as an ethically managed business



## Being in line with the Sustainable Development Goals

The United Nation's Sustainable Development Goals (UN SDGs) is the international benchmark to achieve a sustainable future. Many of our core business practices are inline to the SDGs:

- Chola is an equal opportunities employer and emphasizes inclusion of women and local talent in hiring practices.
- Prioritizing women borrowers and encouraging their aspirations of entrepreneurship and home ownership.
- Provided sports kits and professional training in sports such as throwball to close to 400 women, youth and children in Chennai and Coimbatore.

- Health insurance coverage extended to include treatment for COVID -19 and a help desk to support hospital admissions was made available for employees.
- Provision of counselling facilities to help employees manage questions, anxieties, and personal issues.
- Helping the trucking and transportation communities access health services and support their offspring with scholarships to continue education.
- 15 live webinars were organized for employees and their families to create awareness on the different dimensions of health.

- Financial inclusion of marginalized groups and raising their standard of living through support programs.
- Contribution to disaster relief measures to help those struck by devastation to rebuild their lives.

- Implemented "Any Time Water" program and made water available through reverse osmosis (RO) technology to villages where water is highly contaminated with fluoride.
- Installed smart toilets in villages of Tamil Nadu and have ensured there is no external drainage of sewage.
- Implemented the Swachh Raipur Project which provides basic hygiene and sanitation facilities to truckers and others in the transportation industry.

- We support micro businesses in the renewable energy sector and have initiated steps to minimize our carbon footprint.

- The National Conservation Foundation (NCF) in collaboration with Chola has developed a regionally adaptable set of educational materials for children to create awareness of the importance of conserving nature and avian life.
- Supporting students who are children of CVCM (commercial vehicle crew members), for higher education through the "My Dream" Scholarship initiative.
- Supported scholarships in varied fields such as nursing, technical training, information technology for over 100 students in the reporting year.
- The Murugappa Polytechnic College delivers international standard education in engineering and technology.
- Enabling free education for children from underserved communities and support infrastructure and training for children who are differently abled and have special needs.
- Supporting the development of school infrastructure, providing sports and laboratory equipment, school buses and the latest teaching aids.

- As of March 31, 2021, Chola has a total of 7,620 employees, including 228 women across different levels in the organization. Employees at Chola are provided numerous benefits in compliance with labour laws.
- Chola supports small and medium business owners through their SME loans.

- Centralized data centre to improve the efficiencies of data management.
- Artificial Intelligence (AI) was deployed to carry out Know Your Customer (KYC) processes online, including the recording of biometrics.
- Botjet Conversational AI Platform was employed to create chatbots to assist customers with queries, making the process simpler and more efficient.
- Leveraged "Efficient Cash Management Processes" and deployed the latest automation technologies in Chola's operations.

- We promote the use of recycled paper and have taken several steps like double sided printing for more efficient paper usage.
- Digitization has played a key role in improving the efficiency of processes and customers' experience with Chola along with significantly reducing paper consumption.
- Effective e-waste management

- Implemented energy efficiency measures in the office premises
- Initiated the funding of electric vehicles

- Chola's head office is IGBC "Existing Green Building" Gold Certified, and we intend to align to the principles of Green building for the upcoming office spaces.

- Chola respects and values diversity among employees. Business activities such as hiring, promotion, and compensation of employees, are conducted without regard to race, colour, religion, gender, national origin, genetics or caste.

- Chola supports the Madras Crocodile Bank Trust to expand its infrastructure and activities for the conservation of endangered reptiles such as crocodiles, komodos and alligators.

- Partnered with NCF in the Himalayan desert valley of Spiti, to sustain its livestock security program which focuses on strengthening the coexistence of people and animals in shared terrains.



# Environmental, Social & Governance (ESG) at Chola

At Chola we have espoused ESG for several years and have made significant efforts to embed dimensions of sustainable governance and growth in all aspects of our business, according the highest priority to our people. Chola employees are the Company’s single most powerful asset and their wellbeing and consistent development receive strong emphasis through varied employee engagement initiatives and ongoing learning and development programs. We ensure that their voice is heard, and their needs addressed via varied initiatives that enable career progression.

We emphasize the financial inclusion of marginalized groups of people through financial products and services that address their socio – economic realities. Social impact is integral to Chola’s business and our customer centric approach makes it possible for us to reach millions of Indians seeking financial support to improve the quality of their lives, whether through opportunities for entrepreneurship, employment or better standards of living.

The Company has a longstanding history of community service and continues the practice of responsibility to the external world through targeted CSR initiatives in the areas of preventive healthcare, access to clean water, hygiene and sanitation, rural

community development, education, sport, among others. While our work is directed largely towards rural communities, we pay special attention to truckers and channel resources towards their health and wellbeing and to improving their lives and that of their families.

Chola's consideration of the world around us includes the natural ecosystem in which we operate and we actively support environmental conservation in varied geographies. Sustainability planning plays a significant role in the long-term operations and profitable growth of an organization. Acknowledging this, we are in the process of formalizing initiatives that will support sustainable organizational development. We have initiated measures towards reducing our carbon footprint in multiple areas of the business and have drawn up plans for further decarbonization in the coming years.

The founding philosophy of the Murugappa Group inspires us to conduct business to the highest standards of ethics and transparency. As a non-banking financial company (NBFC), Chola is aligned with the guidelines of leading multilateral investors on responsible lending

and ensures total adherence to compliance requirements.

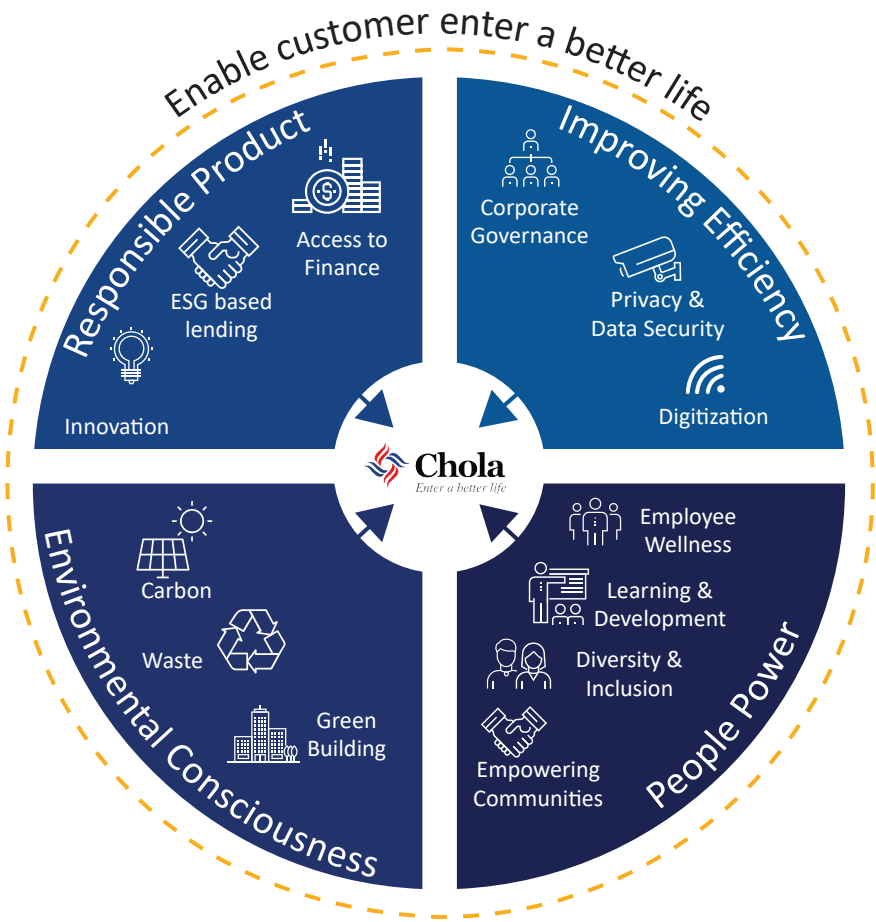
Against the backdrop of increasing urgency for climate action and emphasis on sustainable development worldwide, we have committed to enhancing our ESG performance and consciousness of sustainability within the organization. In the reporting year, Chola further articulated its sustainability agenda with an ESG framework along with well-defined focus areas and road map including collaboration with all our stakeholder groups to fulfil our priorities. In the current financial year, we are in the process of putting in place an ESG governance structure to facilitate implementation of the strategy and to track the Company’s ESG performance.



## Improving Efficiency

The pillar of Improving Efficiency encapsulates Chola’s emphasis on overall ethical governance of the business. Digitization plays a key role in improving the efficiency of our processes and customers’ experience with Chola. We are one of the first finance companies to transition all processes to a digital platform and work to achieve ‘first time right’ in all internal and stakeholder engagement processes. The digital platform aims to provide customers a superior experience, regardless of whether they are a new or existing customer. In tandem with the thrust on digitization, we prioritize data privacy and security and are instituting robust processes for the management of cyber security.

## Environmental, Social & Governance (ESG) at Chola







## Responsible Product

Chola offers its customers products customized to fit their financial needs, credit capacities and socio – economic circumstances. In doing so, we leverage the best technologies to create engagement experiences that are high quality, convenient, efficient and supportive of stakeholders needs.

Our customer centric approach is underpinned by innovation and insightful understanding of our customers and markets. Gaadi Bazaar, our online platform for buying and selling used passenger and commercial vehicles and availing of easy financing, is an example of innovation that leveraged emerging market trends to offer customers a one stop shop for their vehicle purchase and sale requirements.

We also place strong emphasis on ensuring we conduct our business responsibly. Compliance plays a key role in responsible lending and we strive to ensure complete adherence to regulatory requirements. We adhere with the guidelines of the IFC on ESG based lending and take care to support responsible businesses.



## Environmental Consciousness

Our responsibility to the ecosystem in which we operate extends across waste management, water conservation and energy efficiency. Our processes are ISO 9001:2015 Quality Management System Certified. We support micro businesses in the renewable energy sector and have initiated steps to minimize our carbon footprint. The ongoing construction of Chola’s new office building in Guindy incorporate principles of Green Buildings.



## People Power

The pillar of People Power encompasses Chola’s unwavering focus on the wellbeing and development of its employees through a variety of initiatives aimed at career development as well as individual wellbeing. We are an equal opportunities employer and emphasize inclusion of women and local talent in our hiring practices, while eschewing exclusion based on religious, gender and other social and demographic factors. The ambit of People Power extends to the communities we work in where we work to develop communities to achieve better standards of living and quality of life.



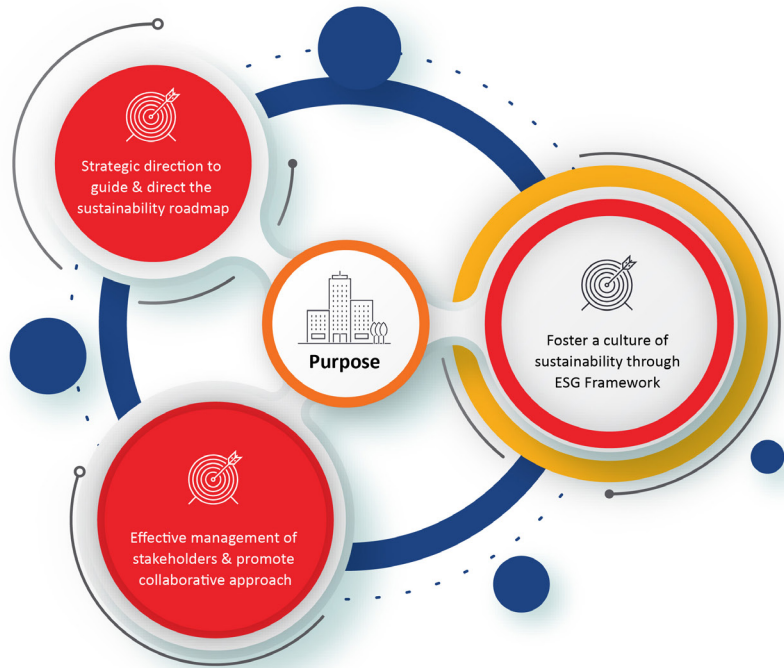
ESG Pillar	Goals	Targets
Improving efficiency	<ul style="list-style-type: none"><li>■ Implement best-in class data protection tools and IT governance to ensure 0% data breaches in customer data protection</li></ul>	<ul style="list-style-type: none"><li>■ We will organize periodic information security awareness programs across the organization which will include all types of learning mediums, and the same will be measurable</li><li>■ Chola will attain ISMS certification by the year 2025</li></ul>
Responsible Product	<ul style="list-style-type: none"><li>■ Chola will continue to focus on providing credit to transport entrepreneurs, new to credit customers and first time buyers and users</li><li>■ Support greener environment through Electric Vehicles (EV’s) financing</li></ul>	<ul style="list-style-type: none"><li>■ Continue to have strong focus towards ensuring financial inclusion of various marginalised sections of society by offering loans for the purchase of, new and used, commercial &amp; passenger vehicles, tractors/farm equipment, construction equipment etc. that contribute to the economy and to the social well-being of the borrowers</li><li>■ 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</li></ul>
Environmental Consciousness	<ul style="list-style-type: none"><li>■ Establish green operational measures across all office branches and raise green awareness among employees and key stakeholders including customers, visitors, CSR recipients etc</li></ul>	<ul style="list-style-type: none"><li>■ Achieve green building status for corporate office by 2023</li><li>■ Replacement of all the CFL’s to LED’s across all the operations of Chola- replace 100% of CFL lighting with LED systems at all Chola operations by 2025</li><li>■ Reduce water consumption across Chola operations through efficient water flow solutions</li></ul>
People Power	<ul style="list-style-type: none"><li>■ Enabling Chola’s people work force through continuous learning and development programs</li><li>■ Dedicated focus on environmental sustainability CSR projects towards contributing global cause</li></ul>	<ul style="list-style-type: none"><li>■ To conduct employee wellness programs on road safety and career development aspects</li><li>■ To achieve and sustain Zero accident culture through Chola’s road safety awareness initiatives and programs</li><li>■ Within 30 days of joining, 100% of new Chola employees will be introduced to our products, policies and governance aspects like lending, data privacy and information security etc</li><li>■ Implement digitization solutions for enhanced learning and development purposes.</li><li>■ Develop CSR budgets specific to environmental sustainability CSR programs</li></ul>



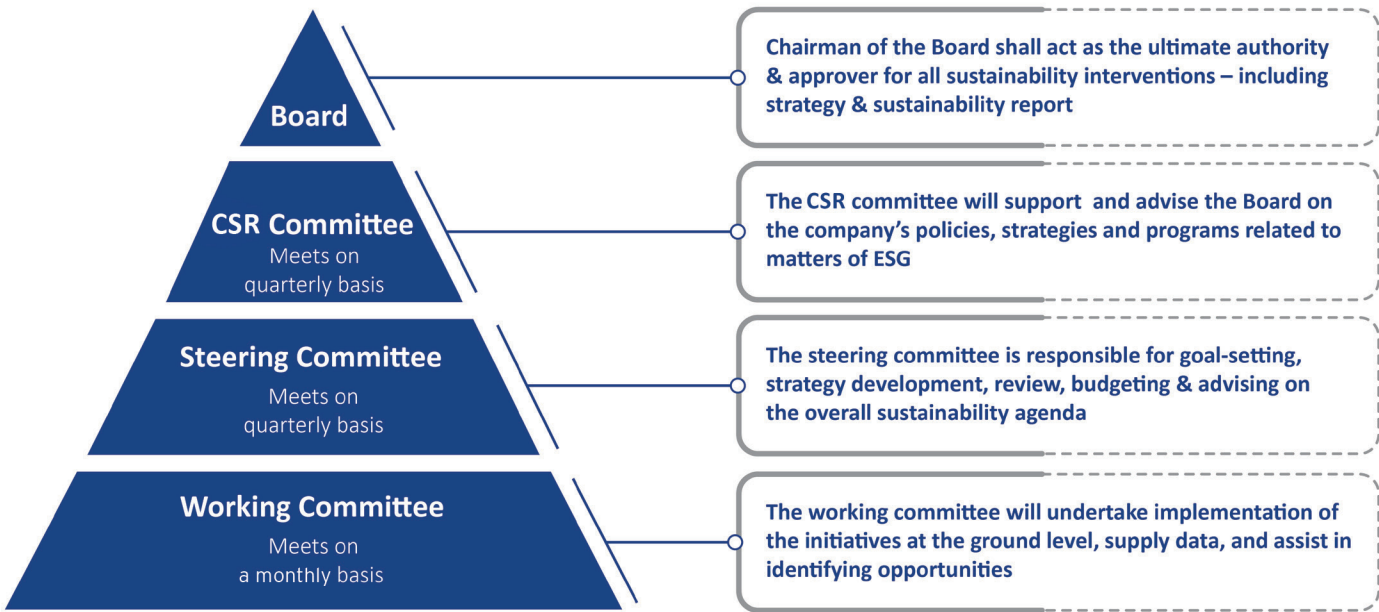


## Sustainability Governance

In order to embed sustainability across the organization, we have formulated a structure of governance comprising a group of Chola’s senior and mid-management personnel, representing different functions. The members of this group have been identified as ‘sustainability leaders’ and will be responsible for driving our sustainability program in alignment with Chola’s business objectives.



The governance structure comprises 3 tiers for effective implementation and oversight, as depicted in the figure below.



## Improving Efficiency

### Management Approach

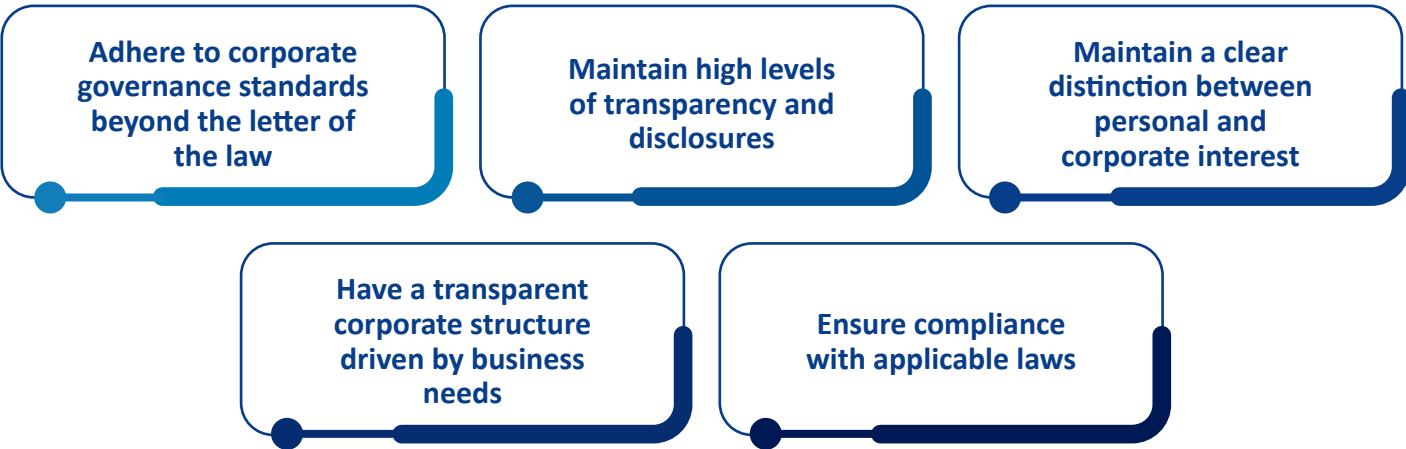
Chola’s mission to always put customers first requires the Company to achieve consistent and sustainable profitability and growth which will result from raising the organization’s overall functional efficiency. We believe that sound corporate governance is the cornerstone of the organization’s growth trajectory and plays a pivotal role in its ability to attract new investments, create value for stakeholders and protect the rights of its employees, business associates and customers. Corporate governance at Chola is driven by a relentless commitment to the highest standards of transparency, accountability and integrity. This aspect is covered in depth separately in this section.

Digitization is a way of life at Chola as we leverage the most appropriate technologies to deliver best in class

digital experiences to all who engage with us, including our employees. We are working towards digitally enhancing our business processes to provide ready solutions for stakeholders’ requirements, efficiently and seamlessly. These efforts are supported by the emphasis we place on the protection of personal information, be it that of our customers, employees or others in our business ecosystem. We have rolled out initiatives to minimize cyber risks and prevent breaches of data privacy and continue to work towards creating a secure technology ecosystem with strong governance and threat monitoring systems. Details of Chola’s emphasis and initiatives on digitization and privacy and data security are discussed later in this section.

## Corporate Governance

Chola’s corporate governance practices are rooted firmly in our philosophy, “*the fundamental principle of economic activity is that no man you transact with shall lose, then you shall not*”. This philosophy encompasses key principles which guide all aspects of the organization’s governance.







We place strong emphasis on regulatory compliance, in the knowledge that this, along with transparency, goes a long way to reinforce the company’s credibility and enhances its reputation of trustworthiness. Thus, compliance is a subject not just for the Board and management of the Company, it is also imparted throughout the organization, to employees and associates across all functions.

The Company has a strong Internal Controls System encompassing an internal controls framework that provides clear direction for delegation of authority and standard operating procedures for all businesses and functions. Our Internal Audit function comprising audit professionals’ reviews and ensures the effectiveness of internal controls across all Chola branches. The Company’s Internal Controls System is solidly supported by sound Risk Management practices to maintain and strengthen a culture of compliance.

Chola’s Board of Directors steer the sustainable growth of the Company and have responsibility for the ethical governance of the business. The Board is constituted in adherence to applicable requirements of the Securities and Exchange Board of India (SEBI) and the Companies Act, 2013. Its members comprise executive/ non – executive and independent directors, including a woman director, who have deep experience and expertise in varied fields such as banking and financial services, audit, finance, risk, compliance, strategy, marketing and technology.

## Board of Directors



**Mr. Vellayan Subbiah**  
Chairman and  
Non-Executive  
Director



**Mr. Ashok Kumar Barat**  
Independent Director



**Mr. N Ramesh Rajan**  
Independent Director



**Ms. Bhama  
Krishnamurthy**  
Independent Director



**Mr. Rohan Verma**  
Independent Director



**Mr. M A M  
Arunachalam**  
Non-Executive Director



**Mr. Anand Kumar**  
Independent Director



**Mr. Bharath Vasudevan**  
Independent Director



**Mr. Ravindra  
Kumar Kundu**  
Executive Director

A brief professional biography of each Board member is available on our corporate website:  
[board of directors at Cholamandalam](#)

## Familiarization Program

At the time of a new member being inducted into the Board, the Company conducts a familiarization program covering all aspects of the business, functions and regulations that impact Chola’s business, as well as the Board members’ rights, roles and responsibilities. This is an ongoing program that also extends to Board meetings when all members are apprised of industry trends and developments, competition, company strategy and other significant information. The scope of this program is to enable the Board of Directors to perform their roles effectively during their tenure with the Company.





## Board Committees

The Board has constituted seven committees, each with clear responsibilities to support in overseeing the Company’s governance, to ensure value creation for all stakeholders and continued commitment to the journey of sustainable growth.

### Audit Committee

The Audit Committee serves as a bridge between the Board and internal and statutory auditors. The committee oversees Chola’s financial reporting process and disclosure of its financial information in a timely fashion and in compliance with regulatory requirements. It reviews financial statements before they are submitted to the Board and also looks into the sufficiency of the Company’s internal controls and risk management system as well as the whistle blower policy, findings of the internal audit, and is involved in the Company’s major financial transactions. The Audit Committee also oversees the appointment or re-appointment of statutory auditors and their associated fees.

### Nomination and Remuneration Committee

Members of this committee are accountable for formulating criteria for the appointment of Directors and Senior Management. They advise the Board on the persons to be appointed or re-appointed as Directors, keeping in view the need for diversity within the Board. The committee also recommends the remuneration and commissions to be paid to Directors and Senior Management of the Company. Further, it also formulates criteria to evaluate the performance of Board members.

### Stakeholders Relationship Committee

This committee is responsible for overseeing the redressal of shareholders’ complaints, for formulating policies to service this stakeholder group and for ensuring that investors requests are appropriately

addressed. Members also review the standards applicable to resolving shareholders’ grievances.

### Risk Management Committee

The Risk Management Committee reviews and assesses all business risks including those pertaining to the environment and cyber security that are identified by the Company’s management. It closely evaluates the Company’s risk management system and practices and is actively involved in formulating plans for risk mitigation and recommends necessary action to the Board, as required.

### CSR Committee

The CSR Committee formulates and amends (as needed) the Company’s CSR policy and identifies CSR programs for the Company to implement and associated expenditure. This committee also oversees the monitoring of ongoing CSR projects including financial outflows and keeps the Board appraised of Chola’s CSR activities.

### Information Technology (IT) Strategy Committee

This committee ensures that the Company’s management puts in place an effective IT strategy and practices, formulated to support the business achieve its and to deliver value to it. The committee looks into the investment required to implement the IT strategy and provides high level direction for the sourcing and deployment of IT resources. It is also closely involved in reviewing Chola’s information security and cyber security frameworks, business continuity planning and disaster recovery process.

## Business Committee

The role of this committee is to periodically review Chola’s business including new business proposals beyond specified financial limits. The committee seeks Board approval for new product proposals, approves borrowings within Board prescribed limits and oversees the asset liability management system of the Company.

## Policy Framework

**Code of Conduct:** Chola’s commitment to ethical and lawful business conduct is shared by members of the Board, the Senior Management and all employees of the Company. The Code of Conduct serves as guide for the Company’s management to take positive actions that align with the organization’s values and beliefs.

**Criteria for Senior Management:** This outlines the traits and characteristics to be determined in potential senior management hires by the Nomination and Remuneration Committee.

**Whistle Blower Policy:** This policy provides Directors, Employees, customers and vendors an avenue to register concerns about violations of Chola’s standards of ethical, moral and legal business conduct and its commitment to open communication.

**Remuneration Policy:** Encapsulates the Company’s framework for remuneration of members of the Board of Directors, Key Managerial Personnel, Senior Management and other employees of Chola. It reflects the remuneration philosophy and principles of the Murugappa Group and takes into consideration competitive remuneration structures to ensure that Chola’s remuneration to its Directors and employees are appropriately aligned.

**Risk Management Policy:** Enables Chola’s leadership to identify and assess market and business risks that the Company and its subsidiaries face.

**Policy on Related Party Transactions:** Provides guidelines to ensure that transactions between the Company and its Related Parties are in accordance with applicable laws and that they do not conflict with or jeopardize Chola’s interests.

**Policy on Material Subsidiaries:** Guides the determination of the Company’s material subsidiaries.

**Policy for Determination of Materiality for Disclosure of Information/Events to the Stock Exchanges:** The objective of this Policy is to facilitate timely and sufficient disclosure of material information or events which are unpublished and price sensitive, have a bearing on the performance or operations of the Company or may result in a significant market reaction in the price of the Company’s securities if the omission comes to light at a later date. This policy is based on the principles governing the disclosures as stated in the Securities and Exchange Board of India - Listing Obligations and Disclosure Requirements (SEBI LODR) Regulations.

**Corporate Social Responsibility (CSR) Policy:** This policy reflects Chola’s sustained commitment to the socio - economic development of the community and environmental ecosystem in which we operate.

**Business Responsibility Policy:** Chola is well aware that its responsibilities lie beyond delivering financial and operational performance. This policy represents the Company’s commitment to adopting responsible business practices in the interest of its social and environmental ecosystem, to create value and better life for its stakeholders.

**Policy on Appointment of Statutory Auditors:** The objective of this policy is to provide a framework for appointment of statutory auditors in compliance with the requirements of Section 139 of the Companies Act, 2013.



**Policy on Sexual Harassment at the Workplace:** The Murugappa Group believes in ensuring that each employee is provided a safe workplace where their respect and dignity are at all times maintained. This policy contains guidelines on ensuring a safe work environment free of sexual harassment.

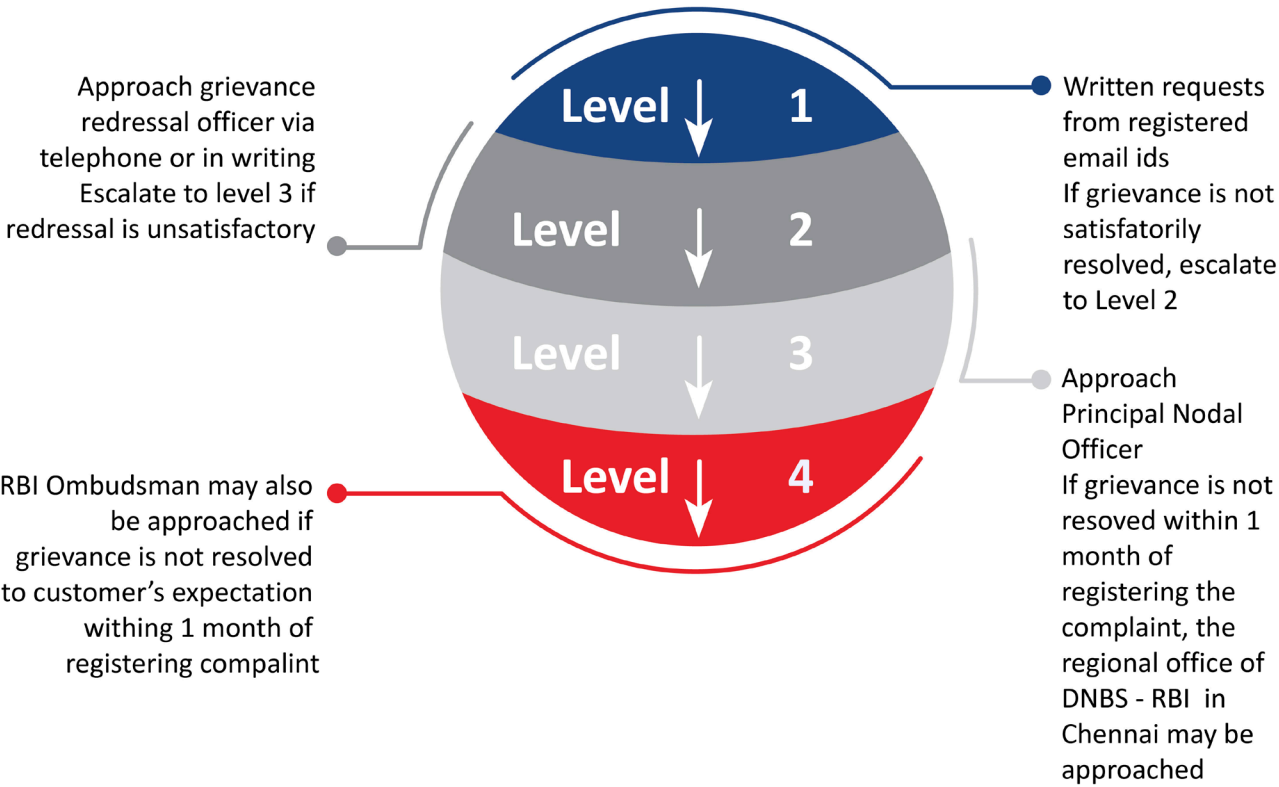
**Equal Opportunity Policy:** This policy represents the Murugappa Group’s commitment to ensuring merit / capability based equal employment opportunities for all, regardless of physical features, demographic

factors, marital status and being differently abled. The policy provides guidelines on ensuring a work environment free of discrimination.

**Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information:** This outlines fair practices and principles that the Company must adhere to with respect to making public disclosures of Unpublished Price Sensitive Information.

Grievance Redressal Mechanism

Operating in the financial services sector as we do, a structured mechanism for customer grievances is crucial to the business. Chola has a multi – level grievance redressal system to address disputes registered by customers, that adheres to the requirements of the RBI’s Ombudsman Scheme <sup>3</sup>. Details of our grievance redressal mechanism with contact details at each level are available on our corporate website [Chola | Grievance Redressal \(cholamandalam.com\)](#).



<sup>3</sup> [Ombudsman-Scheme-for-NBFCs-2018.pdf \(cholamandalam.com\)](#)

Privacy and Data Security

As Chola continues to leverage technology in its business, we are increasingly cognizant of the need to minimize risks associated with customers’ privacy and cyber security. Our objective in managing technology and cyber risk is to establish robust capabilities to manage cyber security. This includes setting high standards for security, including preventing the loss of customer data. We employ multi-layer protection technologies and have secured 100% of customers data across 1,000 Chola branches using encryption mechanisms and privilege access management solutions including authentication and authorization processes. We registered no breaches of data privacy in FY 2020 – 21.

Chola is implementing measures to enhance security of the Company’s digital assets and continues to emphasize data access controls, data integrity and compliance with regulatory guidelines. The Vulnerability Assessment and Penetration Testing (VAPT) 2.0 system is in place and assesses the organization’s IT infrastructure and digital applications before they are deployed.

In tandem with prioritizing processes and tools, we consistently raise awareness of cyber risks among our employees. Our awareness drive covers a broad range of areas including customer data handling, best practices related to internet access, guidelines for passwords / system credentials etc. We share similar guidelines with our customers as well, to help them navigate the internet safely and access our services securely.

We make sure to be well informed of rapid changes in the cyber sphere and ensure we amend existing processes and practices and adopt new ones in a

structured and safe manner. Chola’s IT policy and related framework for data privacy and security are reviewed regularly with close involvement of the IT Committee. Additionally, an audit by external auditors is carried out annually, in adherence with the Information Technology General Controls (ITGC) statutory audit requirement.





Chola’s IT policy and framework align with global industry standards for service delivery and security management.



Digitization

Chola’s is a digital led business model, designed to address rapidly evolving and dynamic customer needs in the market. Digitization is embedded in all aspects our business spanning online account management, document verification and on - boarding of customers to Human Resources processes and employee communications.

In FY 2020 – 21, we rolled out several IT initiatives that we are working on to bring to fruition in the near future. These are related to seamless digital experiences, process automation, enabling a data driven enterprise and cyber security.

Digital Experience	Process Automation	Data - Driven Enterprise	Cyber Security
			
Digitally connect employees, partners and customers	Lead with automation first approach	Deliver key insights from data	Strengthen technology risk management
Seamless experience for customers, business and technical partners	Dive automation of processes across functions and businesses	Access to cohesive and quality information in a timely and secure manner	Secure technology environment with strong threat - monitoring and governance
Provide digital ready solutions for all entity categories in the ecosystem	Progressively increase automation vis a vis human led activity in business processes	Set up an enterprise wide repository that spans system and non-system data	Cover all digital assets for monitoring and pro- active review/ response

Over the last year, we have made significant progress in providing a seamless digital experience to stakeholders across all aspects of the business, encompassing customers, employees and business partners such as manufacturers, dealers, co-lending partners, brokers and several others. This includes delivering digital solutions that enables all stakeholders in our ecosystem to work with us in a convenient and efficient manner on different channels such as mobile app, web browser, chatbot and voice/ customer support.

The digital solutions that we put in place have undergone LEAN review and will be effective as well as efficient in addressing the needs of those we engage with. In following this process, the solution will magnify the benefits of its use and enhance stakeholders’ experience with Chola.

The delivery of a seamless digital experience will be supported by three key elements, discussed below.

- **Increased automation:** this will be achieved through the combined use of regular software solutions, robotic process automation products and cognitive tools. We have also adopted approaches such as design thinking to ensure that major aspects of the field personnel’s intervention is driven by digital tools and solutions and minimally by manual effort.
- **Cohesive data:** the objective here is to support stakeholders and key decision makers within the organization with high quality and cohesive information in a timely manner. Our efforts also include putting in place alerting and forecasting tools that will enable pro – active action and resource alignment for efficient execution of plans.
- **Digital risk management:** we are working towards enterprise - wide security of key digital assets such as servers, data, network and endpoints. Simultaneously, employees will also be trained in the importance of cyber security and compliance, as well as the appropriate behaviors to preserve the integrity of personal data, communications etc.







## Responsible Product

### Management Approach

The many dimensions of ESG are embedded in the ethos of the Murugappa Group and are part of Chola's heritage. We have an unwavering commitment to responsible lending and strive to make a positive and holistic impact on the larger ecosystem through the design and delivery of our solutions. Our commitment to bettering the lives of those in the middle and lower income groups, is reflected in Chola having created value for its customers, by supporting them in becoming entrepreneurs in the field of commercial transportation, which is 44 % of our customers being First Time Users (FTUs) and First Time Buyers (FTBs), and 95% of the home loans portfolio comprising entrepreneurs with semi – formal income purchasing their first home.

Chola's housing business division has contributed to the financial health of the housing sector through the loans it has disbursed to thousands of people over the last 7 years. Significantly, it has delivered good quality affordable homes to over 2,000 families with annual income of INR 6 lakhs.

We have processed approximately INR 13.47 crores of subsidies under the Pradhan Mantri Awas Yojana for about 383 borrowers, with homes priced at INR 14 lakhs on average.

The numbers in our loan book stand testimony to our unwavering focus on servicing the needs of underserved customers.

- 65% of vehicle finance disbursements are to micro & small enterprises and agri -based customer segment
- Over 58.41% of our loan book accounts for homes in Tier II, Tier III and smaller locations

We believe that social progress is possible only when women are empowered and included in the mainstream of economic activity. We encourage entrepreneurship among women and 58 % of loans are given to businesses owned wholly or partly by women.

Customer engagement at Chola is understood as an ongoing partnership that enables us to create products that address our customers' needs. For instance, the reorientation of the Loans against

Property business model towards better customer engagement has helped us deliver better value and stands testimony to our dedication to customer centricity. Similarly, in Vehicle Finance, we have developed longstanding relationships with dealers and manufacturers which have helped customers buy the most suitable vehicle of their choice. We have financed over 7,50,000 customers and add over 15,000 new customers every month .

Innovation lies at the heart of sustainable business growth in order to remain competitive and relevant to customers and to respond nimbly to evolving market needs. We have demonstrated agility in challenging times of the pandemic by pivoting to digitalizing business processes and customer engagement. We ensured customers' needs were fulfilled as we carried out digital verification of customer details, disbursed loans online and introduced chatbots to address customer queries. Chola employees too were

facilitated to carry out their work and responsibilities remotely and to contribute to enhanced customer experiences.

Chola follows responsible lending practices and supports lending for purposes that add value to people's lives and contribute positively to socio – economic development. We adhere to leading multilateral investors' restrictions of funding and desist from supporting businesses which may be detrimental to the environment or violate human rights e.g., employ child labour. Such businesses are monitored and highlighted to the management to support decision making for business inclusion.

Compliance is integral to responsible lending and Chola is fully compliant with regulatory requirements which ensures that the interests of the business as well as its customers are appropriately safeguarded.



### Access to Finance

The Reserve Bank of India's (RBI) annual financial inclusion index reveals that financial inclusion in the country has improved and stands at 53.9 (as of March 31, 2021). Nevertheless, India's population of unbanked adults numbers about 190 million, second only to China, globally <sup>4</sup>, and there are 420 underbanked <sup>5</sup> districts in the country.

At Chola, we have historically catered to the financial needs of underserved people to enable them to rise into better lives. Today, 230 Chola branches are located in RBI underbanked districts, in diverse geographies of the country. We have developed the largest last mile credit presence in the country and most of our branches service the needs of citizens in Tier III, IV, V and VI towns and rural areas.

Chola's customer base consists of first time borrowers and those new to credit/ without a credit history, many of whom have the skills and capabilities to better their lives but lack the financial wherewithal and the necessary documents to access finance. Chola's solutions address these communities, supporting them with loans customized to the reality of their circumstances and their personal credit capabilities. Our portfolio of loans enables MSME as well as those employed in the transport and other sectors, to grow their business, purchase a vehicle, build or buy a home and thus enhance their incomes and standard of living.

<sup>4</sup> [factly.in/rbi-report-indias-financial-inclusion-index-is-53-9-by-the-end-of-march-2021/](https://factly.in/rbi-report-indias-financial-inclusion-index-is-53-9-by-the-end-of-march-2021/)

<sup>5</sup> The RBI defines underbanked districts as those where the average population per branch office (APPBO) exceeds the national average



### Responsible Lending through Vehicle Finance

Chola’s Vehicle Finance business offers a highly diversified range of products in diverse rural, semi – urban and urban geographies and to varied customer segments comprising first time buyers. We have also entered the realm of financing for electric vehicles and have plans to strengthen our presence in this domain.

Our solutions are customized to address our customers’ capabilities. Most of our customers are employed as drivers who aspire to own a vehicle. Chola makes finance available to them in order to fulfil this aspiration. Our engagement with our customers does not stop here as we continue to be closely associated with borrowers throughout their lives. We remain their trusted source of finance for vehicle maintenance, financing insurance to protect their assets and life and other needs. We walk by their side as they expand their fleet, by making finance accessible for new vehicle acquisition and working capital management.

Our focus on customized lending processes and end goal of creating a positive impact on our customers’ lives ensures that our Vehicle Finance vertical contributes to economic growth and social upliftment of thousands of Indian citizens.



### ESG Based Lending

Our primary focus on lending to the economically underprivileged sections of society enables geographically dispersed social impact among farmers, transportation sector employees and entrepreneurs spanning vegetable vendors and small town salon owners to grocery store owners and other businesses.

We prioritize lending for the purchase of commercial vehicles, tractors, construction equipment, multi – utility vehicles etc. that add value to the economy. We also emphasize lending for the purchase of passenger vehicles like cars and two wheelers which boost the quality of life and augment the social stature of borrowers. Our Loan Against Property division caters largely to self- employed non-professionals such as small scale manufacturing units and small grocery stores who seek financial support to either start a new business or expand an existing one. As one

of the largest providers of loans against property in the Indian NBFC sector, Chola supports the growth of India’s MSME community as well as the Indian economy. Through our housing loans, we encourage the development of sustainable housing i.e., those built to requirements of green standards.

As one of the leading NBFCs in India, we consider it our duty to support national priorities such as access to affordable housing and monetary support for entrepreneurs in the renewable energy sector. Chola’s services align with the government’s priority sector lending, enabling people to benefit from access to finance to enhance their incomes and improve their lives e.g., we process applications for the Pradhan Mantri Awas Yojana and provide housing loans under this scheme.



### Innovation

At Chola we believe that innovation is crucial to staying ahead of the field, creating value for customers and being well - prepared to address dynamic market demands with agility. Innovation at Chola is an ongoing process and is at the forefront more than ever before, as the Company ensured business continuity during the COVID -19 related lockdowns by rapidly scaling up the use of digital technologies in stakeholder engagements and business processes.

In the reporting year, we initiated the transition of all processes to a digital platform, including

our capabilities to engage with customers and field personnel remotely and carry out customer verification processes online. AI was deployed to carry out Know Your Customer (KYC) processes online, including the recording of biometrics. This ensured business continuity in the face of a manpower shortage and contributed significantly to process simplification, cost savings, enhanced productivity and enhanced customer experiences.





Further, the Botjet Conversational Artificial Intelligence (AI) Platform was employed to create chatbots to assist customers with queries, making the process simpler and more efficient.

We also leveraged “Efficient Cash Management Processes” and deployed the latest automation technologies in Chola’s operations.

Among other initiatives, Chola has adopted the use of advanced technology in its branches to support with updating digital ledgers and are working to deploy this technology across all our operations in the coming months.

Our efforts towards enhanced customer centricity and improved experiences gain value from listening to and incorporating feedback from customers and business partners in the innovations we undertake. A zonal or regional manager at each of our branches addresses the customer care requirements. We conduct annual customer satisfaction surveys and ensure high customer satisfaction index is maintained at all branches.



# Environmental Consciousness

## Management Approach

Chola's strategy for sustainable development guides the Company in fulfilling its responsibility towards mitigating the climate crisis and preserving the natural environment, for the present and future generations. We have incorporated practices in the routine functioning of our business encompassing energy efficiency, waste management and environmental conservation.

The electronic era has resulted in a booming demand for gadgets and devices across sectors, which eventually result in electronic and electrical waste (e-waste). Owing to the people intensive nature of its businesses, the financial services sector is a major contributor of e-waste. Chola is cognizant of the impact of the environmental impact of improper management of e-waste and has adopted a strong e-waste management practice to minimize adverse outcomes.

With a view to conserving paper, we have transitioned all paper – related processes to a digital platform and carry out minimal manual documentation. We also participate in Canon’s

“The Green Environment Together” program, wherein Canon plants a tree for every printing device that Chola purchases. We have also rolled out measures for greater efficiencies in the use of paper in our processes, with a view to contributing to forest conservation and carbon sequestration, as well as reducing the quantities of waste generated by the business.

Against the backdrop of the pervasive climate crisis, Chola is conscious of the urgent need for reduced carbon emissions. We have taken company – wide steps towards enhanced energy efficiency in order to minimize emissions of greenhouse gases into the atmosphere.

Chola also actively creates awareness about energy within the organization and among our customers. We run green awareness campaigns at all our branches and continuously collaborate with our IT teams to circulate e - mailers to customers carrying information about energy efficiency and sustainability.





E-Waste

Chola has instituted the practice of periodically identifying obsolete IT assets and those due for reassignment and trade-in. Recycling/re-assignment of assets is undertaken keeping in view different tasks within the organization and with the aim to maximize usage and minimize e-waste. Occasionally, such equipment is also donated, after following due approvals.

In the case of obsolete assets, the disposal of e-waste assumes greater importance as we require to ensure the safety and security of our customers’ personal data. Chola strives to make sure that e-waste is disposed of in the most scientific way, that the recycling organization has a valid permit and follows the required protocols laid down by regulatory bodies.

These proactive steps allow us to manage our e-waste responsibly and do our bit to protect the environment.



Environmental Conservation

The business of financial services usually involves a ton load of paperwork and Chola is conscious of the long term implications of the increased and continued use of paper. We promote the use of recycled paper and have taken several steps across the organization that allow for more efficient paper usage. The measures adopted include a transition to ‘double side printing mode’, using single side printed waste paper to create stationery products like note pads etc. Additionally, all Chola facilities are advised to replace the use paper cups with stainless steel / ceramic cups, in order to reinforce our efforts and manage waste.



Energy

Chola’s footprint is spread across the vastness of India with over 1,000 branches, making it a challenge to the company to identify and address energy inefficiencies across geographies. Nevertheless, we are intent on improving the efficiency of our energy consumption and plan to capture and formulate an energy baseline for each of our branches. Along with this, we will track and monitor our energy consumption trends and identify energy saving opportunities. Currently, we have implemented energy saving measures, replacing CFL lighting with LED lights.



People Power

Chola firmly believes that employees are the bedrock of an organization’s agility and growth potential. We accord the highest emphasis to our employees and prioritize their wellbeing in the many dimensions of health, professional and personal development.

The COVID -19 pandemic placed immense challenges on the smooth functioning of the organization as well as on employees’ productivity. We rose to the occasion by harnessing the power of technology to continue to deliver learning programs for professional development and enhanced productivity. We also continued to stay engaged and connected with employees through virtual townhall meetings, communication drives and online sessions on managing health during the pandemic as well as recreational activities.

Significantly, Chola implemented several employee wellness initiatives to cope with the pandemic and launched a pandemic support program for employees including counselling for mental health, doctor on call and support for hospitalization, expanded health insurance coverage and financial assistance to affected employees and families, to mention a few.

These efforts elicited considerable participation from employees and their families and contributed to boosting morale and engagement. In testimony to these efforts, Chola experienced 7% lower employee

attrition in the previous year. Overall, the efforts we made were well received by our employees and their families and elicited healthy levels of participation. In FY 2020 - 21, Chola experienced 7% lower employee turnover than in the previous year, suggesting employees’ appreciation of the Company’s efforts to build lasting relationships and care for their people. Going forward, we plan to conduct a periodic employee wellness/ satisfaction survey to enable us to develop initiatives that better address employees’ needs.

We place significant importance on creating a safe and inclusive work environment, in the conviction that it is not only in the best interests of employees’ wellbeing, but it also elicits employee participation in the organization’s initiatives for growth and progress. We continue to emphasize our policy against sexual harassment and drive communication of zero tolerance for it across the organization.

Safety in workplace is given the utmost importance. During the pandemic we empowered employees with information on standard operating procedures in the branches and for customer visits. We believe these initiatives and empowered employees helped to contain the impact of COVID -19 on the business.



While employee wellbeing receives highest priority, we continue to keep the wellbeing of underserved social communities on our radar. We are actively involved in enabling members of the trucking and transportation communities access health services and support their offspring with scholarships to continue education.

Among other underserved sections of society, we continue contributing to financial inclusion and raising their standard of living through support programs in healthcare infrastructure, rural sports, arts and culture, rural development and water and sanitation.

## Employment and Employee Engagement

We strive to foster a strong bond between our employees and our business and the Chola brand as well as a sense of belonging to the Murugappa Group. The pandemic offered us tremendous opportunity in FY 2020 – 21 to re - shape key Human Resources practices such as recruitment, on – boarding, training and employee engagement.

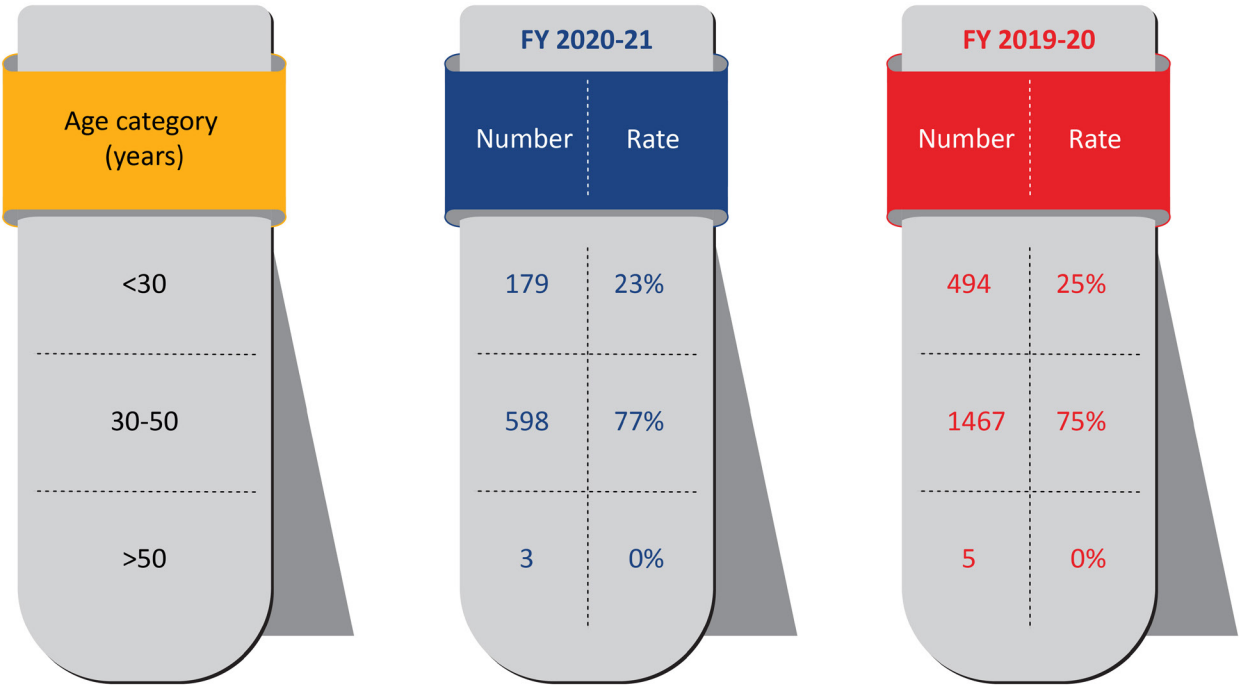
The digital mode was leveraged extensively as we automated all hiring and relieving related processes. As of March 31, 2021, Chola had a total of 7,620 employees including 228 women across the different levels in the organization.

## Employee Count by Level and Gender – as on 31 March 2021

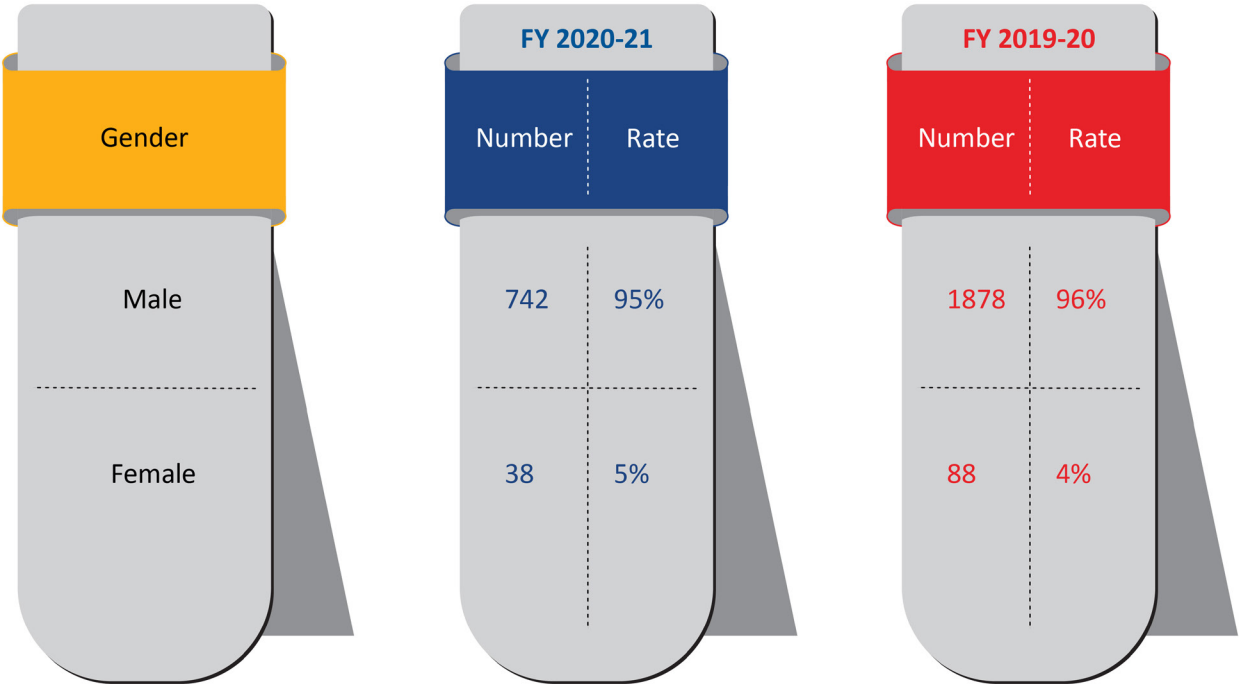


In FY 2020 – 21, we hired 780 new employees across our business divisions. The tables below depict the number of new hires by gender and age.

## New Hires by Age :



## New Hires by Gender :



\*Entry level positions involves intense field work.

The rate of attrition in an organization is one of the indicators of the importance it places on employee wellbeing and development. In FY 2020 – 21, we witnessed a turnover of 1,055 employees, a reduction of 7% over the previous year.



Benefits Provided to Employees

Employees at Chola are provided numerous benefits in compliance with labor laws. While we do not offer a food allowance, the Company provides lunch to all staff at specific locations.

Types of Benefits	FY 2020 – 21	FY 2019 – 20
Life insurance	Yes	Yes
Health care	Yes	Yes
Parental leave (maternity leave or paternity leave)	Yes	Yes
Retirement provision	Yes	Yes



Parental Leave

Chola provides maternity, paternity and adoption leave. We provide 6 months maternity leave, 5 days of paternity leave in addition to supporting our employees to transition back to work post return.

Employees who Aailed of Parental Leave and Returned to Work

Indicator	FY 2020 – 21		FY 2019 – 20	
	Males	Females	Males	Females
Number of employees entitled to Parental Leave	35	14	6	9
Number of employees who took parental leave in FY 2020 – 21	35	14	6	9
Number of employees returned to work after parental leave ended in FY 2020 – 21	28	9	6	7
Number of employees returned to work after parental leave ended (in FY 2018 – 19 and 2019 - 20) who were still employed twelve months after their return to work	17	2	5	7

Engaging with Employees

We engage with employees in a variety of ways and have availed of the benefits of technology to do so in the last couple of years. Our in – house messenger tool, Zippi, keeps employees connected with one another while a chat bot offers personalized help desk support to them.

During the periods of lockdown associated with the pandemic, the need for the Company’s top

management to engage with employees emerged stronger than ever before. A virtual townhall meeting was organized for the management to address and interact with employees to share business continuity plans, boost morale and stress and the importance of care for their own and family’s health.



With a view to keeping employees connected as well as engaged and motivated, we also conducted several online activities for them and their families. This spanned music festival, summer camp for children and talk shows with experts in Chola’s field of business. These events saw active participation and about 1,500 employees and their family members took part in the programs.

Looking ahead, we are formulating plans to conduct regular employee satisfaction surveys and derive a wellness / satisfaction index, to help us to develop targeted initiatives that truly address employees’ needs and support productivity.



## Employee Wellness

Chola upholds the highest standards of health, safety and wellbeing for our employees. We have a dedicated Environment Health and Safety team that focuses on this aspect and played a crucial role in supporting employees through the pandemic.

Together with external agencies, we organized 15 live webinars programs for employees and their family members to create awareness on the different dimensions of health. Prioritizing the mental and emotional health of our employees and their families, the company also rolled out programs related to these aspects and lent support to cope with the stresses and anxieties brought on by the disruptions of the pandemic.

In addition, we conducted large scale communication drives and reached out to over 500 employees per day, via one-on-one calls, mailers and posters to ensure their safety and to communicate operating procedures for branches and customer visits and

to educate and empower them to help manage the impact of COVID -19.

Apart from the initiatives related to the pandemic, we also continued to deliver awareness programs on subjects of social relevance. One such program included Chola’s road safety training module which was developed based on Indian road accident patterns. This training was implemented on a pilot basis in the North zone, with the aim of heightening awareness and preventing road accidents and will be extended to our other regions in the coming months.

A safe work environment plays a critical role in employee wellbeing. Chola has a well established policy against sexual harassment in the workplace and periodically ensures that employees are made aware of the subject and the provisions of the policy. In the reporting year we did not receive any complaints of workplace related sexual harassment.

## Learning and Development

At Chola we believe in enabling every employee to continually build on their potential and to reach for greater heights. In FY 2020– 21 we ran several Learning and Development webinars on Process Assessment, Behavioral Assessment, Business specific Process and Product e-learning modules and customized trainings for support functions. Employees were also

introduced to coaching clinics in order to focus on new techniques and excel in their roles.

In all about 82 programs were conducted and were attended by 4,400 employees. Our efforts on this scale were made possible by technology solutions such as Alt Learning and MS Office – 365.



Training Details

In the face of the challenges posed by COVID -19, we continued to deliver training to our employees to safeguard continuity in their professional growth as well as to ensure engagement and keep morale high in difficult times. While all levels of employees received and participated in multiple learning and development sessions, the larger number of Staff personnel contributed significantly to the training hours, as compared to a smaller number of those in mid and senior management.

Training Details by Employee Category and Gender

Employee Category	FY 2020-21	FY 2019-20
	No of participants *	
Senior Management ( President to Associate Vice president)	643	238
Middle Management ( Senior Assistant Vice President to Manager)	3,415	939
Junior Management (Deputy Manager, Assistant Manager, & Junior Manager)	18,826	5,132
Staff (Supervisory)	45,045	9,908
Gender		
No of participants *		
Male	66,226	15,680
Female	1,702	537

\* Included with employee's multiple training program

The use of technology also enabled us to conduct performance appraisals digitally. Employees across organizational levels received a performance appraisal in the reporting year.

Number of Employees Received Performance Appraisal *				
Year	FY 2020-21		FY 2019-20	
Category	Male	Female	Male	Female
Employees who received a regular performance and career development review during the reporting period	7,129	215	6,967	205

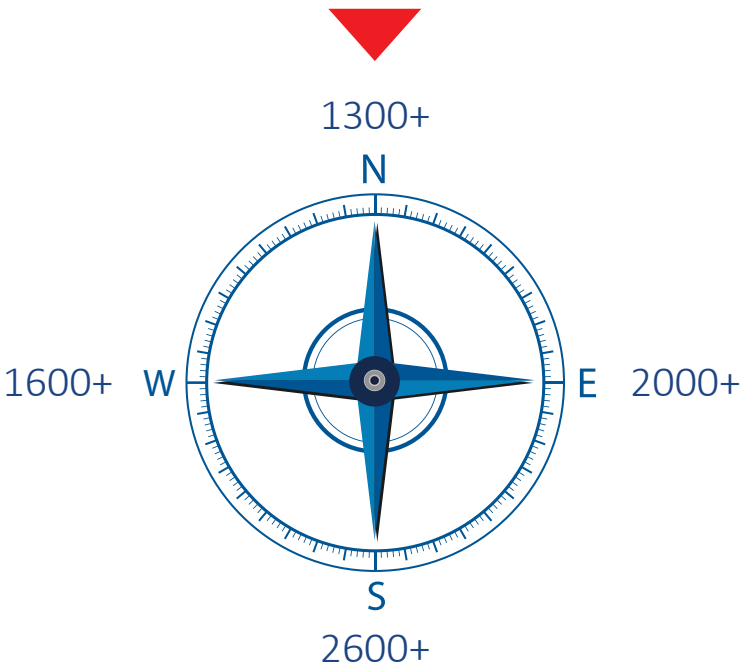
\* Eligible employees covered under appraisal cycle

Diversity and Inclusion

As an equal opportunities employer, we hire on the basis of capability and potential and espouse discriminatory practices on the grounds of socio – economic and demographic considerations. With our vast network of branches, we emphasize local hiring, both to create employment in the area as well as to benefit from the socio-cultural insights that local people bring to the business.

We recognize that social and gender diversity are highly relevant to strengthening the country’s social fabric and to its economic growth. We actively recruit women into Chola and work to enhance the gender balance within the organization. As a business, we prioritize women borrowers and encourage their aspirations of entrepreneurship and home ownership.

Employee Count by Region, FY 2020-21



Human Rights

At Chola we recognize human rights as inherent, indivisible and universal to all people, regardless of differences of ethnicity, faith and demographic, cultural, economic and other variables. The Company has taken care to integrate respect for Human Rights in its management systems, wherever applicable, particularly by assessing and managing Human Rights impacts of operations.

We make significant effort to protect the rights of our employees, business partners and customers in the design and implementation of our business processes

Empowering Communities

Our vision of enabling a better life goes well beyond our customers and extends to marginalized communities with the aim of contributing to nation building. Chola’s CSR programs are carried out not only in the areas of our operations, but also in other geographies which require developmental support.



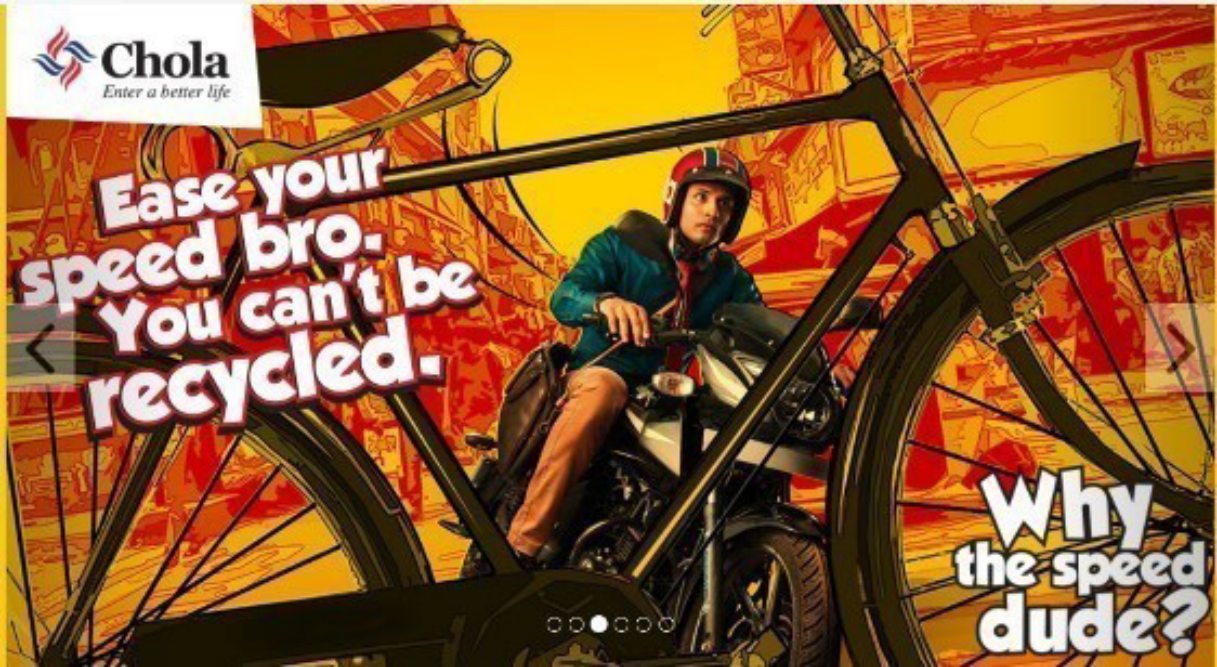
and financial solutions and respect the rights of communities within the sphere of our influence. We strive to promote the awareness and realization of Human Rights across the value chain of our business partners and do not support Human Rights abuse by third parties. For instances of violations, the Company provides a well-established mechanism for grievance redressal, which is accessible by all individuals impacted by Chola’s business.

Case Study: # JaldiKyaHai

Road accidents caused by over speeding are a major cause of injuries and fatalities in India. According to the National Crime Records Bureau, 1.20 lakh persons lost their lives in road accidents in 2020 alone and close to 4 lakh lives have been lost over the last 3 years <sup>6</sup>.

#JaldiKyaHai is a road safety initiative against over-speeding, undertaken by Chola. The initiative combines fun with the serious issue of over speeding to focus on situations in which speed limits are exceeded as well as their adverse outcomes. The campaign comprises videos delivered in English, Hindi, Kannada and Tamil.

Through this campaign, we hope to influence a change in the behavior of road users and make Indian roads safer for all.



CSR among Commercial Vehicle Crew members

Chola takes a special interest in commercial vehicle crew members (CVCM) including drivers, cleaners, mechanics and their family members, especially women. In FY 2020 -21, we partnered with Prayas Organization for Sustainable Development to reach out to commercial vehicle crew and their families to increase financial literacy among them. In all, we engaged with 14, 899 individuals in Kutch district, Gujarat, to bring about awareness about banking services including digital transactions, savings, insurance, financial planning among others. The program also creates awareness of government schemes such as the Atal Pension Yojana that aim to support such communities. Among those we engaged with over 2, 400 individuals went ahead to open bank accounts and apply for the pension scheme, among other steps taken.

<sup>6</sup> 1.20 lakh deaths due to negligence in road accidents in 2020, average 328 daily: NCRB report | India News - Times of India (indiatimes.com)





Confident with the support received from Chola, Hajeshbhai of Morbi in Gujarat now participates in the Atal Pension Yojana, a government backed scheme, targeted at the unorganized sector. In this way, Hajeshbhai is building financial security for later years when his capacity for work will diminish.

Having participated in Chola's financial literacy program, Naranbhai in Kutch district now uses his debit card comfortably and has also taught his CVCM friends and colleagues how to use theirs. He has also downloaded a mobile bank application and can now transfer funds to his family.

Financial inclusion in India requires every individual to produce documentation that confirms their identity. The Aadhaar card is one such that is almost indispensable to accessing banking and other services as well as social benefits. Apart from imparting financial literacy, we also enable CVCM and their family members to acquire documentation such as the Aadhaar card, to take advantage of financial benefits as well as open bank accounts.



Roshanben is married to a CVCM. She wanted to apply for a government housing loan but was unable to as she lacked an Aadhaar card and was unable to obtain one herself. Chola helped her to apply for this document at the Taluka Panchayat Office, which processed her application and provided the card to her. Armed with this, Roshanben was able to apply for the loan and looks forward to securing her family's life, with a home as well as an asset.



The itinerant nature of the transportation community's profession makes accessing healthcare a challenge for its members. Chola supports the operation of fully equipped mobile health vans and qualified medical personnel and also conducts free health camps including vision screening and dental checkups for CVCM through the *Raahi Drishti Kendra Vision Centres* in multiple states. The eye care program runs on real time data and makes it possible for truckers to have their vision checked at one location and to pick up spectacles at a different destination. In FY 2020 – 21, we conducted vision checkups for 67, 905 CVCM and aim to provide basic health services to thousands more in the future. We also have programs for the families of CVCM. Through the *Healing Little Hearts initiative*, Chola

together with Sri Sathya Sai Sanjeevani Hospitals provides free surgeries and treatment for congenital heart disease to children of members of the transportation industry from any part of India. For students who are children of CVCM, we support higher education through the *My Dream Scholarship* initiative that enables them to continue into secondary and college education rather than drop out of the education system for want of monetary resources. In the reporting year, Chola supported scholarships in varied fields such as nursing, technical training, information technology for over 100 students to achieve their education aspirations and lay the foundations for better lives for themselves and their families.



## Healthcare

In addition to the healthcare facilities offered to the trucking and transportation community, Chola takes an active interest in ensuring people living in far flung areas receive basic health services. We support 3 health clinics in remote areas of Coimbatore and through these efforts serve residents of 111 villages.

Chola also provides financial support for healthcare infrastructure expansion and maintenance to hospitals in cities as well as remote areas. In Chennai we support the Sir Ivan Stedeford Hospital to expand capacity to cater to a growing number of people. We also support the running and maintenance of the Valliammai Achi Hospital in a remote forest area of Kadalayumoodu in Kanyakumari district. This hospital is the only medical facility available to the tribal and village community in and around the area and we have contributed to helping serve 50,000 persons since 2015.



## Water and Sanitation

Our focus in Water and Sanitation is two – fold, namely access to safe water and enabling behavior change from open air defecation to using hygienic sanitation facilities.

In the Marathwada region of Maharashtra, we implement an Any Time Water program and have made water available through reverse osmosis (RO) technology to villages where water is highly contaminated with fluoride.

Similarly, we have established safe drinking water facilities in several villages of Karimnagar, Nalgonda and Warangal districts of Telangana, where water contains high quantities of fluoride, arsenic and other contaminants and poses severe dental and skeletal health risk for residents.



Remote areas in Odisha lack access to water, largely owing to the absence of access to electricity. In several such villages, Chola, in partnership with the NGO Women Education and Environment, has installed bore wells as well as overhead tanks and solar powered motors to facilitate access to clean water for everyday living needs and sanitation.

We have also constructed toilets for the villages which have gone a long way in stopping open air defecation, prevention of associated diseases like diarrhea. Our efforts have promoted better health and hygiene for people as well as the environment

and have contributed to greater security for women and adolescent girls.

Chola's efforts in providing hygienic sanitation facilities extends to Tamil Nadu as well. We have installed smart toilets for use by village residents and have ensured that there is no external drainage of sewage. This initiative has benefited several households, including women and children, who have adopted safe sanitation practices. Importantly, their transition to using toilets has improved their health as the incidence of water borne diseases has reduced considerably in these communities



*"We were facing problems because of not having toilets at home. We were going to the jungle to defecate and were sometimes attacked by wild elephants, boars and snakes. Now we are happy to have our own toilets. We now get water at our doorstep which is very convenient for us."* Village resident in Odisha

*"Now we are less susceptible to diseases than before because of clean water and no open-air defecation."* Village resident in Odisha

*"My family members and I used to go into the open to defecate. We faced the threat of insect bites and it was especially difficult for the women, pregnant women and children. My children had frequent health issues like fever, diarrhea and I took them to the hospital many times. After the sewage treatment plant was built, we are all using toilets and feel comfortable and safe, and the village is open defecation free."* Village resident in Telangana

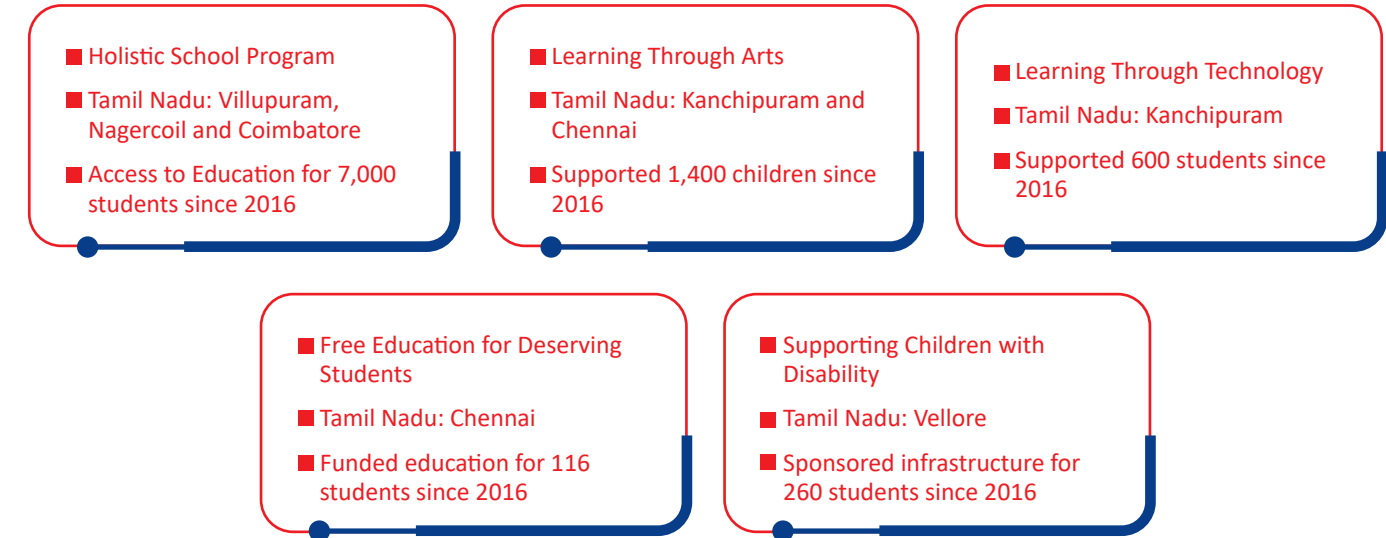




With a firm focus on supporting and enhancing the wellbeing of the trucking community, we have implemented the Swachh Raipur Project which provides basic hygiene and sanitation facilities to truckers and others in the transportation industry who are frequently on the road. In collaboration with NGO partners Sulabh

International for clean toilets and Bala Vikasa Social Services Society for purified drinking water, Chola has installed two 30-seater semi-deluxe toilet complexes and RO drinking water facilities at Bhilai Hathkhoj Transport Nagar and Pandri bus stop. This initiative is estimated to benefit 4,000 persons per day, for the next 3 decades.

Education



For several years, Chola has played a pivotal role in ensuring quality education for children of underserved communities across Tamil Nadu. The Murugappa Polytechnic College delivers international standard education in engineering and technology, comprising courses in various streams of engineering, relevant to industry requirements and job opportunities.

We support educational trusts such as AID India Foundation, Nalandaway and Isha Vidya to provide access to quality education to children from economically backward sections of society.

Through the holistic school initiative, Chola supports numerous programs designed to create an optimal learning and growth environment for young minds. We support the development of school infrastructure,

provide sports and laboratory equipment, school buses and the latest in teaching aids. We facilitate technology – based classroom learning with the internet and tablets to make education fun and to encourage curiosity in children. We also run programs that leverage the benefits of arts and crafts to teach core subjects like Science, Mathematics and languages, with the objective of helping young students enjoy learning, stay on in school and minimize the number of dropouts.

We also enable free education for children from underserved communities and support infrastructure and training for children who are differently abled and have special needs.

Arts and Culture

Chola takes an active interest in the arts and cultural aspects of India’s heritage in the belief that they play a key part in creating a strong sense of identity and must be preserved and passed down the generations. We are actively involved with organizations like Dakshina Chitra, to perpetuate traditional arts.

Further, we provide scholarships to promote higher studies in the arts. Chola also extends support to art museums and celebrations of thematic cultural festivals of India.



# Rural Sports

At Chola we believe in the power of sports to impart invaluable social and life skills as well as to instill values that bind communities together. We view sports as a universal language that cuts across man made differences and promote it as a force with which to build strong communities.

Chola provides financial support to The Murugappa Youth Football Academy, a private organization that offers free football coaching for young boys from economically underprivileged families. Coaching is delivered by internationally trained professional coaches and students receive the best facilities which would otherwise be beyond their reach. Our support has reached 94 young persons since 2016.



We have also sponsored professional coaching for volleyball, throwball, on the field activities and have established several playing facilities for these sports in about 54 villages in Coimbatore district. Since the start of our involvement in 2016, we have sponsored coaching and other facilities for 300 students.



Additionally, we provide sports kits and professional training in sports such as throwball to close to 400 women, youth and children in Chennai and Coimbatore.



# Rural Development

Our efforts to raise the standards of living of underserved communities include access to electricity, clean water and sanitation facilities, education, basic medical services.

In Nathamedu village of Thiruvallur district in Tamil Nadu, we have established a free tuition centre for school children, RO plant for drinking water, community toilets and a medical centre. These interventions will benefit 1,000 families of the village.



## Case Study: Rural Development of Thondamuthur

In the Thondamuthur block of Coimbatore district in Tamil Nadu, Chola together with the NGO Isha Outreach works in 54 villages to improve the quality of education, provide access to healthcare, promote rural sports and create awareness of solid waste management practices. Our initiatives have touched the lives of over 92,000 families since 2016.



## Environment Sustainability

We take a keen interest in the long-term sustenance of endangered animal species and support several initiatives which focus on the co-existence of man and animals and in protecting and reviving animal and marine life. In Tamil Nadu, we support the Madras Crocodile Bank Trust to expand its infrastructure and activities for the conservation of endangered reptiles such as crocodiles, komodos and alligators.

In the Himalayan desert valley of Spiti in Himachal Pradesh, we partner with the Nature Conservation Foundation (NCF) to sustain its livestock security program which focuses on strengthening the coexistence of people and animals in shared terrains.

We also support NCF's study of a genetic analysis to identify the 6 commercial target species of coral reef caught in trawl fishery. This study will feed into initiatives to protect rapidly vanishing coral reefs in the Arabian Sea around the Lakshadweep islands.

NCF has developed a regionally adaptable set of educational materials for children to create awareness of the importance of conserving nature and avian life. Chola has supported this effort as well.



## Research and Development

Chola backs organizations that work develop an ecosystem that generates entrepreneurship. We have partnered with the Shri A.M.M. Murugappa Chettiar Research Centre (MCRC) and Indian Institute of Technology (IIT) Madras, both of which have set up academic and technology incubators to encourage innovation for social impact.

Through its partnership with MCRC, Chola provides financial aid to projects which aim to develop sustainable science and technology-based solutions to improve livelihoods in rural communities. These efforts are primarily in the areas of food, energy, environment and development in rural India.

Our engagement with IIT Madras involves funding some technology incubation projects for nurturing and overseeing innovation and entrepreneurship. We also provide scholarships to deserving students.



## Disaster Relief

Apart from our ongoing CSR initiatives, we contribute to disaster relief measures to help those struck by devastation to rebuild their lives. During the landslips and floods in Kerala in recent years, Chola provided financial help to the Snehabhumi humanitarian project to provide 100 stable houses to those who had lost their homes and belongings.



## Sustainability Outlook

At Chola we aspire to implement international best practices in our ongoing sustainability journey. We will continue to strive to reinforce principles of ESG in all aspects of our business, guided by our sustainability framework which focuses our efforts on responsible lending, enhancing governance, operational – eco efficiency and emphasizing people and communities.

Customer centricity is integral to Chola’s functioning and initiatives adopted by the Company will ensure that the design and delivery of our financial solutions deliver heightened social impact. We plan to orient our portfolio towards ESG dimensions by expanding it to include more products directed at women entrepreneurs, renewable energy, electric mobility and green housing.

Operating in an era of rapid technological changes, cyber security will continue to be prioritized. We will ensure to employ the most appropriate technologies to protect our customers, business partners and employees against cyber threats. Additionally, business processes will see enhanced digitization in order enhance stakeholders’ experience with Chola. We plan to further digitalize product branding and achieve paper free product processing and operations.

We are committed to lowering Chola’s environmental footprint and are working to strengthen operation eco – efficiency in terms of managing water usage, paper conservation and reducing emissions through more efficient energy consumption. Going forward, we have plans to incorporate ESG considerations in the setup of new branch offices. New office buildings will necessarily follow sustainable design and architecture principles and be LEED certified green buildings. In a step towards supporting efforts in decarbonization, we have entered the realm of financing electric vehicles and look forward to

achieving a significant presence in this area.

On the people front, employee wellbeing remains a key focus area. Chola aims to inculcate a culture of behaviour safety across the business operations through a strengthened occupational health and safety management system. This will enable better safety practices and emergency preparedness and response among employees. Moving ahead, the employee wellness survey and wellness index or satisfaction score will enable us to formulate and fine tune employee-oriented initiatives for enhanced productivity, engagement and wellbeing.

Increasing ESG awareness among employees is a key focus area in employee development. This will be included in the learning and development plans for employee training.

As we expand our long history of community welfare, we plan to extend our efforts to pressing environmental issues such as water management and renewable energy as well as to socially relevant topics of women empowerment and skill development etc. We are working to develop a structured employee volunteering program and consideration of impact evaluation of Chola’s CSR programs is also in the pipeline.

We have articulated a sustainability strategy and road map to transition Chola’s operations to greater synergy with ESG dimensions. We look forward to being active contributors in mitigating crucial social and environmental issues and to helping more people enter a better life.





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Sustainable financial inclusion for all

**CHOLAMANDALAM  
INVESTMENT AND FINANCE  
COMPANY LIMITED**

**SUSTAINABILITY REPORT FY 20-21**