

# Sustainability Report

## 2023 - 2024



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## About the Report

Aavas Financiers Limited ("Aavas") is currently working on the theme "Sustainability powered by technology". Aavas aims to catalyze the national building journey by fulfilling the dream of owning a home for millions of lower and middle-income households. As Aavas progresses into the second decade of the existence, sustainability is being brought to the center of our business strategy.

Aavas understands sustainability as a journey, not a destination, and is committed to improving in all areas of sustainability. Our approach is holistic and solution-oriented, addressing the interests of all stakeholders. Aavas focuses on various aspects of sustainability, including climate response, efficient use of resources, diversity and inclusion, digitization, and stronger data security systems.

Aavas has prepared a Sustainability Report to present how Aavas bring our core values to life and their approach to Environmental, Social and Governance (ESG) issues. The report highlights our performance for the Financial Year 2023-24 and is an addition to our Business Responsibility and Sustainability Report (BRSR) included in the Annual Report for Financial Year 2023-24. The report focuses on the sustainability performance of Aavas.

Aavas is committed to promoting sustainable development in the affordable housing segment. Aavas aims to revolutionize the industry and prioritize the adoption of energy-efficient and eco-friendly building practices in the affordable housing sector.

Overall, Aavas is dedicated to fulfilling the dreams of homeownership while also prioritizing sustainability and responsible business practices. A detailed independent assessment of our ESG profile is available on our website at <https://www.aavas.in/esg-reporting>.

In case of any queries contact at [info@aavas.in](mailto:info@aavas.in).

## Sustainability Highlights of FY 2023-24

### ENVIRONMENTAL



**490.37 MTCO<sub>2</sub>e  
GHG emissions  
reduced**



**150 EDGE-certified  
self-built green  
homes**



**Digitized operations  
to minimize  
paperwork under  
"Go Green" Initiative**



**Green House Gas  
(GHG) assurance**



**LEED Gold certified  
corporate office**



**Carbon neutrality  
target by FY 2049-50**

### SOCIAL



**8,545  
Total employees**



**4.89% Women  
in workforce**



**24% Women  
in corporate  
office**



**100%  
Employees  
covered under  
medical benefits**



**1,18,000+  
Hours of training  
to employees**



**Initiated women  
empowerment  
programs under  
project 'Prerna'**

## GOVERNANCE



**Voluntary compliance with BRSR core assurance**



**Constituted board level CSR & ESG committee and steering committee**



**Developed ESG policy framework**



**Defined ESG targets**



**3 out of 9 directors are independent on the board**



**2 out of 9 directors are women on the board**

## COMMUNITY DEVELOPMENT



**903.51 Lakhs CSR spend**



**9,00,000+ CSR beneficiaries**



**295 KWP solar plants installed**



**Built 13 washrooms and 6 rooms in Govt. schools**



**240 Training sessions and 2,600+ safety kits distributed to construction workers under project 'Vishwakarma'**



**8,800+ females given self-employment training in 320 centres under project 'Gram Siddhi'**



**14 Traffic assistance booths installed & 6,000+ helmet distributed under road safety awareness**



**Daily food distribution to 1,000+ patients & families at hospitals**

## Message from MD & CEO

Dear valued stakeholders,

I am delighted to present the third edition of Aavas Sustainability Report. Aavas has always been recognized for its unique approach in reaching out to communities at the grassroots level and empowering them to overcome the challenges of accessing formal credit. Through individualized assessment of credit worthiness, Aavas has successfully addressed a critical gap in India's housing finance sector. Our sustainability journey adds another dimension to this legacy of leading by example.

Over the past three years, Aavas has actively embraced green and sustainable solutions in our work and beyond. The Company began by obtaining green building certification for our Corporate Office, making it the first existing commercial building in Jaipur to be certified LEED Gold. This achievement fills us with great pride.

Our commitment to fostering a welcoming environment extends to our new hires. Aavas has actively engaged them in the workforce and have implemented various initiatives to advance gender equality. These include the Women Managers Empowerment Program, Prerna Webinars and Chapters and the Women Excellence award. Through these efforts, the Company aims to empower women in leadership positions and create a more inclusive and equitable work environment.

In recognition of the global trends and the increasing importance of ESG factors, the Corporate Social Responsibility Committee of the Company is reconstituted as the CSR & ESG Committee.

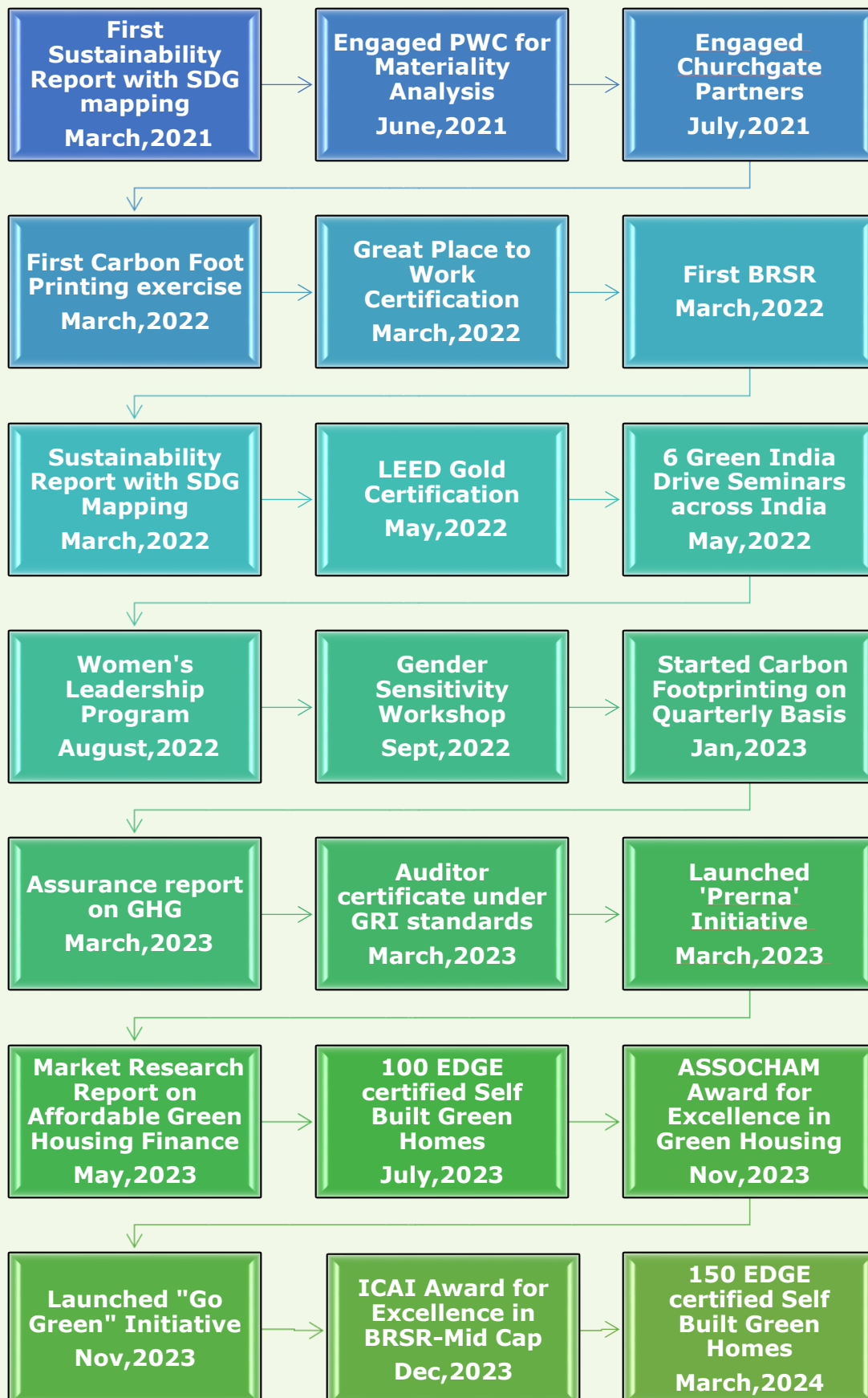
Lastly, Aavas has taken great pride in being an execution partner in the first-ever global initiative to finance green self-built homes. This is just the beginning of our journey towards many more future successes in sustainability. The Company is grateful to all the stakeholders for their unwavering confidence in Aavas.

**Mr. Sachinderpalsingh Jitendrasingh Bhinder**

Managing Director and Chief Executive Officer

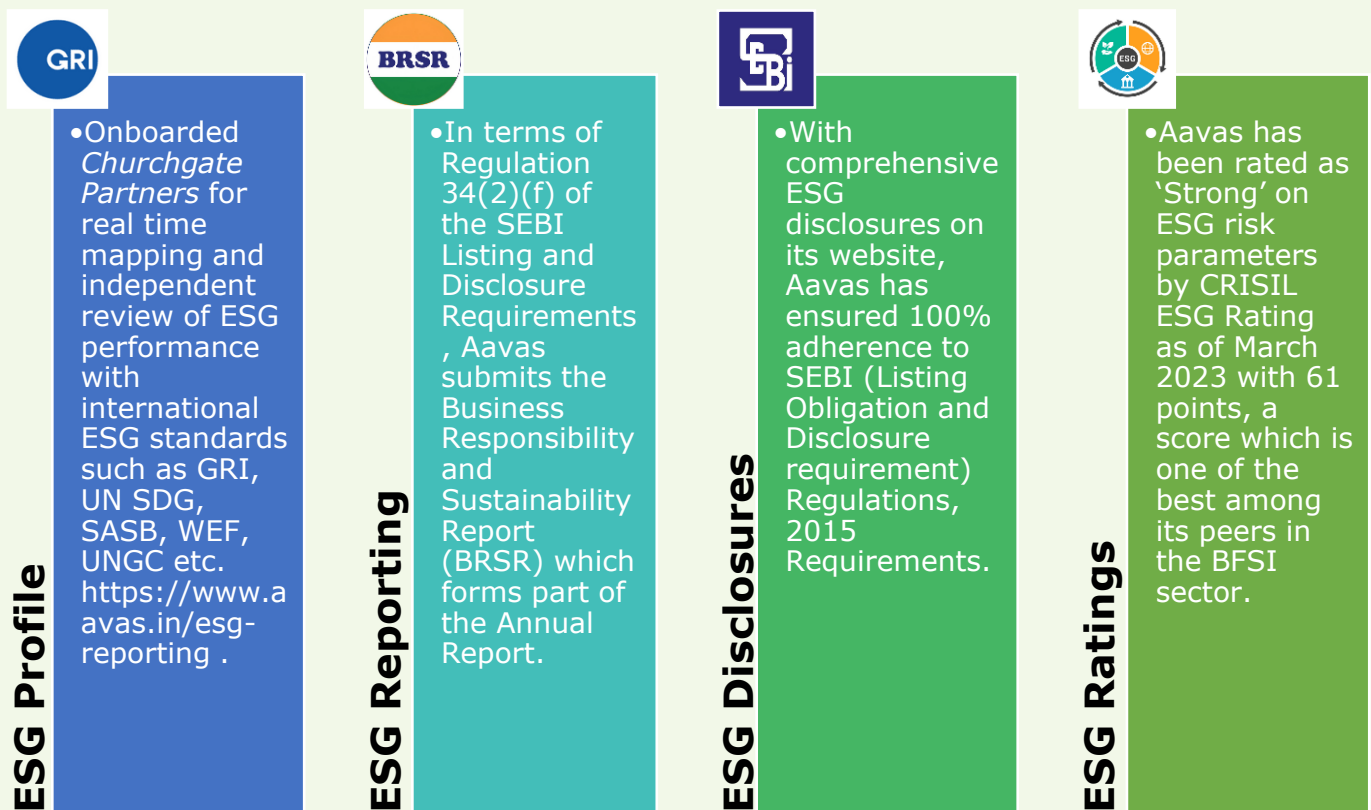
Aavas Financiers Limited

## Our ESG Journey





## Our Pillars of Sustainability



## Focus Areas of ESG





## Key Achievements of FY 2023-24

- **Awarded by ASSOCHAM for Excellence in Self-Built Green Housing Initiative**



- **Silver Award by ICAI for Excellence in BRSR – Mid Cap (Service Sector) at the third ICAI Sustainability Reporting Awards**



- **The Best BFSI Brand 2024 at The Economic Times Best Brands Conclave - ET Edge**



- **PRERNA RISE-Women Managers Training Programme**





- **Supported Rajasthan Deaf Cricket Association's team for the 7<sup>th</sup> National Deaf T20 Tournament**



- **Developed two Green Home documentaries capturing real-life experiences of households from Rajasthan & Gujarat who have embraced green and sustainable housing.**



The Videos can be accessed on <https://www.youtube.com/@aavasfinanicersltd>.

## ENVIRONMENT

### Conserving Energy

At Aavas, management prioritize protecting and nurturing the environment for the benefit of future generations. Aavas has implemented a structured approach to create environmentally-friendly workplaces by reducing carbon emissions, conserving energy and water, managing waste, and minimizing paper usage through the use of technology.

As a responsible corporate entity and a vital part of the housing ecosystem, Aavas is mindful of the environmental challenges associated with meeting the housing needs of the rapidly growing urban population in India. Aavas also recognizes the vulnerability of our lower and middle-income clientele to the impacts of climate change, such as extreme weather conditions, power outages, and high utility bills. In light of these realities, Aavas is committed to minimizing greenhouse gas emissions wherever possible.



**Charity begins at**  
**Home**  
***Corporate Office of the Company is the first LEED Gold certified office project in Jaipur, Rajasthan.***

Aavas is actively engaged in initiatives that promote climate-conscious policies and practices throughout our value chain. This includes the efforts in Green Affordable Housing, as well as the development of forest ecosystems and solar plants in community areas. From the very beginning, Aavas has fostered a culture of sustainable office operations. The Company places a strong emphasis on the judicious use of paper, electricity, and other office resources. All of the branches utilizes locally sourced inputs, energy-efficient IT equipment, power-saving lamps, high-end copier machines, and digitized operations.

In the previous financial year, Aavas launched a digital-first initiative called Project 'Gati' to streamline the loan process, improve resource efficiency, and reduce our reliance on paper. In the current financial year, the Company has introduced the "Go Green Initiative," which represents a significant step forward in leveraging cutting-edge technology to minimize paper usage during the loan processing workflow.

## Water Conservation

The Company's usage of water is restricted to human consumption purposes only. Further, efforts have been made to ensure that water is consumed judiciously. In the Corporate Office, sensor taps are used in washrooms to economize water consumption.

## Waste Management

Aavas has implemented effective methods for segregating and disposing of different types of waste generated during its operations. The Company is committed to following waste management practices that comply with local and national regulations. Here are some of the key practices adopted by Aavas:

### Composting Organic and Wet Waste

Aavas practices composting of organic and wet waste at its Corporate Office. By composting these types of waste, the Company is able to reduce its environmental impact and contribute to the circular economy.

### Responsible E-Waste Management

Aavas ensures that e-waste is properly recycled or handed over to authorized agencies as per the guidelines set by State Pollution Control Boards. This approach helps prevent the improper disposal of electronic waste, which can have harmful effects on the environment and human health.

### Digitalization Initiatives to Reduce Plastic and Paper Waste- Go Green Initiative

Aavas is actively involved in reducing the consumption of waste plastic and paper through its Go Green Initiative. By embracing digitalization initiatives, the Company aims to minimize the use of physical documents and promote the use of electronic alternatives, thereby reducing its carbon footprint.

These practices demonstrate our commitment to sustainable waste management and environmental stewardship. By implementing these measures, the Company is taking responsible steps to minimize its impact on the environment while complying with relevant regulations.

By embracing digital alternatives and going paperless in these customer interactions, Aavas is taking significant steps towards reducing the environmental footprint and promoting sustainability. Aavas remain committed to exploring further opportunities for digitization and minimizing paper consumption in all aspects of our operations.



Bank  
Statement

Bureau  
Reports,  
Approvals &  
CAM

Legal,  
Technical  
and Risk  
Reports

Verified KYC &  
PAN Card

ITR, GST  
Returns

## Green Home Ecosystem Development

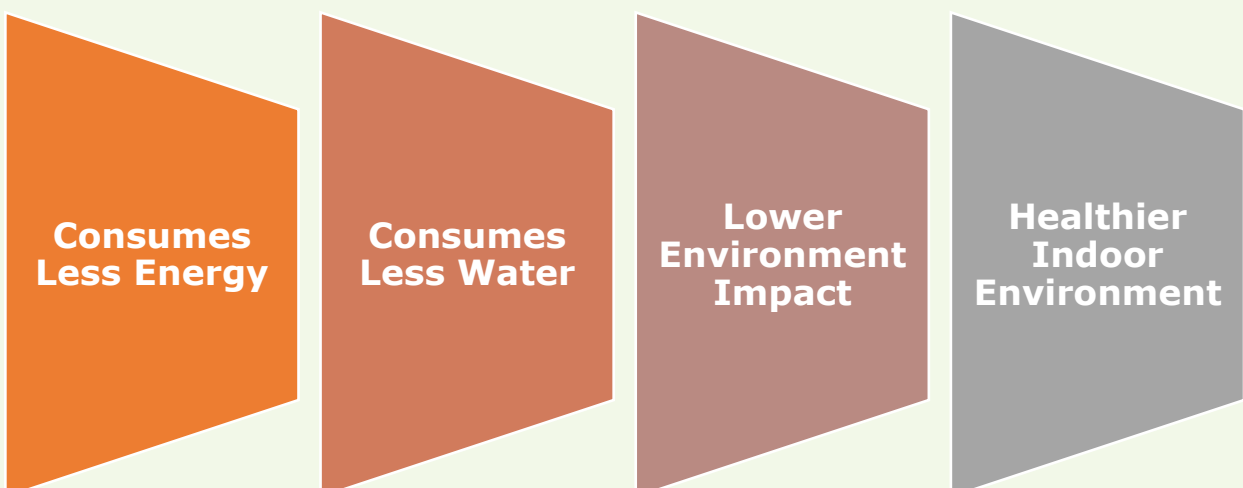
It is a first of its kind initiative in housing finance globally, Aavas partnered with International Finance Corporation (IFC), a member of the World Bank Group and Excellence in Design for Greater Efficiencies (EDGE), an internationally acclaimed green building certification system to explore the business case for Green Affordable Housing in India. The project aspires to add a new dimension to the Indian Housing Finance space by addressing the financing gap in supporting beneficiary-led construction of green self-built homes in India, that too in the affordable segment.

### Meaning of Green Home



When Aavas started with this initiative, on a global level, there was a lack of an organized value chain to support green self-built homes. There is also a lack of any uniform or generally accepted definition of a green home and this area was largely untouched and unexplored by homeowners, architects, contractors, finance companies and even regulators.

### Benefits of Green Home





## Savings from 150 EDGE Certified Self-Built Green Homes

### Cost Savings



Rs.23.05 Lakhs

### GHG Saving



186 tCO<sub>2</sub>e/yr

### Energy Saving



276 MWhe/yr

### Water Saving



8,891 m<sup>3</sup>/yr



Launch of Aavas and IFC's 'Market event Research Report on Business Case for Affordable Green Housing Finance in India' by Ms. Wendy Werner, Country Head-India IFC and Mr. S.K. Padhi, General Manager, NHB during the "Greening the financial sector: accelerating the transition to a low-carbon economy" on May 23, 2023 at Mumbai. Link- <https://www.aavas.in/green-home>.



## Key Achievements and Highlights:

150 EDGE Certified Green Self-built Home.



160+ Aavas Engineers provided EDGE Expert Training.



8,400+ employees were engaged through Green Home Training and Webinars.



200+ suppliers engaged in 'Green Samvaad' across 3 cities of India.

## International Engagements

- **Aavas with IFC organized a Study Tour for DBH Finance Co., Bangladesh for globe knowledge exchange.**



- **Ms. Michelle Farrel , Global Business Development Lead for the EDGE Program from Washington D.C. during her Green Home visit in Bengaluru.**



## Solar Plants and Tree Plantation

During the Financial Year, the Company installed a total of 295 kilowatts peak (KWP) of Solar Plants in different states of India. The Company installed a 100 KWP solar plant in Madhya Pradesh, another 100 KWP solar plant in Gujarat, and a 95 KWP solar plant in Rajasthan.



In addition to the installation of solar plants, the Company has undertaken various projects on environmental sustainability. These projects include a tree plantation drive called the 'Each One Plant One' initiative and a plantation drive initiated by the National Housing Bank (NHB) as part of the 'Meri Maati Mera Desh' initiative led by the Government of India.

### Carbon Footprinting-GHG Assurance

As tackling climate change becomes more pressing than ever, Aavas has been proactively monitoring our impact on the environment for the last two years. This allows us to understand what our biggest emission sources are, and enables us to plan our sustainability roadmap.

During the Financial Year, the Company engaged Care Analytics and Advisory Private Limited to calculate direct as well as indirect carbon emissions across all its offices and branches. Our Carbon Footprint Report for FY 2023-24 discloses our Scope 1, 2 and 3 emissions which forms part of Annexure II to this Report.

**As part of our efforts to strengthen ESG governance, an independent auditor conducted Greenhouse Gas (GHG) Assurance of the GHG Statement for the year ended December 2023. The results of the assurance have been presented to the Board of Directors.**

## **SOCIAL**

### **Employee Engagement Initiatives**

At Aavas, employee engagement is a top priority for us, it is a key driver of our success. The Company understand the importance of fostering a culture of fitness and well-being among our employees, which is why wide range of activities are organized throughout the year. From Zumba classes to participating in the Jaipur Marathon and organizing Dandiya Nights, the Company encourages the employees to prioritize their physical and mental well-being.

In addition to promoting fitness and well-being, Aavas work culture also emphasizes unity and belongingness. Aavas celebrates various occasions together as a team including Diwali, Christmas, World Environment Day, and International Women's Day. By actively engaging our employees in these activities, the Company aim to foster a sense of pride, motivation, and companionship.



**An initiative for cleanliness by  
Government of India**

**Swachhhta Hi Seva**



**Plants distributed to employees**

**Plantation Drive**



**To encourage fitness among  
employees**

**Jaipur Marathon**



**To work towards Diversity,  
Equity & Inclusion**

**Wellness Session**





To build sporting spirit among employees

**Diwali Fair**



To promote fitness consciousness at workplace

**Fitness Camp**

**Celebrating a spirit of togetherness on every festival!**



## Career Advancement Opportunities

Aavas is dedicated to creating a culture of continuous growth and development. To achieve this, Aavas has already established a 'Learning and Development' cell that focuses on organizing online trainings, webinars, and in-house training programs. These initiatives are designed to enhance the knowledge and skills of our employees at all levels.

The Company also encourages the employees to attend external training programs to broaden their expertise in specialized functions. Additionally, the Company supports employees in pursuing professional courses from reputable institutions to further their career enrichment and personal development. By fostering a learning culture, the Company empowers the employees to unlock their full potential and contribute to the overall success of our organization.

### Leadership programs with B-Schools



IIM-Ahmedabad

**Leadership Development  
Program  
(Business Leadership)**



IIM-Calcutta

**Advanced Program in  
Strategic Management**



IIM-Indore

**Advanced Management  
Program for  
Corporate Leaders**

### 'UDAAN' Leadership Development Program with IIM, Ahmedabad

In a tie-up with the prestigious B-School at IIM Ahmedabad, the Company designed and conducted a six-month program exclusively for 33 mid-to-senior level employees. This learning opportunity was part of the Company's commitment to invest in the growth and development of its future leaders.



### UDAAN: Leadership Development Program for Aavas Financiers Limited

July 17 - 22, 2023, November 5 - 7, 2023, January 4 - 6, 2024



## Nurturing Workplace

The Company prioritizes the growth and development of our employees, encouraging them to work with passion and take ownership of their roles. The Company is committed to fostering a diverse and inclusive work environment, where every employee is motivated to reach their full potential. Aavas value individuals based on their abilities and contributions, without any discrimination based on factors such as gender, nationality, ethnicity, religion, or physical and mental abilities. Our goal is to maintain a culture of trust and high performance throughout all aspects of our organization.

### Policies for securing Dignity, Safety and Wellbeing of Employees:



#### Vishakha Policy

- Aavas ensure regular trainings of the employees on these policies to ensure that they are aware of their rights. In FY 2023-24, Aavas has conducted 326 POSH trainings engaging 5,409 employees.



#### Human Rights Policy

- The policy ensures adherence to labour laws and fundamental human rights norms with regard to employee health, safety, diversity and inclusion. The E & S Policy lays prohibited activities list which do not qualify for financing.



#### Equal Opportunity Policy

- Aavas ensure that the workplace is free from discrimination of any kind and people from all socio-economic and cultural backgrounds, including women and differently-abled persons are given equal opportunity.



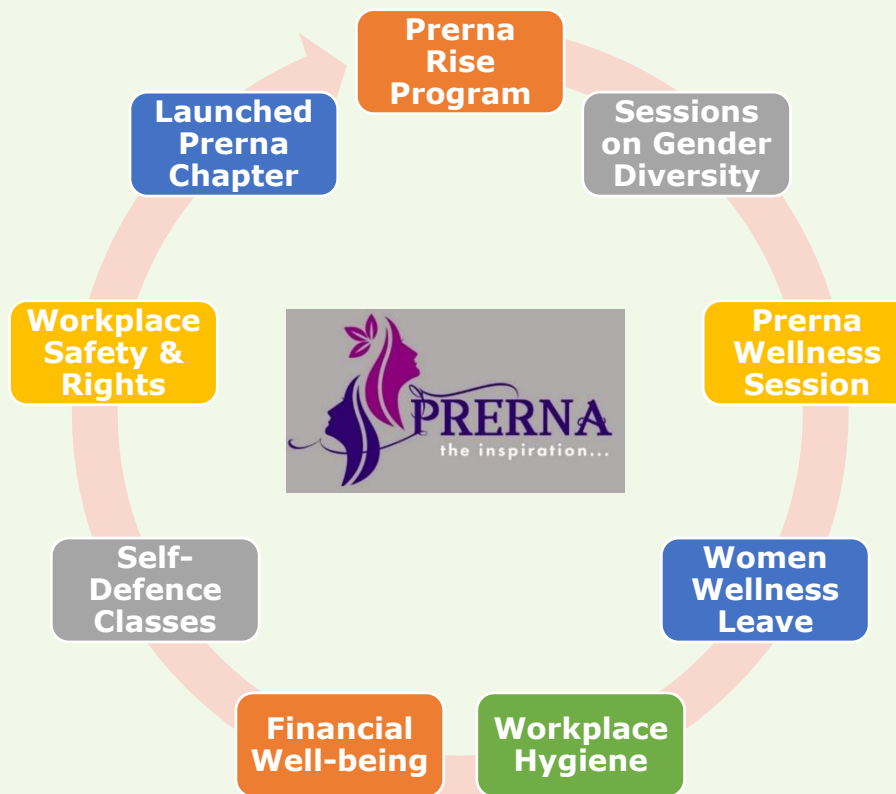
#### Employee Friendly Policies

- Aavas strives for a culture of work-life balance with policies on Flexible Working Hours and provision for not only maternity leaves but also paternity leaves in our Leave Policy.



## Focus on Women

Aavas is firmly committed to fostering diversity, equality, and inclusivity within the organization. In the previous financial year, Aavas has taken a significant stride forward with the launch of Project 'Prerna', an empowering initiative designed to enable and uplift women at all levels. Through this project, Aavas is dedicated to empower the women within the Company, providing them with mentoring and coaching programs that nurture their potential and aspirations.





## Empowered Community

The Company's CSR programs are focused on enhancing the lives of marginalized and vulnerable communities, including rural women, disabled women, rural youth, construction workers, and children. The main objective is to uplift these communities and improve their socio-economic conditions.

### CSR Focus Areas



**Rural and Community Development**



**Health Care and Wellness**



**Environment**



**Education and Holistic Development**



**Gram Siddhi**

320 Gram Siddhi centres in 320 villages where 8800 females were trained.



**Road Safety awareness**

36,000 + lives were impacted throughout the program.



### **Traffic Assistance Booth**

**14 Assistance Booths  
installed under Road Safety  
Campaign.**



### **Solar Plants**

**Installed 295+ KWP solar  
panels.**



### **Project Vishwakarma**

**240 training sessions and  
distributed 2600+ safety kits  
during the year.**



### **Edu. & Holistic Development**

**Renovated the schools with  
Development facilities.**



### **Food Distribution**

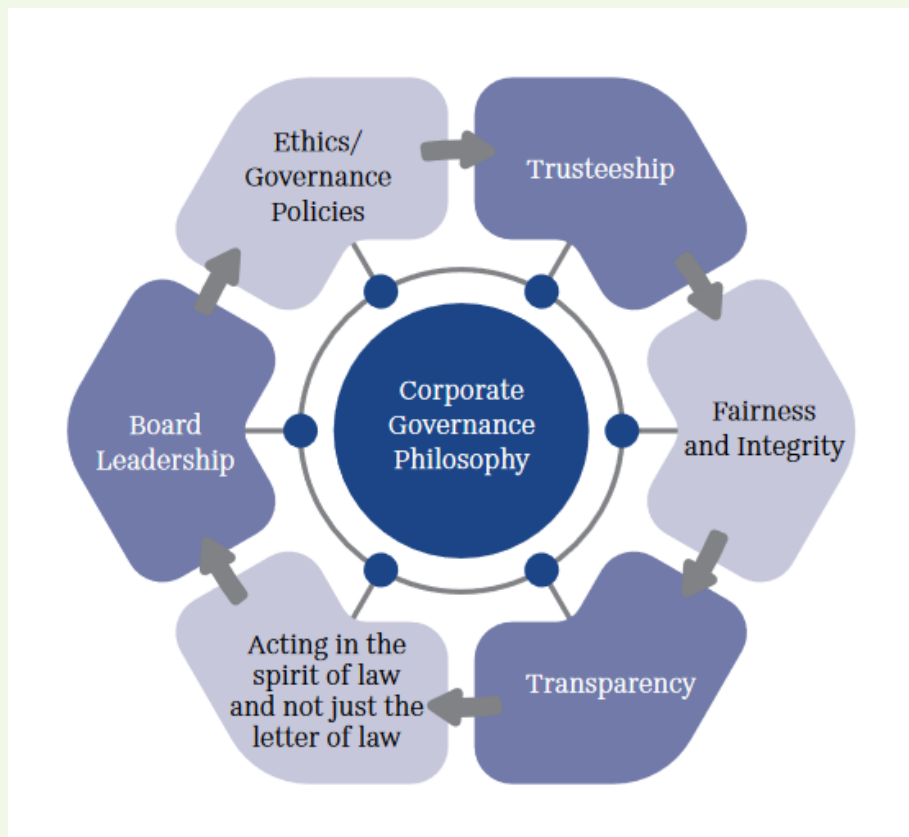
**1,000+ patient and their  
family get benifitted each  
day..**



### **Water Coolers**

**Water Cooler installation  
at Government Schools.**

## GOVERNANCE



### **Philosophy of Corporate Governance at Aavas**

The Composition of the Board is in conformity with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and is in accordance with the highest standards of Corporate Governance.

The Company's Board has an optimum combination of Independent and Non-Independent Directors as well as Executive Directors and Non-Executive Directors with Women Independent Directors.

The Board as on March 31, 2024 comprises of nine (9) Directors out of which three (3) are Independent Directors (including the Chairperson and two (2) Women Independent Directors), five (5) are Non- Executive Nominee Directors and one (1) Executive Director i.e. Managing Director and Chief Executive Officer.

The names of all the Independent Directors of the Company have been included in the Independent Director's databank maintained by Indian Institute of Corporate Affairs ("IICA").

At Aavas, a strong governance structure is built on the principles of transparency, fairness, effectiveness, and efficiency. This resilient framework has not only helped us overcome challenges but also thrive in difficult times. The Company firmly believes that responsible governance is crucial for creating sustainable value for all stakeholders.

## Extra Mile of Corporate Governance

|                                                      |                                                               |                                            |
|------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------|
| 2 Independent Women Director                         | Independent Director as Chairperson                           | Different role of Chairperson and MD & CEO |
| No Independent Director has 10+ years of association | Executive Remuneration is bound by Malus and Claw Back Clause | Board Evaluation through digital mode      |

## Size and Composition of the Board of Directors

Aavas has a well-rounded and diverse Board of Directors consisting of 9 members. This composition is carefully designed to ensure effective governance and strategic guidance for the Company.

Having such an accomplished and dedicated board reinforces Aavas' commitment to upholding the highest standards of corporate governance. The board's expertise and guidance play a crucial role in driving the sustainable growth of the Company.

| S.No. | Name of Director                            | DIN      | Designation                               |
|-------|---------------------------------------------|----------|-------------------------------------------|
| 1.    | Mr. Sandeep Tandon                          | 00054553 | Independent Director (Non-Executive)      |
| 2.    | Mr. Sachinderpalsingh Jitendrasingh Bhinder | 08697657 | Managing Director and CEO (Executive)     |
| 3.    | Mrs. Kalpana Kaushik Mazumdar               | 01874130 | Independent Director (Non-Executive)      |
| 4.    | Mrs. Soumya Rajan                           | 03579199 | Independent Director (Non-Executive)      |
| 5.    | Mr. Ramachandra Kasargod Kamath             | 01715073 | Nominee Director (Non-Executive)          |
| 6.    | Mr. Vivek Vig                               | 01117418 | Nominee Director (Non-Executive)          |
| 7.    | Mr. Nishant Sharma                          | 03117012 | Promoter Nominee Director (Non-Executive) |
| 8.    | Mr. Manas Tandon                            | 05254602 | Promoter Nominee Director (Non-Executive) |
| 9.    | Mr. Kartikeya Dhruv Kaji*                   | 07641723 | Promoter Nominee Director (Non-Executive) |
| 10.   | Mr. Rahul Mehta*                            | 09485275 | Promoter Nominee Director (Non-Executive) |

\* Mr. Kartikeya Dhruv Kaji resigned on May 21, 2024 and simultaneously Mr. Rahul Mehta was appointed on the Board of the Company w.e.f May 21, 2024.

## Governance Structure



## Risk Management

The Risk Management Committee plays a crucial role in monitoring and evaluating risks associated with the business. They meet at least twice a year, as needed by the Board or Chairperson to ensure ongoing oversight of the Company's risk landscape.

The Committee ensures that appropriate methodologies, processes, and systems are in place to manage risks effectively. They also oversee the implementation of risk management policies and evaluate the adequacy of risk management systems.

The Company has comprehensive risk management policies in place, including a Board-approved Risk Management Policy, IT Risk Management Policy and an Internal Capital Adequacy Assessment Processes (ICAAP) policy, aligned with RBI guidelines.

Key risks such as Credit Risk, ALM Risk, Concentration Risk, Interest Rate Risk, Reputation Risk, Cybersecurity Risk, Fraud Risk, Business Risk, Exposure Risk, Competition Risk, and Regulatory Risk are identified and monitored on a quarterly basis, ensuring transparency and proactive risk management.

The Company utilizes institutional intelligence and has qualified and experienced teams to assess risks. They also have dedicated vendors and in-house teams to address legal, technical and operational risks enhancing their risk management capabilities.



## Technology Innovation & Updation

The Company has always been at the forefront of technology adoption, continuously leveraging technology solutions to enhance team productivity and provide exceptional customer experiences. As part of charted transformation roadmap, the Company has been awarded for the Tech Excellence Awards recognize organizations for technology leadership and Best Company in Data Security Implementation – Financial Services. The Company has made significant progress in this endeavor, with the adoption of a modern cloud-based application stack for loan origination and customer service, utilizing Salesforce and Mulesoft platforms that offer comprehensive visibility throughout the customer lifecycle.

Most of the Company's customers are serviced through digital channels; nearly 60 % of the customer services are handled through AI enabled Chat BOTs and Customer App and more than 70% of the customers have adopted the App, enabling superior customer experience. The Account Aggregator based bank statement extraction and assessment feature was rolled out in December 2023 and teams marked 37% adoption of Account Aggregator for the loans sanctioned within the first quarter of the launch.



## Policy-level Framework

The Company has developed a robust and strong policy-level framework to ensure transparent, ethical and accountable conduct. Key policies include Code of Conduct for Employees, Prevention of Insider Trading Policy, Whistle-Blower Policy, Policy on KYC and AML Measures and Fair Disclosure Practices Code. The Vigil Mechanism/Whistleblower Policy allows various stakeholders to report genuine grievances about unethical behaviour.

With the help of the above policies, Aavas has developed a culture where the Directors and employees feel free to bring to notice any wrongful conduct. All codes and policies of the Company are accessible on its website at <https://www.aavas.in/codes-and-policies>. The major policies are as follows:-

- [Anti-Bribery and Corruption Policy](#)
- [Code of Conduct](#)
- [Environment and Social Policy](#)
- [Equal Opportunity Policy](#)
- [Environment Social and Governance Policy](#)
- [Human Rights Policy](#)
- [Whistle Blower Policy](#)

## KEY ESG POLICIES



### **Vishakha Policy-POSH Guidelines**

Aavas is committed to maintaining a workplace free from sexual harassment. The Vishakha Policy provides a comprehensive framework for addressing instances of sexual harassment in the workplace.



### **Vigil Mechanism**

The Company has Vigil Mechanism that allows employees to raise concerns about misconduct without fear of punishment or unfair treatment.



### **Fair Practice Code**

The Company's Fair Practices Code emphasizes the importance of treating differently abled individuals with compassion and giving them priority over other visiting clients at the branch.



### **Environment & Social Policy**

The Company has a Board-approved Environment and Social Policy in place that prohibits us from providing loans for activities that are listed as prohibited as well as expects value chain partners to follow the same values.



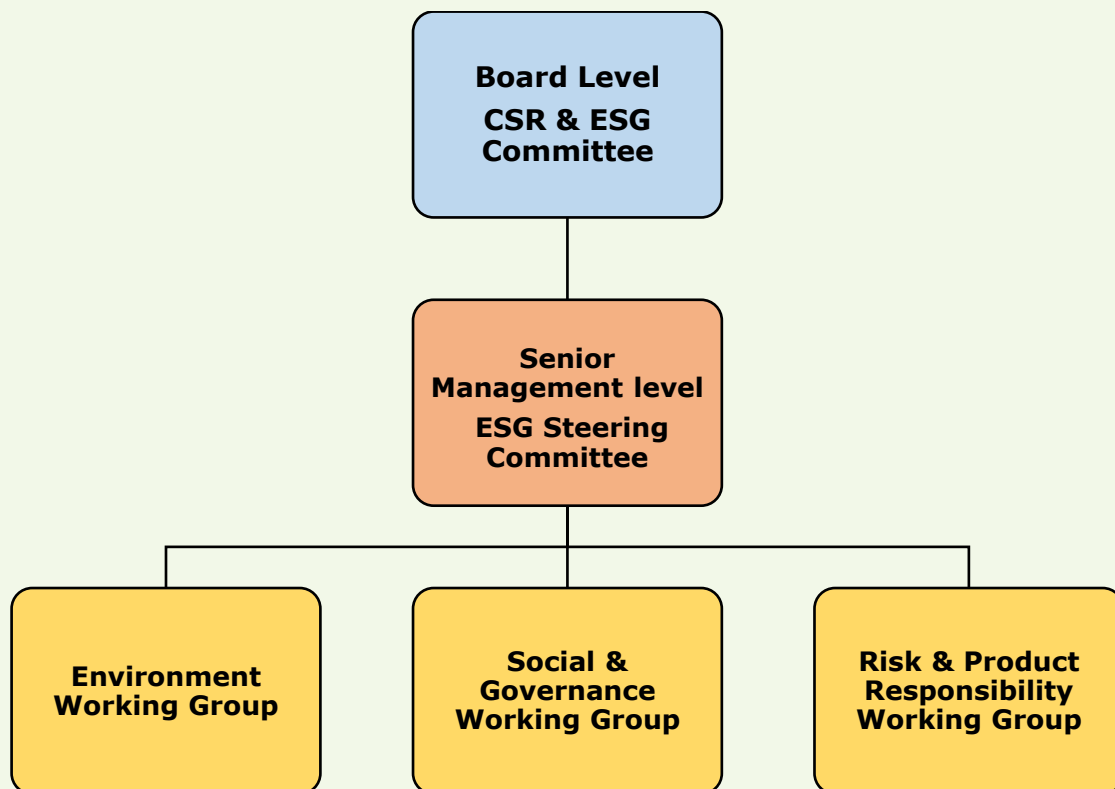
## ESG Governance-Reporting

Aavas is committed to adopting sustainable business practices that not only ensure the long-term success of the organization but also have a positive impact on the environment and society. By promoting long-term sustainable growth through business initiatives and responsible corporate citizenship, the Company aims to contribute to the overall well-being of the economy.

To uphold this philosophy, the Board of Aavas has determined that the CSR & ESG Committee will have oversight on ESG matters within the Company. While the CSR & ESG Committee primarily focuses on areas directly related to ESG, it also reviews the Company's action plan on various aspects of ESG, including external reporting and stakeholder feedback.




Additionally, areas that fall under the purview of other Board Committees will continue to be overseen by their respective committees. However, any updates relevant to ESG in these areas will also be presented to the Risk Management Committee and CSR & ESG Committee for consideration.

## ESG Governance Framework under its ESG Policy



The Company has set a management-level ESG Steering Committee which provides regular oversight and guidance to the ESG Working group and ESG team. The Risk Committee under its terms of reference also reviews the ESG risk of the Company. The ESG policy of the Company is available on the website. Link- <https://www.aavas.in/codes-and-policies>.

## ESG Targets

| Parameter                                                                           | Target                                                                                                                                                                                                                   | Timeline                                 |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
|    | Carbon Neutrality (Scope 1 & 2 Emissions)                                                                                                                                                                                | 70% by FY 2032-33 and 100% by FY 2049-50 |
|                                                                                     | Scope 3 Emissions (Plastic & Paper Waste)                                                                                                                                                                                | 50% by FY 2027-28                        |
|                                                                                     | Carbon Offset:- <ul style="list-style-type: none"> <li>Planting 70,000 Trees</li> <li>Solar Plant 3,500 KWP</li> <li>Green Housing Offset</li> </ul>                                                                     | By FY 2029-30                            |
|    | Increase Women Workforce up to 8%                                                                                                                                                                                        | By FY 2027-28                            |
|                                                                                     | Increase women workforce in H.O. & related office up to 25%                                                                                                                                                              | By FY 2027-28                            |
|                                                                                     | Maintain Fresh Hire up to 20%                                                                                                                                                                                            | Every Year                               |
|                                                                                     | Increase the Specially Abled Employees up to 10                                                                                                                                                                          | By FY 2027-28                            |
|                                                                                     | CSR:- <ul style="list-style-type: none"> <li>Engage 5,50,000 + people in Education &amp; Holistic Development.</li> <li>Increase 4,50,000+ beneficiary through women employability under Gram Siddhi Program.</li> </ul> | By FY 2029-30                            |
|  | BRSR Core Assurance                                                                                                                                                                                                      | From FY 2023-24                          |
|                                                                                     | Target to get low ESG risk ratings/score.                                                                                                                                                                                | -                                        |
|                                                                                     | Climate Impact reporting and became a member of CDP and attain a rating of A.                                                                                                                                            | By FY 2027-28                            |
|                                                                                     | Sustainability Report to be aligned with international reporting frameworks.                                                                                                                                             | -                                        |

## Appendix I

| <b>GRI</b>     | <b>Principle/Disclosure</b>                                                    | <b>Our initiative</b>           |
|----------------|--------------------------------------------------------------------------------|---------------------------------|
| <b>GRI 1</b>   | GHG Assurance for Carbon Emissions Report                                      | GHG Assurance                   |
| <b>GRI 2</b>   | <b>1.The organization and its Reporting Practices</b>                          |                                 |
| 02-01          | Organizational Details                                                         | Aavas Financiers Limited        |
| 02-02          | Entities included in the organization's sustainability reporting               | Holding Company                 |
| 02-03          | Reporting Period, Frequency and Contact point                                  | About the report                |
| 02-04          | Restatement of Information                                                     | -                               |
| 02-05          | External Assurance                                                             | GHG assurance and GRI assurance |
|                | <b>2.Activities and Workers</b>                                                |                                 |
| 02-06          | Activities, value chain and other business relationships                       | Green Samvaad                   |
| 02-07          | Employees                                                                      | AR, Pg 170                      |
| 02-08          | Workers who are not employees                                                  | AR, Pg 170                      |
|                | <b>3. Governance</b>                                                           |                                 |
| 02-09          | Governance Structure and Composition                                           | AR, Pg 101                      |
| 02-10          | Nomination and Selection of the highest Governance body                        | AR, Pg 103                      |
| 02-11          | Chair of the highest Governance body                                           | Message from MD and CEO         |
| 02-12          | Role of the highest governance body in overseeing the management of impact     | AR, Pg 178                      |
| 02-13          | Delegation of responsibility for managing impacts                              | -                               |
| 02-14          | Role of the highest governance body in sustainability reporting                | AR, Pg 178                      |
| 02-15          | Conflict of interest                                                           | AR, Pg 182                      |
| 02-16          | Communication of critical concerns                                             | AR, Pg, 193                     |
| 02-17          | Collective knowledge of the highest governance body                            | AR, Pg 103                      |
| 02-18          | Evaluation of the performance of the highest governance body                   | AR, Pg 103                      |
| 02-19          | Remuneration Policies                                                          | AR, Pg 115                      |
| 02-20          | Process to determine remuneration                                              | AR, Pg 115                      |
| 02-21          | Annual total compensation ratio                                                | AR, Pg 196                      |
| 02-22          | Statement on sustainable development strategy                                  | Pillar of Sustainability        |
| 02-23          | Policy Commitment                                                              | AR, Pg 179                      |
| 02-24          | Embedding Policy commitments                                                   | AR, Pg 179                      |
| 02-25          | Process to remediate negative impacts                                          | AR, Pg 173                      |
| 02-26          | Mechanisms for seeking advice and raising concerns                             | AR, Pg 172                      |
| 02-27          | Compliance with laws and regulations                                           | AR, Pg 100                      |
| 02-28          | Membership associations                                                        | AR, Pg 206                      |
| 02-29          | Approach to stakeholder engagement                                             | AR, Pg 193                      |
| <b>GRI 201</b> | <b>Economic Performance</b>                                                    |                                 |
| 201-1          | Direct Economic value generated and distributed                                | -                               |
| 201-2          | Financial implications and other risks and opportunities due to climate change | AR, Pg 173                      |
| 201-3          | Defined benefit plan obligations and other retirement plans                    | AR, Pg 241                      |
| <b>GRI 202</b> | <b>Market Presence</b>                                                         |                                 |

|                |                                                                                                                                        |                     |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 202-1          | Ratio of standard entry level wage by gender compared to local minimum wage                                                            | -                   |
| 202-2          | Proportion of senior management hired from the local community                                                                         | -                   |
| <b>GRI 203</b> | <b>Indirect Economic Impacts</b>                                                                                                       |                     |
| 203-1          | Infrastructure investments and services supported                                                                                      | Empowered Community |
| 203-2          | Significant indirect economic impacts                                                                                                  | Empowered Community |
| <b>GRI 205</b> | <b>Anti-Corruption</b>                                                                                                                 |                     |
| 205-1          | Operations assessed for risks related to corruption                                                                                    | AR, Pg 182          |
| 205-2          | Communication and training about anti- corruption policies and procedures                                                              | AR, Pg 182          |
| 205-3          | Confirmed incidents of corruption and actions taken                                                                                    | AR, Pg 182          |
| <b>GRI 206</b> | <b>Anti-Competitive Behaviour</b>                                                                                                      |                     |
| 206-1          | Legal actions for anti-competitive behaviour, anti-trust and monopoly practices                                                        | AR, Pg 206          |
| <b>GRI 207</b> | <b>Tax</b>                                                                                                                             |                     |
| 207-1          | Approach to tax                                                                                                                        | AR, Pg 241          |
| 207-2          | Tax Governance, control and risk management                                                                                            | AR, Pg 241          |
| 207-3          | Stakeholder engagement and management of concern related to tax                                                                        | AR, Pg 241          |
| 207-4          | Country by country reporting                                                                                                           | -                   |
| <b>GRI 302</b> | <b>Energy</b>                                                                                                                          |                     |
| 302-1          | Energy Consumption within the organization                                                                                             | AR, Pg 199          |
| 302-2          | Energy consumption outside of the organization                                                                                         | AR, Pg 199          |
| 302-3          | Energy intensity                                                                                                                       | AR, Pg 199          |
| 302-4          | Reduction of energy consumption                                                                                                        | AR, Pg 199          |
| 302-5          | Reduction in energy requirements of products and services                                                                              | AR, Pg 199          |
| <b>GRI 303</b> | <b>Water and Effluence</b>                                                                                                             |                     |
| 303-2          | Management of water discharge related impacts                                                                                          | -                   |
| 303-3          | Water withdrawal                                                                                                                       | AR, Pg 200          |
| 303-4          | Water discharge                                                                                                                        | -                   |
| 303-5          | Water consumption                                                                                                                      | AR, Pg 200          |
| <b>GRI 304</b> | <b>Biodiversity</b>                                                                                                                    |                     |
| 304-1          | Operations sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas | -                   |
| 304-2          | Significant impacts of activities, products and services on biodiversity                                                               | -                   |
| 304-3          | Habitats protected or restored                                                                                                         | -                   |
| <b>GRI 305</b> | <b>Emissions</b>                                                                                                                       |                     |
| 305-1          | Scope 1 emissions                                                                                                                      | Appendix II         |
| 305-2          | scope 2 emissions                                                                                                                      | Appendix II         |
| 305-3          | scope 3 emissions                                                                                                                      | Appendix II         |
| 305-4          | GHG Emissions intensity                                                                                                                | AR, Pg 199          |
| 305-5          | Reduction of GHG emissions                                                                                                             | AR, Pg 202          |
| <b>GRI 306</b> | <b>Effluents and Waste</b>                                                                                                             |                     |
| 306-2          | Waste by type and disposal method                                                                                                      | AR, Pg 202          |
| 306-3          | Significant spills                                                                                                                     | -                   |
| 306-4          | Transport of hazardous waste                                                                                                           | -                   |
| 306-5          | Water bodies affected by water discharge and runoff                                                                                    | -                   |
| <b>GRI 308</b> | <b>Supplier Environmental Assessment</b>                                                                                               |                     |

|                |                                                                                                               |                     |
|----------------|---------------------------------------------------------------------------------------------------------------|---------------------|
| 308-1          | New suppliers that were screened using environmental criteria                                                 | -                   |
| 308-2          | Negative environment impact in the supply chain and action taken                                              | -                   |
| <b>GRI 401</b> | <b>Employment</b>                                                                                             |                     |
| 401-1          | New Employee Hire and Employee turnover                                                                       | AR, Pg 171          |
| 401-2          | Benefits provided to full-time employees that are not provided to temporary or part time employees            | AR, Pg 241          |
| 401-3          | Parental leave                                                                                                | AR, Pg 188          |
| <b>GRI 403</b> | <b>Occupational Health and Safety</b>                                                                         | AR, Pg 190          |
| <b>GRI 404</b> | <b>Training and Education</b>                                                                                 |                     |
| 404-1          | Average hours of training per year per employee                                                               | AR, Pg 181          |
| 404-2          | Program for upgrading employee skills and transition assistance program                                       | AR, Pg 181          |
| 404-3          | Percentage of employees receiving regular performance and career development reviews                          | AR, Pg 190          |
| <b>GRI 405</b> | <b>Diversity and Equal Opportunity</b>                                                                        |                     |
| 405-1          | Diversity of governance bodies and employees                                                                  | AR, Pg 188          |
| 405-2          | Ratio of basic salary and remuneration of women to men                                                        | -                   |
| <b>GRI 406</b> | <b>Non-Discrimination</b>                                                                                     |                     |
| 406-1          | Incident of discrimination and corrective action taken                                                        | AR, Pg 197          |
| <b>GRI 407</b> | <b>Freedom of Association and Collective Bargaining</b>                                                       |                     |
| 407-1          | Operation and suppliers in which the right to freedom of association and collective bargaining may be at risk | AR, Pg 189          |
| <b>GRI 408</b> | <b>Child Labour</b>                                                                                           |                     |
| 408-1          | Operations and suppliers at significant risk for incidents of child labour                                    | Nurturing Workplace |
| <b>GRI 409</b> | <b>Forced and Compulsory Labour</b>                                                                           |                     |
| 409-1          | Operations and suppliers at significant risk for incidents of forced or compulsory labour                     | Nurturing Workplace |
| <b>GRI 410</b> | <b>Security Practices</b>                                                                                     |                     |
| 410-1          | Security personnel trained in human rights policies or procedures                                             | AR, Pg 195          |
| <b>GRI 413</b> | <b>Local Communities</b>                                                                                      |                     |
| 413-1          | Operations with local community engagement, impact assessments and development programs                       | Empowered Community |
|                | Operations with significant actual and potential negative impact on local communities                         | Empowered Community |
| <b>GRI 414</b> | <b>Supply Social Assessment</b>                                                                               |                     |
| 414-1          | New suppliers that were screened using environmental criteria                                                 | Green Samvaad       |
|                | Negative environment impact in the supply chain and action taken                                              | Green Samvaad       |
| <b>GRI 418</b> | <b>Customer Privacy</b>                                                                                       |                     |
|                | Substantiated complaints concerning breaches of customer privacy and losses of customer data                  | Governance          |

## Appendix II

Aavas Financiers Limited



### **CO2 EMISSION REPORT**

At Aavas, we are committed to prioritizing sustainability in all aspects of our operations. As the urgency to address climate change continues to grow, we have taken proactive measures to enhance our efforts. We have partnered with Care Analytics and Advisory Pvt. Ltd to conduct a comprehensive analysis of our carbon footprint. This analysis will provide invaluable insights into the primary sources of our emissions, empowering us to take targeted actions to minimize our environmental impact. By identifying and addressing our largest emission sources, we aim to make a meaningful contribution towards reducing our carbon footprint and protecting the environment. Below you can find a summary from April 2023 to March 2024 carbon footprint of Head office & Branches.

### **GHG EMISSIONS FOR FY23-24**

#### **Total GHG Emissions – 15769.16 tCO<sub>2</sub>e**

##### **Scope 1**

HVAC Systems (HO) – 1.92 tCO<sub>2</sub>e

HVAC Systems (Branches) – 12.13 tCO<sub>2</sub>e

Diesel generator emissions (HO) - 6.17 tCO<sub>2</sub>e

**Total Scope 1 emissions – 20.22 tCO<sub>2</sub>e**

##### **Scope 2**

Head Office + 3 Offices – 652.1 tCO<sub>2</sub>e

State-wise electricity - 1709.6 tCO<sub>2</sub>e

**Total Scope 2 emissions – 2361.74 tCO<sub>2</sub>e**

##### **Scope 3**

Business Travel – 5379.3 tCO<sub>2</sub>e

Employee Commute – 7990.9 tCO<sub>2</sub>e

Plastic Purchased – 16.9 tCO<sub>2</sub>e

Plastic Waste (Other Disposable) – 0.10 tCO<sub>2</sub>e

**Total Scope 3 emissions – 13387.2 tCO<sub>2</sub>e**