



# Environment, Social and Governance Policy

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## Abbreviations

ADB	Asian Development Bank
AIB	Asian Infrastructure Investment Bank
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
DFC	Development Finance Corporation
E&S	Environmental & Social
EHS	Environmental, Health & Safety
ESG	Environmental, Social & Governance
ESG-MS	Environmental, Social & Governance Management System
IFC-PS	International Finance Corporation Performance Standards
MSMEs	Micro, Small, and Medium Enterprises
NDB	New Development Bank
NIIFL	National Investment and Infrastructure Fund Limited
NFC-ND	Non-Deposit Taking Non-Banking Financial Company
OPIC	Overseas Private Investment Corporation
RBI	Reserve Bank of India
UNPRI	United Nations Principles for Responsible Investment

# 1 Introduction

## 1.1 About IREP Capital

IREP Credit Capital Private Limited that goes by the brand name 'IREP' (termed as "Company") is a Non-Deposit Taking Non-Banking Financial Company (NBFC-ND) registered with the Reserve Bank of India (RBI). Headquartered in Mumbai, IREP specializes in providing secured business loans to Micro, Small, and Medium Enterprises (MSMEs) in tier 3 and tier 4 towns, particularly in the southern states of Andhra Pradesh, Telangana, and Karnataka. The Company's primary product, the Secured Business Loan, is designed to meet the immediate financial needs of small businesses across various industries. IREP operates through a network of branch offices, with a hub office in Hyderabad overseeing credit, business, and operations, and a head office in Mumbai responsible for final credit approvals and loan disbursements.

## 1.2 Purpose of the ESG Policy

The purpose of this Environmental, Social, and Governance (ESG) Policy is to establish a structured framework for identifying, assessing, managing, and monitoring ESG risks and opportunities within IREP's operations and lending activities. IREP recognizes that while its actions can drive positive change, they may also involve potential risks. If not effectively managed, these environmental, social, or reputational risks could affect the Company's ability to achieve sustainable growth.

As a digital-first lender supporting the MSME sector, IREP is uniquely positioned to encourage and facilitate the adoption of sustainable practices among its borrowers. Accordingly, the Company has developed this ESG Policy and an Environmental, Social and Governance Management System ("ESG-MS") to address ESG risks and opportunities in a structured manner, commensurate with the scope and scale of its own and borrower operations. The ESG-MS is guided by IREP's ESG Policy and Principles, which are aligned with national and relevant international investor ESG safeguards, to promote responsible business conduct and sustainable growth.

## 1.3 Reference Framework

The ESG-MS has been developed with reference to the following frameworks:

- a) Applicable local, state and national environment and social (E&S) regulatory requirements
- b) Arpwood's E&S Policy and ESMS
- c) International Finance Corporation's Environmental & Social (E&S) Performance Standards (2012) (referred as IFC-PS)
- d) IFC Toolkit for Development of ESMS
- e) Deutsche Investitions- und Entwicklungsgesellschaft (DEG) E&S Framework
- f) World Bank Group's Environmental, Health & Safety Guidelines (EHS) - General
- g) World Bank Consumer Protection Guidelines, 2017
- h) Asian Development Bank Safeguard Policy Statement (ADB SPS), 2009
- i) ADB Social Protection Policy, 2001
- j) ADB Gender & Development Policy, 1998
- k) Asian Infrastructure Investment Bank (AIIB) E&S Frameworks and Standards, 2016
- l) New Development Bank (NDB) E&S Framework and Standards, 2016

## 2 ESG Policy & Principles

### 2.1 ESG Policy Statement

Through its ESG Policy, the Company makes a commitment towards contributing to a more sustainable world by taking measures at the appropriate stages to address ESG risks and opportunities in its business operations.

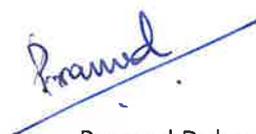
#### IREP ESG Policy

IREP is driven by its vision of making the underserved semi-urban and rural areas of the country's financial system 'Atmanirbhar' by empowering local entrepreneurs realize their financial goals through quick, sustainable credit and last mile reach. As a responsible NBFC, we conduct our operations in an environmentally sensitive, socially responsible, fair, and transparent manner.

Recognizing the unique challenges faced by MSMEs, IREP has established a financing framework that adheres to ESG standards while considering borrower's capacities, limitations and affordability. To fulfil our ESG commitment, we have instituted an 'Exclusion List' that delineates activities we will not finance.

IREP will actively encourage its borrowers to adopt sustainable practices, including good working conditions, fair labour practices and measures to conserve natural resources and protect the environment. We will proactively comply with all relevant ESG regulations in India, align with evolving expectations of investors and encourage borrowers to follow suit.

IREP will implement appropriate procedures and build organizational capacity to achieve its policy objectives, drive sustainable impact and add value to the MSME ecosystem in the long-term.



Pramod Dubey

Managing Director & CEO

## 2.2 ESG Operational Principles

The ESG Policy Statement will guide the ESG performance of the Company and is implemented through the ESG Operational Principles that are applicable to IREP's own operations and those of its borrowers, as relevant.

A snapshot of the ESG Operational Principles is presented in **Figure 1**.



*Figure 1: ESG Operational Principles*

1. **Compliance to ESG Safeguards** at IREP and influencing borrowers, as relevant for:
  - Compliance to international, national, state and local ESG standards/safeguards and strive for adherence to best practices relevant to the business operations as mentioned in **Section 1.3**.
2. **Fair Labour Practices and Workplace Well-being** to comply with labour laws in own and borrower's operations by:
  - Ensuring no engagement of child labour or any form of coercive labour practices in operations.
  - Establishing a respectful environment free from gender-based violence or harassment, while proactively assessing and addressing workplace risks to ensure the health and safety of all employees and contractors.
  - Encouraging equitable practices in hiring, compensation, and career growth, fostering a workplace that values all individuals regardless of gender, race, language, disability, or other factors.

- Ensuring fair remuneration, including payment of minimum wages, timely overtime compensation, statutory benefits (such as social security, leave entitlements), and other applicable labour entitlements.
- Creating a culture of collaboration by encouraging employees to share ideas, insights, and feedback through regular consultation processes to strengthen workplace relationships and dynamics.

*Note: Employees means workers directly engaged as well as contracted workers engaged through third parties*

**3. Being Environmental Conscious** for environmental protection and conservation in own and borrower's operations by:

- Optimizing processes to lower material and energy consumption, eliminate hazardous substances, and minimize waste production.

**4. Stakeholder Engagement** by:

- Regularly interacting with internal and external stakeholders to communicate ESG commitments, build mutual understanding, and drive long-term value creation.
- Encourage employees to have an open dialogue with management.
- Implement a robust grievance redressal framework to address and resolve any concerns from customers, employees, third-party providers, and other key stakeholders.
- Reporting to relevant stakeholders in a structured and timely manner.

**5. Borrower Protection** by:

- Developing financial products that are accessible and flexible to borrower needs while ensuring adherence to local laws and safeguarding borrower rights.
- Conducting adequate due diligence, including income and cash flow assessments, to evaluate repayment capacity.
- Providing borrowers with timely and detailed information about loan terms, interest rates, and conditions in a language they understand. Sharing loan agreements and notifying borrowers of any changes to terms or schedules in writing.
- Ensuring borrowers are treated fairly and respectfully, free from discrimination, and implementing measures to prevent aggressive or abusive practices during loan sales or collection.
- Protecting client data by adhering to strict privacy policies, ensuring compliance with applicable laws, and maintaining robust cybersecurity measures to prevent unauthorized access or misuse of personal information.
- Establishing a structured grievance redressal framework that provides multiple escalation levels, ensuring complaints are addressed effectively and resolved promptly to improve client satisfaction and service quality.

**6. Maintaining Business Integrity** in its own operations by:

- Adopting and maintaining a whistleblowing mechanism to address and mitigate potential business risks.
- Ensuring that employees and third-party representatives avoid engaging in bribery or corrupt activities.
- Not engaging in money laundering practices and any financing of terrorism.
- Implementing comprehensive measures to counter fraud and enhance cybersecurity, safeguarding business operations and customer data.

## 2.3 Scope of Application

This ESG Policy and Principles are applicable to IREP's own and borrower operations, including the design, delivery, and management of financial products, ensuring alignment with ESG objectives across the loan portfolio and stakeholder engagements.

# 3 Implementation of ESG Policy

## 3.1 Approval and Communication of ESG Policy

The ESG Policy and Principles have been presented to the Board and are duly approved. The policy shall be applicable from the date of the Board approval, i.e. December 17, 2025, to IREP's own and borrower operations.

The ESG Policy shall be prominently displayed in IREP offices and communicated to all employees through training programs. It shall also be communicated to other relevant stakeholders, such as investors, shareholders, business partners, as relevant. The ESG Policy shall be made available to all other concerned stakeholders on IREP's website.

## 3.2 ESG Policy Implementation

The ESG Policy Statement and Operational Principles is supported by an Environmental, Social and Governance Management System (ESG-MS), developed as Part 2. The ESG-MS has been formally adopted by the top management to operationalize the ESG Policy in the business.

Under the ESG-MS, the procedures, and tools for ESG risk and opportunity identification, management and monitoring have been developed and integrated with the loan cycle. The institutional structure with roles and responsibilities of various departments towards implementation of the ESG-MS have been defined.

## 3.3 Document Control and Update

The ESG Policy and underlying procedures will be reviewed on an annual basis by the management, to ensure its continuing suitability, adequacy, and effectiveness.

The updates to the ESG Policy will be carried out under the following circumstances:

- External changes such as national laws and regulations and investor requirements
- Procedures owing to internal changes to be revised.

The responsibility for implementation of the updates lies with the E&S Officer. All revisions to the ESG Policy will be documented in the system to maintain the history and rationale for the change.