

**ENVIRONMENTAL & SOCIAL
MANAGEMENT SYSTEM
(OCTOBER 2025)**

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(Name & Designation)

Following table will track all revisions and updates to this manual from time to time.

Revision History				
Version Number	Description of Amendment	Effective Date	Issued By	Approved By
01	ESMS Policy	17/01/2025	ESG Team	CEO

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DEFINITIONS

Terms	Description
Emergency	Emergency means any events/situations such as natural and man-made disasters which may affect facility and operations and severely impact employees or nearby community.
Employee	The term “Employee” or “Employees” in perspective of this ESMS is defined as any person engaged directly under payroll of Dugar Finance. This would include interns, temporary or part time employees.
Dealer Partners	Dealer Partners are Original Equipment Manufacturers (OEM)’s selling points which act as intermediaries that connects Dugar Finance’s services to end customers. The customer walk-ins to the OEM dealer points to buy a vehicle and Dugar Finance’s Relationship Officer connects with the end customer to sell the loan product to him as per his/her requirement.
GIIP	Good International Industry Practice is defined as the exercise of professional skill, diligence, prudence and foresight that would be reasonably expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally. The circumstances that skilled and experienced professionals may find when evaluating the range of pollution prevention and control techniques available to a project may include, but are not limited to, varying levels of environmental degradation and environmental assimilative capacity as well as varying levels of financial and technical feasibility.
Loan	Money, property, or other material goods given to another party in exchange for future repayment of the loan value amount with interest.
NACH	National Payments Corporation of India (NPCI) has implemented “National Automated Clearing House (NACH)” for Banks, Financial Institutions, Corporates and Government a web based solution to facilitate interbank, high volume, electronic transactions which are repetitive and periodic in nature. NACH System can be used for making bulk transactions towards distribution of subsidies, dividends, interest, salary, pension etc.

Grievance	A 'Grievance' is a concern or complaint raised by an individual or group, expressing dissatisfaction about an action or lack of action, about the standard of service/ deficiency of service from the Company and its associations, or asking for remedial actions
Internal Grievance	Concerns raised by employees/workers engaged with Dugar Finance at its offices, which are generally Human Resources (HR) related issues.
External Grievances	Concerns raised by customers, vendors, dealers, Investors etc. affected by Dugar Finance's operations or community grievances.
Stakeholder	"Stakeholder" is people or groups who are directly or indirectly affected by a company's operations as well as those who may have interests in a company's business and/or the ability to influence its outcome, either positively or negatively. Stakeholders may include contractors, investors, customers, suppliers, national or local government authorities, politicians, civil society organizations and groups with special interests, or other businesses.
Stakeholder Engagement	"Stakeholder Engagement" is a process by which an organization learns about the perceptions, issues and expectations of its stakeholders and uses these views to assist in managing, supporting and influencing any planned changes/improvements in business.

LIST OF ACRONYMS

B2B	Business to Business
B2C	Business to Consumer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CS	Company Secretary
CTC	Cost to Company
DD	Due Diligence
E&S	Environment & Social
EHS	Environment, Health and Safety
EPR	Emergency Preparedness and Response
ERM	ESMS Review Meeting
ERT	Emergency Response Team
ESMS	Environmental and Social Management System
EV	Electric Vehicle
GIIP	Good International Industry Practice
GoI	Government of India
GRC	Grievance Redressal Committee
GRM	Grievance Redressal Mechanism
GRO	Grievance Redressal Officer
HR	Human Resources
ICC	Internal Complaint Committee
IFC	International Finance Corporation
ILO	International Labour Organization
KPIs	Key Performance Indicators
MoMs	Minutes of Meetings
MOU	Memorandum of Understanding
MRM	Management Review Meeting
NBFCs	Non-Banking Financial Companies
NGOs	Non-Governmental Organizations
NOC	No-Objection Certificate
NPCI	National Payments Corporation of India
OEM	Original Equipment Manufacturer
OHS	Occupational Health and Safety
PDCA	Plan-Do-Check-Act
PLC	Public Limited Company
POSH	Prevention of Sexual Harassment
PS	Performance Standards
RBI	Reserve Bank of India
TIIC	Tamil Nadu Industrial Investment Company
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India

SEP	Stakeholder Engagement Plan
SMBs	Small and Medium Sized Businesses

1. INTRODUCTION

1.1. About Dugar Finance

Dugar Finance & Investments Ltd is a Non-Banking Financial Company (NBFC) headquartered in Chennai, India, committed to expanding access to credit for under-served segments across tier-2, tier-3 and tier-4 cities. Established with a focus on vehicle financing—both new and pre-owned—the company has steadily diversified its product suite to include MSME loans, electric-vehicle financing and rooftop solar financing. Operating through a network of 30 strategically located branches across six states, Dugar Finance serves over 20,000 customers, managing an AUM of approximately ₹250 crore. Rated BBB- and BBB by CRISIL and Aquite respectively, Dugar Finance combines rigorous risk management and governance frameworks with customer-centric digital processes to deliver transparent, efficient and responsible lending solutions.

The Loan Products offered by Dugar Finance is mentioned in **Table-1**.

Table 1: Loan Products offered by Dugar Finance

Loan Products offered by Dugar Finance
Loan Against Property (LAP): Secured term loans against residential and commercial real estate collateral, offering higher ticket sizes and extended tenors to meet working-capital, expansion, or personal liquidity needs.
Three-wheeler (Including Electric Vehicles): Financing for electric rickshaws (e-rickshaws) is provided to businesses & end-consumers. Fleet operators can get an operating or financial lease on e-rickshaws. End consumers can get a loan on e-rickshaws to be used for income generation.
Four-wheeler (Including Electric Vehicles): Financing for electric cars is provided to businesses. Fleet operators can get an operating or financial lease on electric cars.
Electric Charging Infra: Financing to set up EV charging infrastructures is provided to fleet operators, enabling an end-to-end electro mobility solution to EV users.
Solar Financing: Loans to businesses and homeowners for the design, procurement, and installation of rooftop solar panels and associated equipment, supporting clean energy adoption and reducing long-term power costs.

The Company uses a Phygital (Physical plus Digital) approach in loan disbursement process. The Loan disbursement process of Dugar Finance is depicted as in **Figure-3**.

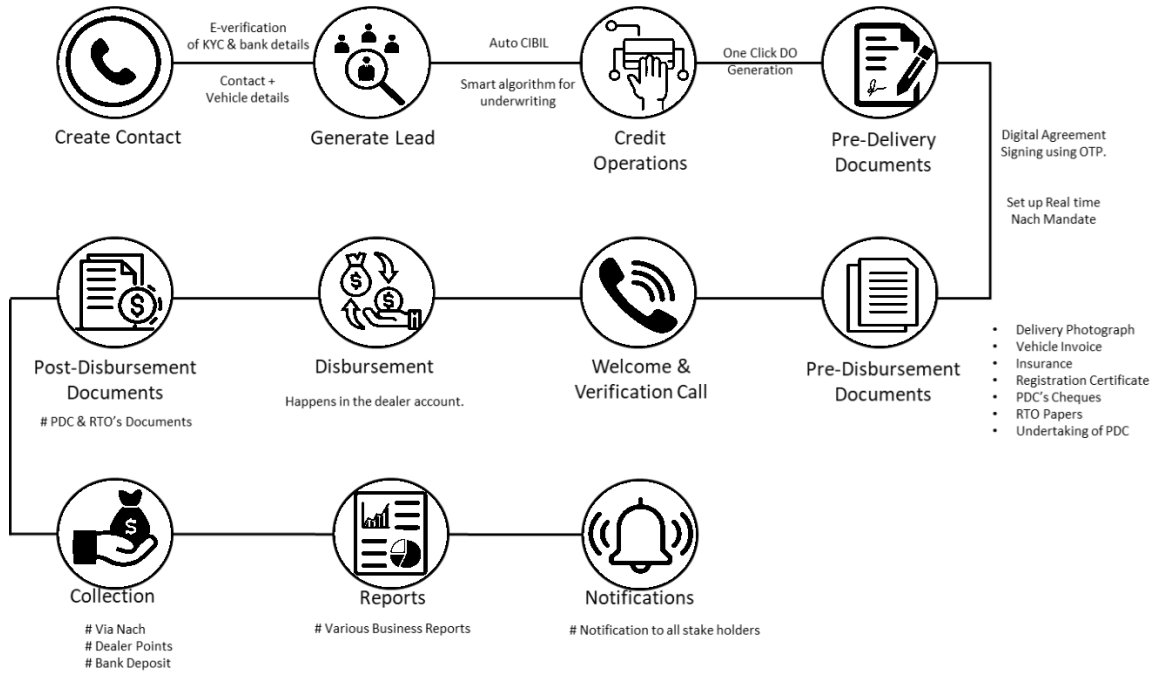


Figure 1: Loan Disbursement Process of Dugar Finance¹

1.2. About ESMS

The Environmental and Social Management System (ESMS) manual, developed² and adopted by Dugar Finance, is a corporate level guiding document for the Company to integrate environmental and social (E&S) considerations and objectives into its ongoing activities, decision-making and loan disbursement processes. This manual outlines a set of structured and standardized policies & procedures, institutional and implementation arrangements towards identification and management of E&S (including health and safety) impacts/risks associated with Company's operations.

This ESMS establishes Dugar Finance's commitment to fulfill its business objectives while being in line with international best practices, compliant with adequate E&S statutory and regulatory requirements and adhering to investor requirements for its existing and similar future business operations in India. This document will help to manage the identified E&S risks and achieve continuous performance improvement in line with the Plan-Do-Check-Act (PDCA) approach as represented in **Figure-4**.

¹ For more detailed procedure, Refer Chapter 4 of ESMS

² This ESMS manual has been prepared by INDUS Environmental Services Private Limited in consultation with Dugar Finance.

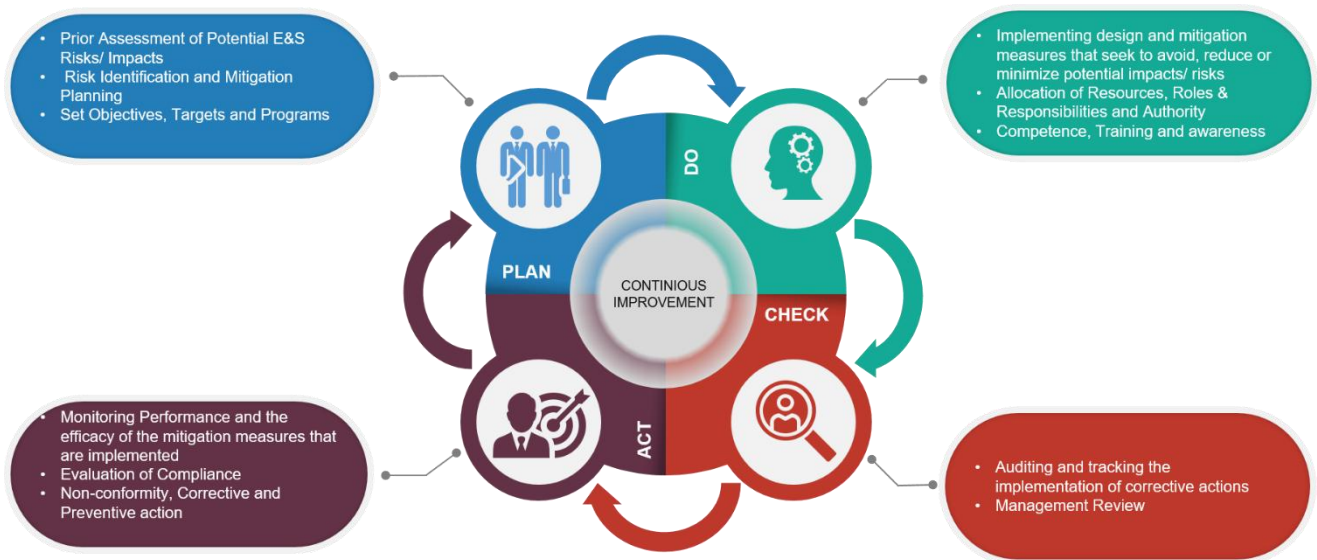


Figure 2: PDCA Approach of ESMS

ESMS provides a systematic framework to improve E&S stewardship across the Company through good governance strategies, by mitigating the negative impacts and stimulating the positive impacts. The E&S elements along with the governance strategy include:

ENVIRONMENTAL ELEMENTS	SOCIAL ELEMENTS
Environmental elements addresses company's operations environmental impact (direct and indirect) and stewardship including aspects such as <i>Waste Management, Water Conservation, Emissions and Pollution Control, Use of Natural Resources, Energy Conservation, Greenhouse Gas Emissions, Climate Change, Bio-diversity</i> , etc., including compliance with all local laws and/or the applicable IFC Performance Standards on E&S Sustainability.	Social element addresses how a company manages its business relationships with and creates values for its stakeholders- employees, partners, OEMs, vendors, customers, shareholders/investors and the communities where it operates. Social aspects refer to compliance as per applicable <i>labour laws, issues of working conditions such as child labour, forced labour, wages, occupational health & safety, discrimination, gender parity, diversity, training & capacity building</i> etc.; and other factors such as <i>responsible customer engagement</i> .
GOVERNANCE STRATEGY	
Governance strategy refers to the company's leadership and management philosophy, practices, policies, internal and external stakeholder controls. Governance helps in long-term value creation by supporting organizational adaptability required to adjust to change in the E&S conditions.	
Governance strategy includes the <i>approach of the management for integration of E&S factors into business planning and efficient and transparent reporting</i> .	

1.3. Objective of ESMS

The primary objective of this corporate level ESMS is to identify, assess and mitigate the E&S risks/impacts and opportunities resulting from the Company's operations, to achieve long-term E&S benefits with good governance practices. This ESMS establishes compliance mechanism to the greatest extent, to be followed at all levels of operations in line applicable E&S statutory and regulatory requirements, International Finance Corporation (IFC), RBI Guidelines for NBFCs, E&S Policy Statement of Dugar Finance, other best practices identified and adhering to its investor's requirements. The manual provides clarity on organizational capacity, establishes roles & responsibility and provide practical information resources for managing the corporate ESMS to maintain consistency in its effective and efficient implementation throughout the Company's operations.

1.4. Scope and Applicability

The scope of this ESMS manual covers the corporate level operations of Dugar Finance and the facilities (present and future) where the Company's business is conducted. The management system is based on the thorough understanding of Dugar Finance's operations and covering the following aspects tailored to the Company's business activities and complexity:

- *E&S Policy*
- *E&S Risk Assessment & Management at Dugar Finance*
- *Applicable E&S legal and NBFC specific requirements*
- *Human Rights & Employee Welfare*
- *Environmental, Health & Safety (EHS) Management across company's operations*
- *Information and Data Security*
- *Emergency Preparedness and Response*
- *Stakeholder Engagement (with Customers, OEMs, Dealers, Vendors etc.)*
- *Responsible Customer Engagement*
- *Grievance Redressal Mechanism*
- *Training and capacity building of the employees*
- *Monitoring & Reporting*

The ESMS manual applies to Dugar Finance at corporate level including existing as well as new offices (future setups) of the Company. It is an internal management tool intended for use as a reference source and accessible to Dugar Finance employees, investors and other stakeholders as required through appropriate medium. Dugar Finance is required to adhere to the policies and procedures set forth in this ESMS Manual.

This ESMS comprises of the **Main Volume** and supporting **Annexures**. The main volume includes separate sections and are later explained in details in the manual. Annexures provide the reference information that Dugar Finance will need in maintaining the established ESMS within its organization, and dealing with the stakeholder's queries on E&S safeguard issues.

2. ENVIRONMENT & SOCIAL POLICY

2.1. E&S Policy

Dugar Finance commits to sound sustainability practices including abatement of environmental impact (though limited) arising due to its operations, safe and healthy working environment for its employees and responsible stakeholder engagement. Dugar Finance has established a corporate level E&S Policy defining objectives and principles on E&S safeguards and its intended implementation across the Company's operations, in compliance with the applicable legal requirements and reference frameworks.

The corporate level E&S Policy of Dugar Finance is provided at **Annexure-1**.

2.2. Policy Flow and Its Implementation

The E&S Policy of Dugar Finance will govern the overall operations of the Company in an environmentally and socially sustainable manner. The Policy is applicable to all the offices of Dugar Finance, their operations including loan disbursement processes and to all associated with Dugar Finance including employees (management, permanent staff, interns and trainees) and consultants working for or engaged by Dugar Finance.

The E&S Policy, driven by the senior management of Dugar Finance, will be suitably reflected in the various procedures, guidelines and plans developed and implemented as part of the ESMS. The Policy will be communicated and made readily accessible to all employees, consumers, consultants and other relevant stakeholders as per their requirements. The E&S Policy (signed version) or its extracts will be displayed on Company's website and notice boards of all offices.

The E&S Policy will be reviewed in every two years (biennially or on need basis) by the senior management and revised (if required) to incorporate changes arising from the modification and/or progress of business plan, regulatory requirements etc.

3. ENVIRONMENT AND SOCIAL (E&S) REFERENCE STANDARDS

3.1. Relevant E&S Legislations

A. Reserve Bank of India Act 1934 (as amended)

Reserve Bank of India (RBI) Act 1934 is an Act to constitute a Reserve Bank of India. The Act lays down the provisions applicable to Non-Banking Financial Institutions. Dugar Finance, being a Green Financing NBFC is committed to comply with the regulations of *RBI Act 1934* (as amended).

B. Other Relevant E&S Legislations

Dugar Finance, across all its existing and similar future operations, will strictly comply with applicable National and State-specific E&S laws and regulations of India.

For Dugar Finance's operations, the current E&S regulatory requirements are identified, collected and analysed to evaluate its applicability with respect to its business activities. List of the key Indian Laws and Regulations on E&S issues with major compliance requirements along with RBI Act requirements which are applicable to Dugar Finance are provided as Legal Register at **Annexure-2**.

Any new legislations as applicable to Dugar Finance's operations or amendments to current legislation shall be reviewed by Dugar Finance's Company Secretary & Compliance Officer (with the support of E&S Manager & HR representative). The implementation of E&S legislation in India may vary from state to state based on state-specific rules. Dugar Finance will monitor the approach adopted towards implementing legislation in each state where the Company operates through its physical offices. External consultation will be sought where required, to ensure the understanding and context of the legislation is applied correctly.

3.2. Global E&S Reference Standards

It would be Dugar Finance's endeavour to comply with the requirements of the following Global E&S reference standards in its business operations, as applicable, through the implementation of this ESMS manual.

A. IFC Performance Standards (PS) 2012³

IFC is a part of the World Bank Group which provides financial services to businesses investing in the developing countries. IFC's PS, widely recognized as good practice in the business community, are directed towards clients, providing guidance on how to identify risks and impacts, and are designed to avoid, mitigate, manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities. The PS consists of one (1) overarching standard (PS 1) and seven (7) standards covering specific issue areas (PS 2-8). PS 1 covers the elements that need to be in place to help ensure that the remaining seven (7) standards are implemented. **Table-2** gives an overview and applicability of the IFC-PS on Dugar Finance.

Table 2: Overview of IFC-PS

Performance Standards		Applicability on Dugar Finance
PS-1	Assessment and Management of Environmental and Social Risks and Impacts. (To develop E&S Policy identifying key E&S risks and impacts and devise an effective grievance mechanism)	Applicable <i>The ESMS Manual of Dugar Finance has been developed in line with the applicable PS requirements (i.e. PS1-4), based on the nature of its operations. Dugar Finance shall ensure compliance with the applicable PS across its operations, through adoption and implementation of various procedures developed as a part of this ESMS Manual.</i>
PS-2	Labour and Working Conditions (To promote fair-treatment, non-discrimination and equal opportunity of employees)	
PS-3	Resource Efficiency and Pollution Prevention	

³ For more information on IFC PS, visit the link: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

	(To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from business activities)	
PS-4	Community Health, Safety, and Security (To anticipate and avoid adverse impacts on the health and safety of the Affected Community from business operations in both routine and non-routine circumstances)	
PS-5	Land Acquisition and Involuntary Resettlement (To avoid or minimize physical displacement caused by a Project)	Not Applicable Dugar Finance's office is operating on leased/rented premise and this is expected to continue in the future. No expropriation of land is envisaged and no physical or economic displacement has been/ is expected to be caused by Dugar Finance operations. Furthermore, in future, Dugar Finance ensures the process of acquiring and operating new facilities/offices whether in a co-working space or a leased/rented space is carried out in culturally and legally sound manner and prior consents/permits are obtained from relevant regulatory authorities.
PS-6	Biodiversity Conservation and Sustainable Management of Living Natural Resources (To protect and conserve biodiversity and promote sustainable management of natural resources)	Not Applicable The existing Dugar Finance establishment and future ones will be located in urban or sub-urban areas and the type of risks and impacts envisaged in PS6 are thus not applicable.
PS-7	Indigenous Peoples (To ensure that supported business operations foster full respect for the human rights, dignity, aspirations, culture and natural resource-based livelihoods of Indigenous Peoples)	Not Applicable No indigenous people are affected due to Dugar Finance's operations.
PS-8	Cultural Heritage (To protect cultural heritage from the adverse impacts of project activities and support its preservation)	Not Applicable There are no impacts on any cultural heritage resources as per the environmental assessment and Dugar Finance ensures that its operations have no significant effects on culturally sensitive sites/buildings.

B. The World Bank Group General EHS Guidelines 2007⁴

The World Bank EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP)⁵. The General EHS guidelines include aspects related to Environment, Occupational Health & Safety, Community Health & Safety and Construction & Decommissioning. These guidelines contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable costs.

C. International Labour Organization (ILO) Conventions

This requirement has been set out in IFC PS-2 (i.e. Labour and Working Conditions) and has been in part guided by a number of International conventions and instruments, including those of the International Labour Organization (ILO). The Governing Body of ILO has identified eight (8) Conventions that are considered as fundamental principles and rights at work as given below:

⁴For more information on WB General EHS Guidelines, visit the link: <https://www.ifc.org/wps/wcm/connect/29f5137d-6e17-4660-b1f9-02bf561935e5/Final%2B-%2BGeneral%2BEHS%2BGuidelines.pdf?MOD=AJPERES&CVID=iOWim3p>

⁵ Defined as the exercise of professional skill, diligence, prudence and foresight that would be reasonably expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally.

1. Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
2. Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
3. Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
4. Abolition of Forced Labour Convention, 1957 (No. 105)
5. Minimum Age Convention, 1973 (No. 138)
6. Worst Forms of Child Labour Convention, 1999 (No. 182)
7. Equal Remuneration Convention, 1951 (No. 100)
8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Dugar Finance will ensure good employee relationship and shall conduct its operations in line with abovementioned ILO Conventions through various employee welfare policies & procedures developed by the Company. This also includes the requirements as applicable to the Fund and its Portfolio Companies on wage, working hours, labour contracts and occupational health & safety issues, stemming from ILO [conventions 26](#) and [131](#) (on remuneration), [1](#) (on working hours) and [155](#) (on health & safety).

D. United Nation’s (UN) Sustainable Development Goals⁶

The 17 UN Sustainable Development Goals (SDGs) as depicted in **Figure-5** define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets. The SDGs call for worldwide action among governments, business and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet.









Figure 3: UN Sustainable Development Goals


Dugar Finance has identified seven (7) target SDGs mapped across its business cycle to be compliant with its identified SDGs as given in **Table 3:**

⁶ For more information, kindly refer to the following link: <https://sdgcompass.org/sdgs/>

Table 3: UN SDGs adopted by Dugar Finance

SDGs	Target	Dugar Finance's Action	Key Performance Indicators
 <p>End poverty in all its forms everywhere</p>	<ul style="list-style-type: none"> Ensure that men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, appropriate new technology and financial services, including microfinance 	<p>Disbursement of Loans for EVs and related utilities, promoting:</p> <ul style="list-style-type: none"> Income generation loans Improving livelihood Entrepreneurship 	<ul style="list-style-type: none"> Proportion of men and women in the underserved segment financed Cost comparison and enhanced saving arising from operating an EV compared to Internal Combustion Engine (ICE) vehicles
 <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> End all forms of discrimination against all women Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making Undertake reforms to give women equal rights to economic resources, as well as access to financial services in accordance with national laws Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women 	<ul style="list-style-type: none"> Women director on the Board Commitment towards equal opportunity for female employees and ensuring prohibition of sexual harassment (POSH) and discrimination against female employees at workplace. Compliance of female employee related Company policies (such as POSH, Maternity Policies etc). ~14% of borrowers are women and Dugar Finance envisages increase in women borrowers Ease of driving: EV enabling women to become drivers 	<ul style="list-style-type: none"> Proportion of seats held by women in company's Board/ managerial positions/ operations Number of complaints regarding sexual harassment and discrimination. Annual report submitted by ICC. Proportion of women financed Proportion of unbanked or underserved segments financed.
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> Promote affordable, reliable and modern energy services Upgrade technology for supplying modern and sustainable energy services 	<ul style="list-style-type: none"> Access to affordable, reliable, and modern clean energy EVs for all, promoting positive environmental impact Access to modern and upgraded technology and EV infrastructure 	<ul style="list-style-type: none"> Proportion of Urban compared to rural customers Number/ Amount of Loan disbursed for EV and related utilities Capacity of EV Charging stations installed (in watts per capita)

 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services • Endeavour to decouple economic growth from environmental degradation • Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value • Encourage the employment, education or training of youth 	<ul style="list-style-type: none"> • Access to formal channel of credit to financially excluded segment • Decoupling economic growth from environmental degradation with promotion of EVs • Promote job creation, entrepreneurship, creativity, and innovation through loan disbursement process • Job opportunities for women, youth 	<ul style="list-style-type: none"> • Total number of customers generating primary source of income through EV vehicles • Classification of customers as per their gender, age group, education etc.
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<ul style="list-style-type: none"> • Increase the access of underserved communities to financial services, including affordable credit, and their integration into value chains and markets • Increase resource-use efficiency and adopt clean and environmentally sound technologies • Support domestic technology development, research and innovation 	<ul style="list-style-type: none"> • Access to affordable credit to underserved segment (income generating loans) • Access to modern and upgraded technology and EV infrastructure • Promoting domestic tech development, research and innovation in EV space 	<ul style="list-style-type: none"> • Proportion of underserved communities in total customer volume • Total Carbon Emission Saved by financing in EV sector. • Proportion of medium and high-tech industry value added in total value
 <p>Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> • Progressively achieve and sustain income growth of the undeserved communities 	<ul style="list-style-type: none"> • Promoting entrepreneurship and improving livelihood of female and male population equally 	<ul style="list-style-type: none"> • Ratio of households headed by men and by women using EV vehicles as their primary source of income.

 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> • Provide access to safe, affordable, accessible and sustainable transport systems • Reduce the adverse per capita environmental impact 	<ul style="list-style-type: none"> • Access to safe, affordable, accessible, and sustainable transport systems • Reducing per capita environmental impact by adoption of clean and green EVs 	<ul style="list-style-type: none"> • Total Carbon Emission Saved by financing • Total Green Kilometers by financed EVs • Total number of accidents to customers brought on by EVs
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Dugar Finance’s actions defined for the identified targets will be implemented through various procedures developed as a part of this ESMS Manual. Dugar Finance will monitor the SDGs KPI as part of E&S KPIs monitoring and report the same in periodic reporting to senior management and investors.

4. E&S RISK ASSESSMENT AND MANAGEMENT

4.1. Dugar Finance’s Business Operation

Dugar Finance is an NBFC providing green financing solutions in India, investing in the EV ecosystem of the country by providing loans for income generation and follows both B2B and B2C business models. Dugar Finance’s business operations including sourcing, disbursement, collection, recovery etc. are explained as follows:

Dugar Finance engages customers through Dealer Partners. Onboarding of dealers, DSA’s and OEM’s are conducted after thorough due diligence, to ensure association with financially sound, credible, & established partners.

In addition to financial and reputational screening, Dugar Finance also evaluates the environmental and social practices of its dealer and supplier partners - particularly for products financed under the electric vehicle (EV) and solar financing portfolios. As these products have broader lifecycle impacts beyond immediate sales, the Company will assess key upstream factors such as resource sourcing, energy consumption, emissions, waste generation, recycling, and disposal methods associated with the manufacturing and servicing of EVs, solar panels, and related equipment. This evaluation includes a review of whether partners:

- Maintain valid environmental clearances and pollution control certifications applicable to their manufacturing or servicing facilities.
- Implement measures for waste minimization, battery and panel recycling, and safe disposal of hazardous components (such as lithium-ion cells or photovoltaic materials).
- Uphold fair labour practices consistent with ILO standards, including prohibition of child and forced labour, freedom of association, adequate wages, and occupational health and safety.
- Ensure equitable treatment of all workers, including contract and migrant labour, and provide a safe and hygienic workplace.
- Respect human rights across operations and supply chains, including the right to collective bargaining and non-discrimination in employment.

Dugar Finance’s E&S Officer will incorporate these factors into the dealer/OEM due diligence checklist and monitor performance periodically through documentation review, self-declaration forms, or third-party assessments where warranted. Where gaps are identified, Dugar Finance will encourage partners to adopt corrective actions and continuous improvement plans aligned with Good International Industry Practice (GIIP).

To ensure minimum risk on vehicle efficacy and manage E&S risks associated with onboarding of OEM and Dealer partners, Dugar Finance shall ensure to associate with partners who:

- ☑ Adhere to all present and future legal requirements;
- ☑ Ensures compliance with applicable environment, social, health and safety regulations and considerations;
- ☑ Assures technical certification and adequate safety measures of EV and related utilities;
- ☑ Implicate customer service-oriented culture;
- ☑ Commits to respect human rights and have similar highest standards of business conduct;
- ☑ Engage competent resources and provide adequate infrastructure for their operation.
- ☑ Have Market reputation in EV sector, having national brand presence;
- ☑ Have a system in place to safeguard the EHS related risks;
- ☑ Ensures to provide safe work environment, occupational health & Safety provisions, fire and life safety measures etc. in the facility;
- ☑ Have an efficient mechanism for customer grievance redressal;
- ☑ Guarantees stringent data privacy and information security provisions;
- ☑ Follow the requirements of social welfare and labour related compliances such as (but not limited to) prohibition of child and forced labour, minimum wages, employee benefits etc. at the facility etc;

Dealer & Supplier E&S oversight for financed products:

As part of Dugar Finance's commitment to responsible financing, the due diligence process for onboarding dealer, OEM, and supplier partners shall specifically require:

- *Evidence of compliance with environmental regulations and certification related to product manufacturing, including resource use, emissions control, and waste management for EV and solar products;*
- *Documented policies and practices regarding end-of-life management, including recycling or safe disposal of financed product components such as batteries, panels, and hazardous materials;*
- *Formal adherence to national and international standards/laws on labour conditions, abolition of child and forced labour, non-discrimination, fair wages, working hours, and occupational health and safety for their workforce;*
- *Contractual acceptance of Dugar Finance's Supplier Code of Conduct (see Annexure [new Annexure reference]), requiring regular self-certification and permitting audits, site visits, or requests for additional documentation as part of ongoing monitoring;*
- *Inclusion of remediation and continuous improvement commitments for any gaps identified in sustainability or labour practices;*

These requirements will be reviewed during initial onboarding and monitored periodically, especially for partners involved in higher-risk product segments (e.g., battery manufacturing or recycling).

Origination/Sourcing: Dugar Finance operates through OEM's Dealers Network & DSA's where customer walk-ins to buy a vehicle and Dugar Finance's Finance Relationship Officer (RO) connect with the end customer to sell the loan product to him as per his/her requirement. RO moves in the field and source business from multiple dealers in the same or nearby vicinity and also identify the new dealership opening in their vicinity. RO also identify the new dealership opening the near vicinity where they are operating at better efficiency in the same market.

Initial Assessment/ Verification: Once the customer fills a loan application, Dugar Finance follows following filtration processes to appraise the credit worthiness of the borrower before providing the loans.

- (i) Check by Local Field Investigation (FI) at each location by in-house team / 3rd Party (with 5% re-audit with our team member)
- Collection of application form along with required documents (i.e., identity proof, address proof, income proof, identity and income proof of guarantor, details of immovable properties, details of Bank account etc.);
 - Understanding customers background & overall profile;
 - Assessment of synergy & viability between products, customer profile and proposed use;
 - Reference check from nearby neighbours and reference and other networks of old consumers in the same vicinity;
 - Credit Information Bureau (India) Limited (CIBIL) and legal check from the respective departments.

For initial assessment and verification of customers, DUGAR FINANCE has developed a Standard Operating Procedure (SOP) for Onboarding of Customers, which is enclosed as **Annexure-3A**.

- (ii) Approval by Head Office (HO) Credit team

Every file is forwarded with complete documentation and feedback from credit team and branch manager at branch levels to Head office for final approval. Head office performs the following additional checks before giving the approval:

- CIBIL Check
- Documents verification
- Telephone Verification of (Reference, Co-borrower, Guarantor & Neighbours)

After verification of all the details, the company finalise the loan decision based on Company's approval mechanism.

The key factors considered before taking a loan decision are:

- ☑ Place of the customer – only applicants who are permanent residents of that place or are having a substantially long stay are considered or with the permanent residents as guarantor or co-borrower.
- ☑ Market credibility – feedback of the referral, FI executive and marketing executive regarding conduct of the applicant is considered for taking the lending decision.
- ☑ Guarantor details – As Guarantor is compulsory in each case.
- ☑ Active Bank Account – As company disburse loan amount through account payee cheques only.
- ☑ Assets of the applicant – Generally applicants with own residence and/or agriculture land are preferred.

Disbursement: The file is sent to the concerned person according to the loan amount after receiving the final approval from HO credit team. After collection of pre-disbursement documents and fulfilment of all the conditions like Registration Certificate (RC) book hypothecation challan, invoice, insurance etc., the amount is disbursed through account payee cheques to the dealer.

After disbursement, all cases are checked by the Audit team and the team has close monitoring of the quality of the cases and thereby maintaining the credit quality. Dugar Finance also sends regular updates to customers about the account's position through SMS system delivered through server. Tele caller and recovery executive follows up with borrowers for payment of loan installment.

Collection: The monthly installments are paid by the customers via following three (3) mechanisms:

- National Automated Clearing House (NACH)⁷
- Mobile wallets (Paytm/Phonepay/Gpay)
- Cash - Authorized field or branch agents collect the cash installment from the borrower, issue a pre-printed official receipt on-the-spot, and immediately record the transaction in the loan management system and the deposit is also to be made within the same working day.

In case a customer has delayed payment (including grace days), Loan originating team receives intimation on default in servicing of the installment. In such cases or if there is imposition of an additional cost or there occurred any incident that may impact customer's credit history, the customer will be contacted through phone call. Furthermore, if the installment is overdue, a default notice is issued and collection team physically visits the borrower for collection of dues. If the customer still declines to pay, consequences of such decision is explained to them.

Recovery: In case the customer fails to pay back the loan amount in stipulated time, Dugar Finance activates its recovery procedure. Dugar Finance has an experienced and efficient recovery team on the payroll who ensures timely action for recovery of over dues.

Dugar Finance has developed SOP for retrieving from customers which is enclosed as **Annexure-3B**.

To accomplish its operations; Dugar Finance's infrastructure includes:

- Corporate Office and supporting manpower resources
- Hardware (mobile/laptops etc.) and software (applications) assets
- Supporting services (Vendors, OEMs, Dealers)

To support long-term business success of its services, Dugar Finance ensures that a holistic and consistent approach of E&S risk assessment and management is established at all levels of the Company and is embedded in its policies and procedures. This section includes the framework by which the E&S risks and opportunities across Dugar Finance's business are identified and managed through adequate measures, resources and

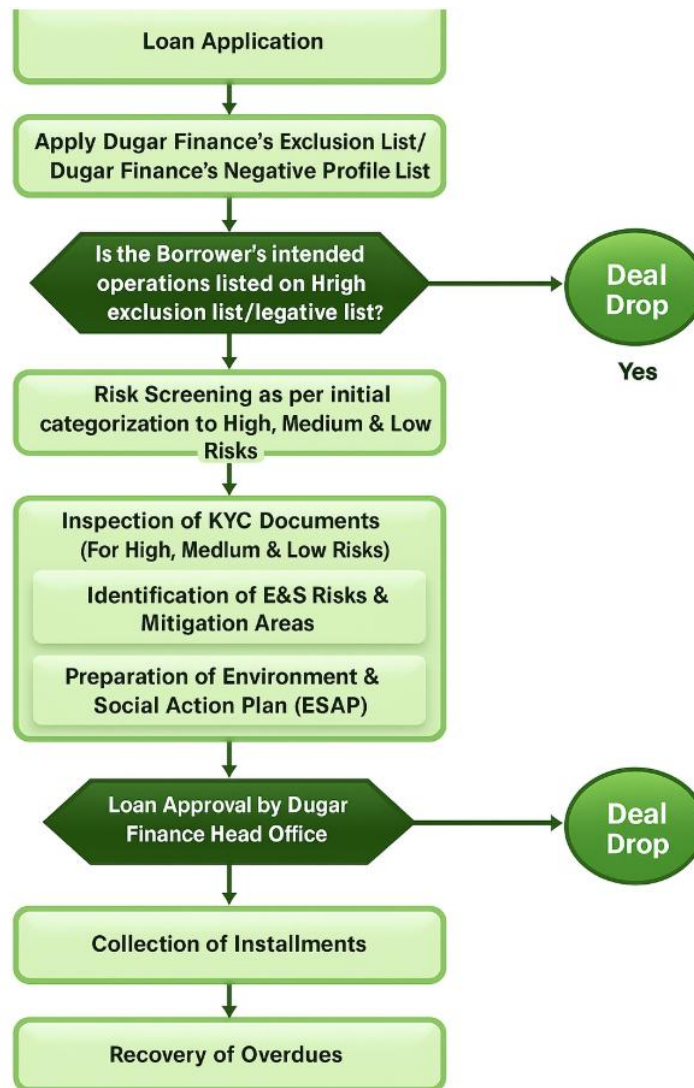
⁷ National Payments Corporation of India (NPCI) has implemented "National Automated Clearing House (NACH)" for Banks, Financial Institutions, Corporates and Government a web based solution to facilitate interbank, high volume, electronic transactions which are repetitive and periodic in nature. NACH System can be used for making bulk transactions towards distribution of subsidies, dividends, interest, salary, pension etc. and also for bulk transactions towards collection of payments pertaining to telephone, electricity, water, loans, investments in mutual funds, insurance premium etc.

controls. Management of E&S Risks is an integral part of Dugar Finance’s sustainable development initiative and credit risk assessment process. As E&S issues are inherent in business, almost all customers would be exposed to some degree of E&S Risk.

As part of its commitment to E&S causes, Dugar Finance does not finance activities as per Exclusion List which is enclosed as **Annexure-3C**.

4.2. E&S Integration in the Credit Cycle

The Principles and Commitments stated in the E&S Policy of Dugar Finance will be the foundation of responsible investment and providing loans to the customers. Compliance with the E&S policy will be achieved through implementation of ESMS. This section sets out the procedures and operational guidelines that will be followed during the credit process, from Initial Screening of the Customers (B2B and B2C) to Recovery procedure. Complete Credit cycle of Dugar Finance is summarized in the **Figure-6** and detailed in the following sections.



4.2.1. Credit Risk and Categorisation

I. Initial Screening

Objective of this stage is to confirm the compliance with Fund’s E&S Policy and basic requirements. E&S Officer with support from Sales Team of Dugar Finance will conduct an initial assessment of the Customers to determine, if the Customer is directly or indirectly involved in any of the activities that are included on Dugar Finance’s Exclusion List (provided at **Annexure-3C**) and/or the customers falls under the Negative Profiles as identified by Dugar Finance in their Credit Manual (Credit Manual is provided at **Annexure-7 in Section 4.4**)

No Go: If a customer is directly or indirectly involved in any of the activities as excluded by Dugar Finance, the disbursement process will not proceed. Sales team will promptly notify the Management on the transaction and disengage immediately forthwith from the transaction.

Go: If the Customer does not include any of the businesses or activities listed in the exclusion list, the further assessment procedures such as sourcing and Initial Assessment/verification of the Customers as outlined in Section 4.1 will be followed.

II. E&S Risk Categorisation

Dugar Finance has categorised the Risk of the business as High, Medium and Low based on the ticket size i.e. the total loan amount that will be disbursed to the Customers as mentioned below:

Ticket Size	Risk Category
Less than 5 lakhs	Low
5 lakhs - 25 lakhs	Medium
More than 25 lakhs	High

A. Low Risk Customers: If the customer does not include any of the businesses or activities listed in the exclusion list and/or the customers falls under the Negative Profiles as identified by Dugar Finance. The Customer will be selected on the basis of the operating procedure such as sourcing, Initial Assessment/verification, disbursement of loan, collection and recovery as outlined in *Section 4.1* will be followed.

B. Medium Risk Customers: If the customer does not include any of the businesses or activities listed in the exclusion list and/or the customers falls under the Negative Profiles, as identified by Dugar Finance. The Customer will be selected based on the operating procedure such as sourcing, Initial Assessment/verification along with the assessment of the *Liquidity*⁸ of the Company, disbursement of loan, collection and recovery as outlined in *Section 4.1*.

Liquidity Classification:

D	Poor Liquidity
C	Average Liquidity
B	Good Liquidity
A	High Liquidity

⁸ Liquidity is a company's ability to convert assets to cash or acquire cash—through a loan or money in the bank to pay its short-term obligations or liabilities.

C. High Risk Customers: If the customer does not include any of the businesses or activities listed in the exclusion list and/or the customers falls under the Negative Profiles as identified by Dugar Finance. The Company will conduct internal ESDD /External ESDD (if required) of the Customers followed by disbursement of loan, collection and recovery procedure as outlined in *Section 4.1*.

C1. Environmental and Social Due Diligence

For High-Risk Customers projects, internal ESDD may be carried out by the E&S Officer of Dugar Finance (if required external consultant could be hired on need basis). A sample Checklist for conducting ESDD by internal team is provided at **Annexure 4**. For Internal ESDD following points shall be considered:

- a) Collection and review of documentation, including publicly available information and documents requested from the prospective target company;
- b) Undertaking a site visit to the facilities and/or office locations of the customer where necessary and if applicable;
- c) Assessment of the company's capacities, commitment, liquidity, track record;
- d) Internal processes to identify, mitigate and manage environmental and social risks and impacts; and
- e) Development of a summary of the ESDD assessment undertaken and key actions that are required to bring the company into compliance with Dugar Finance's E&S policy.

If the Internal ESDD is approved by the Senior Management, then the process of disbursement of loan will start as per the procedure outlined in *Section 4.1*.

C2. ESDD Findings and Reporting

Upon completion of the ESDD, the findings & conclusions shall be presented in the ESDD Report by the E&S Officer. The reports will be submitted and reviewed by the senior management. If necessary, a meeting can be held (with or without the external expert) to discuss the findings. Depending on the extent of comments, the collated comments will be submitted in written format either in a separate document or directly on the report.

C3. E&S Action Plan

Based on the findings, the Dugar Finance will provide an E&S Action Plan (ESAP) which will collate all the DD findings where there are actions to be taken by the customers. The ESAP will also provide details on actions required to mitigate the identified E&S risks with timeframe and proposed responsibilities.

If adequate corrective actions are taken by the customers and approved by the senior management, disbursement of loan, collection and recovery procedure as outlined in *Section 4.1* will be followed by Dugar Finance.

III. Loan/Investment Agreement

For Medium and High-Risk customers, on formal approval of the loan disbursement by the Senior Management, legal document/ Investment Agreement shall be drafted by Legal Team of Dugar Finance, in accordance with the directions received from the Senior Management. The Legal document/ Investment Agreement will cover all the terms and conditions to be signed between muffin and the loan company.

4.3. Assessment of Key E&S Risks

The primary objective of risk identification and assessment is to identify the potential E&S risks from Dugar Finance's operations so that appropriate strategies to address/mitigate the risks and their potential impacts can be developed.

The key E&S risks relevant to Dugar Finance's operations are identified by considering the following aspects:

- (i) By understanding the company's operations and infrastructure required to support it.
- (ii) Discussions with the authorized personnel responsible for E&S management and other stakeholders.
- (iii) Reviewing the current E&S policies, procedures and management plans developed and implemented by the Company.

Dugar Finance has developed Risk Management Policy framed in accordance with the Risk Management framework as issued by RBI to address unanticipated and unintended losses to the human resources & financial assets of the Company without unnecessarily limiting the activities that advance its mission and goals. Potential risks are broadly categorized in eight (8) different categories as depicted in **Figure-7**:

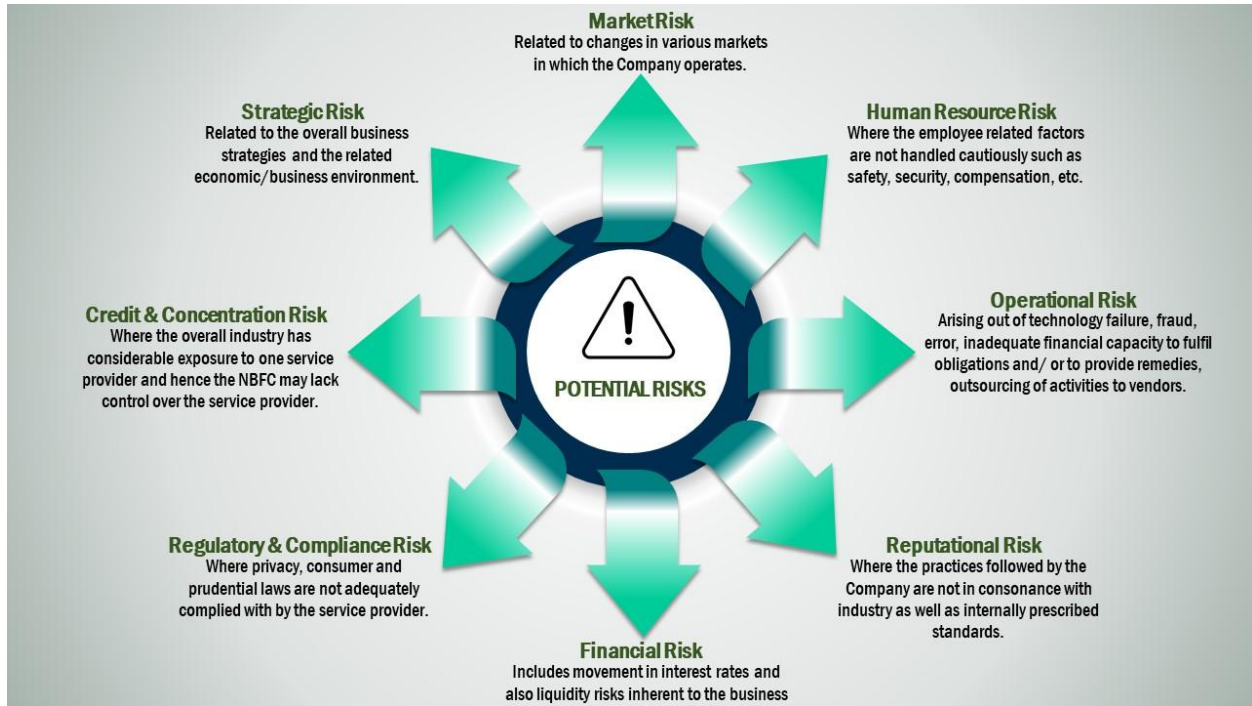


Figure 4: Potential risks identified by Dugar Finance

Based on the above, Dugar Finance has articulated key categories of E&S aspects to which the Company has its most significant risk exposures, as depicted in **Table-4**.

Table 4: Potential E&S Issues and Identified Opportunities

Key Aspects	Potential Issues	Possible Impacts	Identified Opportunities
FUTURE FACILITIES			
Site selection for setting up of new offices (in co-working space or leased/rented premises) for Dugar Finance	<ul style="list-style-type: none"> ➤ Inadequate architectural designs, infrastructure and non-compliance with building bye-laws of the region/ State. ➤ Unavailability of public transportation and inaccessibility to the office facility. ➤ Legal issues or claims associated with office facility. ➤ Unavailability of relevant facility related documents/ permits/ approvals etc. ➤ Unsatisfactory supply of water and electricity, sanitation and waste management system. 	<ul style="list-style-type: none"> ➤ Unavailability of manpower due to inaccessibility of the facility. ➤ Poor selection of site for setting up of new office facility may lead to financial and legal risks on the Company. ➤ Building related non-compliances/risks can affect the business operations of the Company. ➤ Excessive expenditure on water and electricity supply, sanitation, management of waste, emergency preparedness etc. 	<ul style="list-style-type: none"> ➤ Reduction of costs by avoiding or minimizing E&S impacts through adequate facility location and design. ➤ Risks of potential delays in initiating Company's operations due to E&S issues can be eliminated or reduced. ➤ Increased E&S performance in terms of energy efficiency, cleaner technology, waste reduction, occupational health and safety management, community relations, etc.

	➤ Lack of emergency preparedness measures.		
OPERATIONAL FACILITIES			
Employee working conditions and welfare aspects	<ul style="list-style-type: none"> ➤ Discrimination in terms of employment (such as remuneration, promotions, employee benefits etc.) ➤ Sexual harassment ➤ Workplace violence ➤ Child and Forced Labour ➤ Low or inadequate wages ➤ Increased load of work and overtime working ➤ Inadequate workspace, emergency exits, sanitation facilities, potable water supply etc. 	<ul style="list-style-type: none"> ➤ Impede execution and delivery of business operations. ➤ Company may face fines if they fail to comply with labour laws and regulations. ➤ Low employee morale and loss of trust on management can lead to higher staff turnover, lower productivity and additional training and recruiting costs, resulting financial and legal risks. ➤ Negative publicity and business reputation loss can occur if poor working conditions/ employee grievances generate media interest and attention. 	<ul style="list-style-type: none"> ➤ Good working conditions can reduce costs and enhance productivity, making it easier for the company to attract and retain motivated employees.
Operation related Risks	<ul style="list-style-type: none"> ➤ Fraud Risk ➤ Regulatory risk ➤ Anti-money laundering and countering terrorist financing ➤ Customer Risks ➤ Cybersecurity and Data Privacy ➤ Credit risk (repayment default by borrowers) ➤ Operational risk <ul style="list-style-type: none"> • Client Acquisition risks • Risks related to service delivery to clients • Risks related to business support activities • Human Resource risks • Physical security risks • Information security risks • Business activity disruptions ➤ Outsourcing Risk ➤ Interest rate risk ➤ Liquidity risk <ul style="list-style-type: none"> • Maturity mismatch • Funding concentration risks 	<ul style="list-style-type: none"> ➤ Increased risk of financial losses. ➤ Diminished Business values. ➤ Lost trust and faith of Customers. ➤ Reduced market reputation ➤ Attract legal liabilities ➤ Rise in Internal conflicts ➤ Breach of customer's personal data ➤ Loss of confidentiality, integrity, or availability of information, data, or information (or control) systems and reflect the potential adverse impacts to organizational operations (i.e., mission, functions, image, or reputation). 	<ul style="list-style-type: none"> ➤ Data protection from unauthorized access, loss or deletion. Enhances profitability. ➤ Reducing unanticipated costs and financial burden. ➤ Preventing financial fraud and protection of intellectual property safeguards organizations as well as Customers' sensitive data. ➤ Improved Customer Confidence. ➤ Enables efficient internal operations.

	<ul style="list-style-type: none"> • Asset-liability mismatch • Market Perception risk • Leverage risk 		
<p>Customer engagement</p>	<ul style="list-style-type: none"> ➤ Inefficient customer engagement by the Company. ➤ Lack of data privacy and information security, through Company's websites (platform for stakeholder engagement). ➤ Reputational Risk <ul style="list-style-type: none"> • Non-Compliance with Regulations • Customer Dissatisfaction • Misinterpretation of facts and figures in public ➤ Privacy breach of website users. ➤ Lack of effective stakeholder engagement and grievance management. ➤ Poor community engagement strategies. ➤ Misconduct by employees to customers during recovery and vice versa ➤ Customer absconding during recovery ➤ Damage to recovered assets or loss of value 	<ul style="list-style-type: none"> ➤ Transition risk due to changes in customer preferences. ➤ Reputational risk resulting from customer grievances. ➤ Potential breach of data of Company/ website users. ➤ License to operate can be put at risk if customer and community concerns & relations are not well managed, particularly concerns regarding any risks arising from Company's operations. 	<ul style="list-style-type: none"> ➤ Business model of the Company is dependent on client trust and satisfaction. ➤ Potential breach of data due to inefficient data privacy and information security. ➤ Good customer engagement and community relations help to manage expectations and identify any concerns (e.g. health or safety risks) prior to these becoming risks for company's operations and surrounding. ➤ Increase in customer's trust and market reputation. ➤ Broadening the customer base. ➤ Reduction in legal liabilities ➤ Operational efficiency in business
<p>Environment, Health and Safety</p>	<p><u>Environment</u></p> <p>The environmental impact of Dugar Finance is relatively low due to its phygital business platform and limited infrastructure. In addition; they are mostly operating in a leased/rented space.</p> <p>However, some environmental aspects that may arise due to the</p>	<ul style="list-style-type: none"> ➤ In case of non-compliance or violation of any national or state level Act or Rule with respect to the Pollution Prevention and Control, obtaining requisite permits and compliance with permit conditions, Fines/Penalties will be imposed as per the respective Act or Rules. ➤ Excessive expenditure on energy and waste management. 	<ul style="list-style-type: none"> ➤ Preparedness for regulatory changes such as amendments in regulations and/or reference frameworks with more stringent requirements. ➤ Better preparedness in resource management and reducing environment footprint, thus lowering the operating costs. ➤ Cost saving due to adequate measures in regard of energy

	<p>Company's operations include:</p> <ul style="list-style-type: none"> ➤ Energy Consumption: Occupies major share of Dugar Finance's environmental impact which arise from routine office tasks. ➤ Waste Generation and disposal: Limited volume of solid waste (non-hazardous) generated in the facility which includes domestic waste, paper, plastic, etc. Only waste water being generated is domestic waste water. <p>Hazardous Waste Management: Used Oil generated from DG Set which is managed by the building management.</p> <p>E-Waste Management: Limited quantity of E-waste is being generated by the Company.</p> <p>Battery Waste Management: Possible battery waste in the facility is UPS battery waste.</p> <p>Health & Safety</p> <ul style="list-style-type: none"> ➤ Physical Hazards (Inadequate working conditions of leased/rented space), ➤ Office Ergonomics ➤ Fire and Electrical Hazards ➤ Illness or health hazards due to lack of sanitation or access to a clean drinking water supply. ➤ Lack of emergency preparedness and responses measures. 	<ul style="list-style-type: none"> ➤ Company may face reputational risk where poor health & safety practices could lead to employee grievance or reduce work efficacy. ➤ Poor OHS practices may lead to damage to or loss of the Company's assets, loss of clients/business, increased insurance premiums and legal claims (both in the short- and long-term). ➤ Employees life can be put at risk if appropriate fire and life safety measures are not put in place ➤ Risk of road accidents for sales and collection executives working on field. 	<p>consumption and waste disposal.</p> <ul style="list-style-type: none"> ➤ Proactive engagement of employees in identifying and maintaining good health & safety practices, thus, providing ease in acceptance of any new or significant changes in the company's business operations. ➤ Improvement in productivity of employees. ➤ Reduction in compensation payments. ➤ Enhanced retention of employees in terms of safe and healthy work environment. ➤ Effective fire safety and emergency response standards to protect employees, customers and surrounding community and will foster stronger employee, customer and community support. ➤ Road safety training sessions can minimize the risks of injuries and death for on-field employees.
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	<ul style="list-style-type: none"> ➤ Inadequate or no training provided to deal with emergency situations like fire or any other hazards. ➤ Absence of proper road safety training for collection executives working and travelling on field. 		
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4.4. E&S Risk Management Procedures

This Section highlights various corporate level policies and procedures developed and implemented by Dugar Finance focusing on E&S (including health & safety) aspects for- (1) setting up new Office spaces/facilities (in a leased/rented building), (2) existing operations and (3) across its stakeholder engagement, for continual improvement of its E&S performance.

I. New Office Facilities

The primary objective of risk assessment prior to setting up new office facility is to determine appropriate mitigation strategies to address identified risks/issues. The approach for screening and evaluation process for identifying potential E&S risks for setting up a new office/ or any other company establishment is defined below:

A. Site Screening

The **Operations Team** of Dugar Finance with support of the E&S Manager is in-charge for sourcing of new properties for office space. This includes internal screening of the potential spaces with regard to Company’s requirement, facility location, availability of space, basic facilities (water and electricity supply), security, as well as other E&S aspects.

During selection of new office space, Dugar Finance will ensure to-

(i) not select any leased/rented space in an environment sensitive area/building; (ii) not select facility with spiritual or cultural significance; and (iii) not select facility with any legal issues or claims in general.

The screening will be carried out with the intent of identifying material E&S issues and risks and to identify the level of assessment and institutional resources required to address the issues (if any). The screening includes:

- Site visit to physically verify the onsite conditions.
- Review of relevant documents, records and public information related to E&S aspects of the facility/location.
- Identify key E&S risks including health, safety and security issues that may affect Dugar Finance’s operations.
- Make recommendations on the identified issues and whether to proceed with the site further or not.
- Document the findings and convey the same to the Chief Executive Officer (CEO)/Senior Management of Dugar Finance.

This process will help in the decision making of considering the potential facility by the senior management. The E&S checklist for conducting screening of office facilities is enclosed as **Annexure-5**. In case senior management decides to undertake further Due Diligence (DD)⁹ study of any potential facility, external E&S consultant may be engaged and a detailed E&S DD study will be conducted.

B. Site Procurement

If senior management is satisfied by the results of initial screening, Dugar Finance will proceed with decision to secure the selected office space. Post approval, the formal procedure of procurement and legal documentation

⁹ Considering Dugar Finance’s line of business, since the offices are/will be on leased/rented premises and/or located in multitenant buildings, therefore no detailed due diligence (DD) study is currently required. The screening checklist will assist Dugar Finance to identify material E&S issues (if any) specific to the facility, based on which the E&S Management Procedures developed for the operation of the facility will be implemented accordingly.

will be initiated by the **Operation Team** of Dugar Finance. The general check points which need to be checked before the procurement of the facility are as follows:

- ☑ Are all the legal formalities verified w.r.t procurement of facility including land titles and legal ownership of the facility owner?
- ☑ Are all the requisite E&S operational permits/approvals and facility conditions verified before entering into formal agreement?
- ☑ Are all terms and conditions of legal agreement (including respective E&S obligations of both parties) discussed with the facility owner?

Any payment w.r.t company lease should be released by Dugar Finance's **Finance Department**, only if it has received:

- a) Sign off from **CFO/ Account & Finance Manager/Directors** regarding receipt of title document and confirmation on ownership and title of the premises.
- b) Screening checklist of the selected facility/ E&S DD report (if conducted).
- c) Fully signed and registered legal documents such as lease agreement/Shops and Establishment Registration Certificate (wherever applicable).

C. Legal Documentation

Legal agreement will be made between Dugar Finance and the selected facility owner. Since the offices can be leased premises and located in multitenant building/ co-working spaces, the lease agreement shall be made accordingly.

However, the following E&S covenants (but not limited to) shall be included in all such agreements:

- Assurance of E&S commitments and compliances of both the parties.
- Not to engage child labour & forced labour in any of the activities related to both the parties.
- Assurance of all requisite environmental and labour licenses and permits applicable to both the parties.
- Provision of sustainable supply of water and electricity with adequate back-up facilities.
- Provision of hygienic and sanitary facilities with proper maintenance.
- Provision of adequate health & safety measures such as fire-extinguishers, smoke detectors, fire alarm, security etc. as per Regulatory requirements.

The procurement of the facility will be undertaken in a fair, cost effective, and transparent manner. In case if any dispute/claim arises, same would be handled by the Legal Department and decision of settlement would be made in consultation with senior management of Dugar Finance (in extreme cases).

II. Dugar Finance Existing Business Operations

Dugar Finance has documented management plans and procedures necessary to run their business operations without any interruptions. Key considerations for development of robust management procedures include:

- Assessment of all the key E&S risks/issues, structure the plans on the basis of the assessed risks and manage those risks by implementing the plans.
- Input from employees and/or other related stakeholders.

A. Code of Conduct

The **Code of Conduct for Directors and Senior Management** was developed to conduct the business of the Company with integrity, fairness and transparency, to meet the expectations of statutory and regulatory authorities, and progressively enhance the scope of the Code to align the conduct with the expectations of shareholders, other stakeholders and the society at large. The Code highlights the standards of conduct expected from the Company's Directors and Senior Management so as to align these with the Company's Vision, Promise and Values. This Code has been drawn up in accordance with the Corporate Governance requirements as per Regulation 17 (5) of the *SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015* ('Listing Regulations').

Dugar Finance expects its employees to achieve and maintain a high standard of work performance, professional ethics and conduct to ensure the company maintains its reputation with all internal and external stakeholders. To ensure this, Dugar Finance has developed **Code of Conduct and Ethics for Employees**- a statement regarding conduct and ethics implemented across the company and its operations. To enhance the

reputation of Dugar Finance as a quality service provider and create and maintain an enjoyable and challenging place to work, the policy will be seen to be successfully applied when all employees are seen to perform their duties professionally with skill, care and diligence.

Code of Conduct for Directors and Senior Management, Code of Conduct to Regulate, Monitor and Report Trading by Insiders and Code of Conduct and Ethics for Employees are enclosed as **Annexure-6**.

B. Operation Risk Management

Dugar Finance's business can lead to Operational, Market, financial, legal, Human Resources, reputational risk etc. to the Company. The company has developed a Risk Management Policy which encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to the business. This Policy has been framed in accordance with the Risk Management framework as issued by Reserve Bank of India ("RBI") vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 ("RBI Circular") and amendments thereon.

The purpose of this policy is to address unanticipated and unintended losses to the human resources & financial assets of the Company without unnecessarily limiting the activities that advance its mission and goals. Dugar Finance has introduced effective risk management systems that address the issues relating to various risks and is made available on the Company's website at: <https://dugar.co.in/code-and-policies/>

C. HR Policies and Governance Procedures

Following Governance procedures and HR Policies have been developed by Dugar Finance, to set values and principles including active and competent participation of all employees in management and decision taking processes, and equal employment opportunity to all employees.

Table 5: Governance and HR Policies

S. No.	Policy/Procedure	Purpose and Scope
1.	Governance Policies	<p><u>Know your customer (KYC) and Prevention of Money Laundering Activities (PMLA) Policy</u></p> <p>Reserve Bank of India has issued Master Direction- <i>Know Your Customer (KYC) Direction, 2016</i> including comprehensive guidelines on Know Your Customer (KYC) norms and Anti-Money Laundering (AML) standards and has advised all NBFCs to ensure that a proper policy framework on KYC and AML measures be formulated and put in place with the approval of the Board.</p> <p>The company has approved a Know Your Customer (KYC) and Prevention of Money Laundering Activities (PMLA) policy as per the guidelines issued by RBI from time to time. Applicability of this policy shall be on all categories of products and services offered by the Company. The main objectives of this policy are as follows:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To prevent criminal elements from using Company for money laundering activities; <input checked="" type="checkbox"/> To put in place an effective system and procedure for Customer identification and verifying its / his / her identity and residential address; <input checked="" type="checkbox"/> To enable Company to know and understand its customers and their financial dealings better which, in turn, would help the Company to manage risks prudently; <input checked="" type="checkbox"/> To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures; <input checked="" type="checkbox"/> To comply with applicable laws and regulatory guidelines. <p><u>Fair Practices Code (FPC)</u></p> <p>The Reserve Bank of India (RBI) has issued guidelines on <i>Fair Practices Code for NBFCs</i> vide an RBI Circular No. DNBR (PD) CC.No.054/03.10.119/2015-16 dated July 01, 2015, thereby setting standards for fair business and corporate practices while dealing with their customers. This Fair Practice Code is aimed to provide to all</p>

		<p>the stake holders, especially customers effective overview of practices followed by the Company in respect of the financial facilities and services offered by the Company to its customers.</p> <p>The Company has put in place a Fair Practice Code (FPC) with an endeavour to achieve synchronization of best practices when the Company is dealing with its stakeholders such as customers, employees, vendors, etc. The Company's Fair lending practices shall apply across all aspects of its operations including marketing, loan origination, processing, and servicing and collection activities.</p> <p><u>Collection and Recovery Policy</u></p> <p>Dugar Finance has developed Collection and Recovery Policy to address the processes to be followed in collection and recovery after default in getting instalments by adhering Fair Practice Code of the company and various guidelines and frameworks issued by the Reserve Bank of India from time to time.</p> <p>Employees/agency/vendors/Fintech Platforms or their employees are authorized by Dugar Finance for contacting customers. The policy has been drafted to ensure that all constituents of collection process follow these guidelines and due consideration is accorded to the privacy and respect of the customers.</p> <p><u>Credit Manual</u></p> <p>The company has developed a credit manual detailing maximum loan amount, interest rates, insurance, file charges, required documents such as KYC, banking, vehicle, consumers etc.</p> <p><u>Outsourcing Policy</u></p> <p>The RBI vide its Notification No. DNBR (PD) CC. No.090/03.10.001/2017-18 dated November 09, 2017 has issued directions on Managing Risk and Code of Conduct in Outsourcing Financial Services by NBFCs with a view to adopt sound and responsive risk management practices for effective oversight, due diligence and management of risk arising from outsourcing activities.</p> <p>The company has developed an Outsourcing Policy in line with the requirements as defined by the Reserve Bank of India in its various directions, guidelines as issued from time to time. Outsourced financial services include applications processing (loan origination), document processing, marketing and research, supervision of loans, data processing and back office related activities etc.</p> <p><u>Interest Rate Policy</u></p> <p>The Company has framed and adopted a voluntary policy, which sets out an Interest rate model for the Company, taking in to account relevant factors such as cost of funds, margin and risk premium, gradation of risks, etc. and determine the rate of interest to be charged for loans and advances in accordance with <i>Master Direction – Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016</i> dated 1st September 2016. The objective of framing this policy is to ensure that interest rates charged to the customers do not exceed beyond a certain level and which are not conforming to normal financial practice. This policy is formulated to also ensure transparency, in conformity with the stipulations of the RBI directives.</p> <p><u>Whistle Blower Policy</u></p> <p>A Whistle Blower Policy has been formulated by Dugar Finance with a view to provide a mechanism for employees of the Company to raise concerns on any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.</p> <p>The purpose of this policy is to provide a framework to help detecting and addressing unacceptable conduct and to provide employees with a supportive working environment in which they feel comfortable to raise issues relating to unacceptable conduct, without fear of intimidation or retaliation. Accordingly, the Whistle Blower Policy provide a mechanism for employees to approach the Whistle Officer to report</p>
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		<p>such instances and to help protect people who report unacceptable conduct in good faith and define the procedure for making complaints and investigations.</p> <p><u>Media Policy</u></p> <p>Dugar Finance has developed Media policy intending to ensure that information disclosed by Dugar Finance is timely, accurate, appropriate, and relevant to the situation. Adherence to this policy is planned to provide an effective and efficient framework to enable timely dissemination of information.</p> <p>The media policy applies to all employees of Dugar Finance as well as members of its Board of Directors and covers all external news media including broadcast, electronic and print.</p>
<p>2.</p>	<p>HR Policies</p>	<p><u>Prevention of Sexual Harassment (POSH) of Women at Workplace Policy</u></p> <p>The Policy is made and amended from time to time by the Company under the overall ambit and in accordance with the <i>Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013</i> ("Act").</p> <p>The Company has put in place, a policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace ("Policy") to address any cases of Sexual Harassment, in the interest of ensuring gender equality and the right to work with dignity, which are both recognized as basic human rights.</p> <p>The Company has ensured that the Policy is extended to all the Employees of the Company by making it gender neutral and is applicable to any allegation of Sexual Harassment at the Workplace. Where Sexual Harassment occurs against any Employee as a result of an act by a third party or outsider while at the Workplace, the Company will take all necessary and reasonable steps as per the applicable rules and regulations, to initiate action with the employer of the third party or outsider.</p> <p>Dugar Finance has also formed Internal Complaints Committee (ICC) under this policy at Corporate Level. The details of the ICC will be informed to all employees during induction trainings.</p> <p><u>Staff Loan and Salary Advance</u></p> <p>The company has formulated and adopted a Staff Loan and Salary Advance policy which sets out the eligibility criteria and the conditions for availing loans to Dugar Finance employees including the application and approval process along with the repayment conditions. The policy also defines the guidelines for drawing salary in advance.</p> <p><u>Leave Policy</u></p> <p>Dugar Finance's Leave policy is intended to ensure all employees have a clear and consistent understanding of guidelines for leaves.</p> <p>The Leave Policy covers:</p> <ul style="list-style-type: none"> ➤ Earned Leave (EL) ➤ Sick Leave ➤ Casual Leave ➤ Leave During Probation Period ➤ Maternity Leave (in line with <i>Maternity Benefit Act 1961 and 2017 Amendment</i> and amendments thereof.) ➤ Paternity Leave ➤ Compensatory Off ➤ Leave during Notice period ➤ Unauthorized Leave and Absence from office Holidays <p><u>Office Timing and Attendance Policy</u></p> <p>Dugar Finance has developed an Office Timing and Attendance Policy to define the working hours and attendance procedure for employees.</p> <p><u>Exit Policy</u></p>

		<p>The company has developed an Exit Policy to provide guidelines for separation from employment due to retirement/ resignation/ termination or death. Any team member leaving the organization is the loss of knowledge and value for the organization. The organization will always attempt to retain talent and make all efforts to do so.</p> <p>In the event, a team member decides to leave, the company should understand their reasons in depth and learn their perspective. A detailed exit process is carried out for all team members leaving the organization. This is necessary from a security, financial, administration, asset management and information management perspective.</p> <p>The exit process applies to all team employees of Dugar Finance except trainees/ interns.</p>
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Governance and HR policies are enclosed as **Annexure-7** and will be provided to all employees during their induction and appointment letter. All amendments to the policies will be accordingly informed to the employees.

D. Human Rights and Social Issues

Human rights and social issues arising from Dugar Finance’s operations and engagement with stakeholders including employees, customers, vendors, OEMs, dealers and other stakeholders, is a major aspect to be identified and managed by the Company. Key measures implemented by Dugar Finance, to manage such issues are provided under the Human Rights & Social Welfare Plan enclosed as **Annexure-8**. This Plan majorly covers following aspects:

- *Payment of Wages, Overtime, Social Insurance and Benefits*
- *Abolition of Child Labour and Forced Labour*
- *Non-discrimination and Equal Opportunity*
- *Gender Equality*
- *Diversity*
- *Safe work environment*
- *Retrenchment*

E. Security Management

Privacy Policy

The Indian Information Technology Act 2000 mandates the secure processing of personal information and prevention of misuse of Information. India’s Ministry of Communications and Information Technology passed the *Information Technology (Reasonable Security Practices, Procedures and Sensitive Personal Data or Information) Rules 2011*, which deals with practices and procedures for protection and maintenance of Personal Information. To comply with the privacy legislation within area which Dugar Finance operates, the Company has developed a Data Privacy Policy to maintain the privacy of and protect the personal information of employees, contractors, vendors, customers, business partners and other stakeholders of Dugar Finance and ensure compliance with laws and regulations applicable to Dugar Finance.

Dugar Finance ensures security of the personal data and privacy of the users of the Company’s websites. The Privacy Policy displayed on the Company’s website is in line with the country specific data security/information technology regulations. For India, the Privacy Policy uploaded on Company’s domain <https://dugar.co.in/> is an electronic record in terms of *Information Technology Act 2000* and *Rules* made there under as applicable and amended. The Policy includes guidelines regarding the use of website, user contents, cookies, security, privacy of KYC, right to erasure/modification, etc. and is made available on the Company’s website at: <https://dugar.co.in/code-and-polices/>

In accordance with *Information Technology Act 2000* and rules made there under, Dugar Finance has assigned a Grievance Officer - Mr. Gopinath K who may be reached at grievance@dugar.co.in .

Information Technology (IT) Policy

Dugar Finance has developed an Information Technology (IT) Policy in order to improve the value of IT deliverables to its customers. This policy applies to all IT equipment installed within the Dugar Finance only. The IT Policy is enclosed as **Annexure-9**.

Social Media Policy

Social Media (such as websites for social networking and microblogging) offers promising opportunity to engage with customers, suppliers, investors, and other stakeholders in sharing views, obtaining feedbacks, engaging in conversations/discussions etc. It also serves as a low-cost platform for issuing advertisements relating to the Company and its products to reach a broader audience.

Dugar Finance has developed a Social Media Policy to outline the requirements expected of the staff (including permanent/contractual employees, consultants, and/or vendors) when using social media as a representative/employee of Dugar Finance (authorised or otherwise; whether operating from workplace or otherwise) and is made available on the Company's website at: <https://dugar.co.in/code-and-polices/>

Physical Security

The provision of Site Security at Dugar Finance's facility is managed by the building operator. Dugar Finance does not directly engage with third-party security service providers and hire security guards, however, ensures that the facility has an already existing and efficient site security system during its selection.

Further, the provision of closed-circuit televisions (CCTVs) at Dugar Finance's facility is managed by the building management. Dugar Finance does not directly engage with third-party security service providers to install CCTVs, however, the Company shall ensure to place CCTVs at strategic locations within the facility premises. The access to the footage shall be available with the IT Team. The Company has developed Dugar Finance's CCTV Policy to regulate the use and management of the CCTV system installed inside the premises and is enclosed as **Annexure-10**.

F. Environment Health & Safety Management

Dugar Finance being a green financing NBFC following a partly digital approach and operating through leased/rented office spaces, has limited direct impact on the environment and also limited health & safety related risks associated with workplace and Company's operations. However, in line with its commitments towards environment management and human health across its business operations, Dugar Finance has developed Environment, Health & Safety (EHS) Management Plan. The EHS Management Plan, enclosed as **Annexure-11**, includes the following elements:

- Company's approach on mitigating adverse impacts (though minimum) on various environmental, health & safety components such as resource consumption, waste management, working conditions etc.
- Minimum requirements necessary to manage business operations in compliance with applicable environmental, health & safety legal requirements.

III. Supply Chain & Dealer Partner Environmental and Social Management

Dugar Finance recognizes that the environmental and social footprint of financed products extends across the value chain. Accordingly, the ESMS establishes:

- *A requirement for periodic risk-based E&S screening of all active dealer, OEM, and critical supplier partners, focusing on sustainable sourcing, safe production processes, responsible recycling/disposal, and labour conditions;*
- *Annual or biennial supplier self-assessment declarations covering key E&S indicators;*
- *Provisions to conduct partner audits, especially if material E&S risks are identified or as part of high-impact product lines (for example, EV batteries or solar panel recycling);*
- *Clear communication to all partners regarding expectations for improved E&S performance and engagement in corrective action plans if deficiencies are found.*

These measures will support the company's broader aim to ensure that only those partners who demonstrate an ongoing commitment to environmental sustainability and fair labour practices may be associated with Dugar Finance's financing activities.

5. EMERGENCY PREPAREDNESS AND RESPONSE

Even when managing risks, accidents can happen leading to injuries and illness. Being prepared can dramatically reduce the impact on workers, communities, and company's facilities. Thus, proper planning is necessary prior to an emergency, to respond effectively to guard life, protect property and maintain continuity of operations in response to various types of emergencies including natural hazards and man-made emergencies.

Dugar Finance's operations are conducted from rented/leased properties in multitenant buildings/co-working spaces. It is largely the responsibility of the building operator/management for the overall preparedness and response management of emergencies.

Dugar Finance is committed towards safety of its employees and visitors as well as ensuring restoration of services impacting the normal day operations of Dugar Finance in event of disaster like natural disasters, man-made events, pandemics, cyber-attacks, etc. Dugar Finance has developed an **Emergency Preparedness & Response (EPR) Plan** which also act as **Business Continuity Plan (BCP)** to cope with emergency events which could potentially affect Company's operations. The Emergency Preparedness and Response plan provide information on how to prepare and train for emergencies and the hazards to be aware of when an emergency occurs. The EPR Plan encompasses all Dugar Finance's operational facilities.

The EPR Plan is organized using the principles of the Four Phases of Emergency Management as depicted in **Figure-8**.



Figure 5: Principles of Emergency Management

The Plan outlines a unifying strategy for planning and responding to an emergency of any kind (natural or man-made emergencies), provides information essential for business continuity and dedicates the resources needed to:

- ☑ Identify, assess and control emergencies and vulnerabilities;
- ☑ Serve as a guide for the Dugar Finance Management Team;
- ☑ Provide procedures and resources needed to assist in recovery and restoration of “normal” business operations as quickly as possible;
- ☑ Identify vendors and customers that must be notified in the event of a disaster that impacts Dugar Finance’s operations;
- ☑ Assist in minimizing confusion experienced during a crisis by providing a document to follow with testing and reviewing recovery procedures;
- ☑ Identify alternate sources for supplies, resources and locations;
- ☑ Store Documents, safeguarding and retrieval procedures for vital records;
- ☑ Identify vulnerabilities and recommend measures to prevent extended service outages;
- ☑ Establish Emergency Response Teams/ Emergency Management Committee
- ☑ Limit the financial impact of a disaster with efficient preparedness measures;
- ☑ Ensure safety of personnel by setting procedure for rescue and evacuation;
- ☑ Co-ordinate emergency operations with all concerned agencies and ensure to provide timely emergency support and medical assistance (if required);

- ☑ Mitigate damage to property and protect company assets;
- ☑ Maintain business continuity during emergency and swift resumption of operations post emergency;
- ☑ Train all employees to react appropriately in emergency situations and test the implementation of Plan through mock drills; and
- ☑ Review and make necessary and reasonable modification (as appropriate) in the procedures to ensure the integrity of structures and services in line with the regulatory compliance requirements as applicable.

The EPR/BCP Plan of Dugar Finance is enclosed as **Annexure-12**.

6. ORGANISATIONAL CAPACITY AND COMPETENCY

This section describes the institutional arrangements along with roles and responsibilities that Dugar Finance has put in place to ensure accountability towards this ESMS.

6.1. Organizational Setup of Dugar Finance

Dugar Finance is headed by its Board of Directors including Mr Ramesh Dugar, Mrs Sonali Dugar, Mr Bala Subramaniam, and Mr Anburaj V who are further supported by different vertical heads and departments.

The corporate level organizational structure of Dugar Finance is depicted in **Figure-9**, defining specific hierarchy within the Company. The company has various department such as sales, marketing, collection, operations, Human Resources (HR) etc.

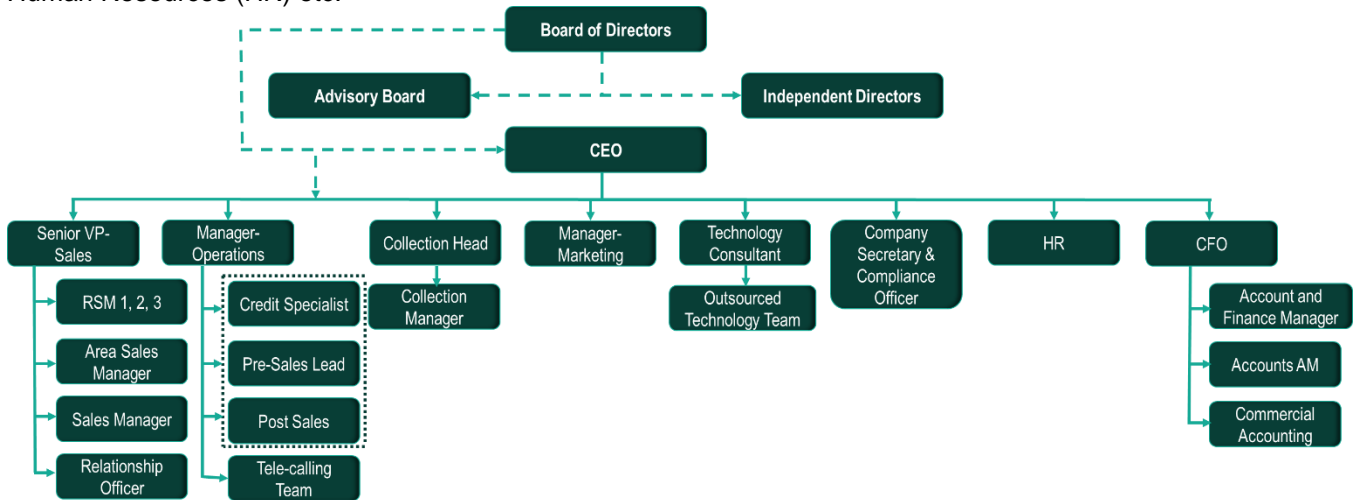


Figure 6: Corporate Level Organization Structure of Dugar Finance

6.2. ESMS Committee

To ensure an effective implementation of the ESMS, Dugar Finance has established a corporate level ESMS Committee. The committee comprises of strategic leaders from various departments of Dugar Finance, who will be responsible for overseeing the implementation of this ESMS at Dugar Finance.

Dugar Finance has also designated a dedicated E&S Manager at corporate level who shall coordinate with the Senior Management, designated E&S representatives at each office space and employees for efficiently implementing the ESMS. The E&S Manager shall assist Dugar Finance’s ESMS Committee to ensure that adequate resources have been committed for effective implementation of the ESMS across the Company’s operations and procedures set thereunder. Employees of Dugar Finance who have been nominated to be a part of the group level ESMS Committee have been listed in **Table-6**.

Table 6: ESMS Committee

ESMS Committee Member – Dugar Finance	
S. No.	
1.	Chief Executive Officer (CEO) Mr. Rangaraj S

2.	Chief Financial Officer (CFO)	Mr Ashok G
3.	Company Secretary & Compliance Officer	Mrs Radha G
4.	Manager - Accounts	Mrs Yogitha Singhvi
5.	Manager - Operations	Mr Prashant C Jain
6.	E&S Manager	Mr Hitesh Pattanaik
7.	Manager- HR	Mrs Komal Agarwal
8.	Tech consultant	Mr Srinivas

Members from different verticals shall be included in the committee as and when required. Dugar Finance will also engage external qualified E&S consultants on requirement basis to assist in conducting E&S reviews as appropriate.

Initially, the ESMS committee will meet in *every six (6) months* for ESMS Review Meeting for first two (2) years and if a matter requires urgent attention, any representative may call for a meeting at short notice. Once the ESMS is well-established, ESMS review meetings will be conducted *annually* or as the period decided by the committee. Minutes of Meeting (MoM) shall be maintained by E&S Manager at the corporate office of the Company and reported to the senior management and investors, as required.

6.3. Roles and Responsibility

Roles and responsibilities of Dugar Finance’s E&S team with regard to ESMS implementation are given in **Table-7**.

Table 7: Roles and Responsibilities of E&S Team

CORPORATE LEVEL	
ESMS Committee	<ul style="list-style-type: none"> ▪ Ensure and oversee that the ESMS requirements are established, implemented and maintained and sufficient budgetary resources are allocated for the same. ▪ Integration of the identified risks, impacts and mitigation measures into the business operations as a whole, identify opportunities across the operations and understand the financial competency to address the same. ▪ Successful implementation of the ESMS at the Corporate level and E&S management plan/activities and mitigation measures at the individual entity level. ▪ Conduct ESMS review meetings with the purpose to identify the overall deviations in the existing operations and management system and to ensure continuous improvements & areas of excellence. ▪ Review Annual E&S monitoring report covering all the operations/entities and submit status of implementing the ESMS to the investors as appropriate. ▪ Ensure facilitation of ESMS training to relevant teams. ▪ Monitoring of the compliance and implementation status of ESMS.
Chief Executive Officer (CEO)/ Chief Financial Officer (CFO)	<ul style="list-style-type: none"> ▪ Chair the ESMS Committee. ▪ Approval of ESMS and ensure the ESMS requirements are established, implemented and maintained in an efficient manner. ▪ To share company’s values, vision, mission and cultural orientation so that the E&S management system can be aligned with it.
Company Secretary & Compliance Officer	<ul style="list-style-type: none"> ▪ Support CEO in formation of corporate policies and procedures their approval and amendments ▪ Support CEO for the efficient implementation of the ESMS across Dugar Finance’s operations. ▪ Ensure compliance regarding country specific legislations across its operations, including risk assessment and management measures. ▪ Ensure efficient implementation of Grievance Redressal Mechanism for all the stakeholders. ▪ Identify, track and evaluate country specific consumer protection laws with the support of internal team or external consultants. ▪ Supervise the entity-specific Human Resources (HR), Marketing, Sales and Collection Teams. Develop HR, marketing and admin related financial strategies by estimating, forecasting, and anticipating requirements. ▪ Ensure that the Operation Team conducts screening studies for acquiring new office/facility.

	<ul style="list-style-type: none"> ▪ Oversee all HR related aspects at the Head Office and entity level and ensure implementation of HR plans/policies and adherence to legal compliances (national and international employment and labour laws). ▪ Guide employee actions by updating HR policies, procedures, methods, and guidelines; communicating and enforcing organization values.
<p>Manager – Operation/Accounts</p>	<ul style="list-style-type: none"> ▪ Ensure that resources are optimally planned and organized as per ESMS Manual. Recording, analysis and interpretation of Company’s financial transactions. ▪ Manage investor relations. ▪ Supervise overall assurance on legal and regulatory compliances of E&S matters across the Company. Supervise in Company’s strategy planning to comply with all the E&S regulations. ▪ Approval of payment for various operations in line with the terms & conditions laid down in the legal agreements signed with the building management and third-party service providers. ▪ Process of payment for any operations across the supply/value chain as per the requirement. ▪ Approval of funds in the cases providing compensation or insurance amount to the employee/consultants etc.
<p>E&S Manager</p>	<ul style="list-style-type: none"> ▪ Lead the efficient implementation and continuous improvement of the ESMS and its associated management plans and procedures. ▪ Supervise E&S (including health & safety) related aspects of Dugar Finance at Corporate & Facility levels (in future). ▪ Coordinate with respective E&S teams for submission of annual returns/fees/payments in line with regulatory requirements. Keep check on all the approvals and permits applicable on the company and support, Sales and HR teams in implementing and managing an effective legal compliance program, pushing for better compliance controls across functions. ▪ Undertake continuous risk appraisal, review (and updates as necessary) of plan and procedures associated with ESMS. ▪ Facilitate communication among members and act as a link between ESMS Committee, facility specific E&S representative teams and employees with respect to ESMS considerations. ▪ Review screening results (give scoring) conducted by the Operation Team for acquiring new office/facility and ensure the same is incorporated in decision-making process. ▪ Drive and lead internal E&S monitoring (inspections/audits), spot-checks, surveys, etc. from time to time, to identify gaps and outline initiatives or action plans to bridge gaps. Report the progress to the ESMS Committee. ▪ Ensure alignment of reporting duties, allocation of appropriate time and authority to carry out the work involved in the implementation of ESMS. ▪ Support the corporate teams in efficient grievance redressal for external stakeholders and employees. ▪ Conduct EHS and Emergency Preparedness training programs for employees and support HR for training programs. Ensure to maintain all training records. ▪ Ensure to resolve the issues of facility E&S teams, if any. ▪ Ensure to organize the meeting of ESMS committee. ▪ In case of any accident/emergency, responsible to investigate the whole incident and report to senior management ▪ Maintain operations and manage EHS aspects at the respective office space through daily monitoring. ▪ Implement all management plans developed under the ESMS at the respective offices. ▪ Assist in implementing emergency response action plans.
<p>HR Head /Representative</p>	<ul style="list-style-type: none"> ▪ Manage and lead organizational change, agility, social networking, ethics and values, innovation, customer focus, employee engagement, diversity and inclusiveness. ▪ Develop organization strategies by identifying and researching HR issues; contributing information, analysis, and recommendations to organization strategic thinking and direction; establishing HR objectives in line with organizational objectives. ▪ Provide adequate number of employee workforce at any given point of time so that the Company’s business operation is not affected in any way. ▪ Help shape the culture of the company, ensuring that the values of the company are communicated and understood at all levels, providing clarity to the expected behavior of all employees and in the development of a high-performance culture. ▪ Monitor and ensure the onsite compliance with the employee welfare related requirements and report performance to Operations Manager. ▪ Support Operations Manager in conducting trainings and employee welfare programs at respective facilities. ▪ Conduct Induction training and EHS training programs/ awareness programs.

	<ul style="list-style-type: none"> ▪ Maintaining appropriate records of training, skills & experience of all personnel at the facility. ▪ Implementation of Grievance Redressal Mechanism and timely redressal of the grievances of employees.
Technology Consultant	<ul style="list-style-type: none"> ▪ The primary responsibility is to provide software support as well as Company's website related support to the employees and other stakeholders in the Company for running the business in an effective manner. ▪ Ensure compliance w.r.t data privacy laws of country of operation and Company's data privacy and Information Security management plan. ▪ Supervise data security operations and strategies- real-time analysis of immediate threats and risk management when something goes wrong. ▪ Planning, buying, and rolling out security hardware and software, and making sure IT and network infrastructure is designed with best security practices in mind. ▪ Keeping up-to-date information on developing security threats, and helping the board understand potential security problems that might arise from any business operations on online platform. ▪ Making sure internal staff doesn't misuse any company data. ▪ Ensuring that only authorized people have access to restricted data and systems. ▪ Enable data security requirements of all associated with/ users of Dugar Finance websites and application. ▪ Determining what went wrong in a breach, dealing with those responsible if they're internal, and planning to avoid repeats of the same crisis. ▪ Ensure appropriate redressal of data/website use related grievances as per Company's Privacy Policy.
Employees	<ul style="list-style-type: none"> ▪ Take all reasonable steps to protect their own safety, as well as the safety of their co-workers. ▪ Familiarize and adhere to any legal requirements, EHS practices, standards and procedures developed and implemented by company. ▪ Comply and support in the implementation of all the management plans and procedures.

6.4. Budgetary Resources

As a part of the annual budgeting process, Dugar Finance's ESMS Committee will ensure that sufficient funds/finances are made available for the effective conduct of the activities defined in the ESMS and in managing E&S safeguards in Dugar Finance's operations.

7. STAKEHOLDER ENGAGEMENT PROCEDURE

Dugar Finance's business is primarily driven by its green financing services and connects various stakeholders in EV sector such as Customers, Employees, Banks and other lenders, OEMs, Dealers, Vendors etc. Company's employees are one of the most important stakeholders, who plays an integral part in Dugar Finance's operations as they have a greater voice in the workplace tend to have higher morale. All these stakeholders whether directly or indirectly associated with Dugar Finance, have unique characteristics, influence and impacts on the Company and also help in achieving a common goal of providing efficient services.

Dugar Finance is committed to create value for all its stakeholders by conducting an inclusive engagement procedure throughout its business cycle. Dugar Finance ensures managing and facilitating engagement with its stakeholders in a technically, financially and culturally appropriate manner and understanding their perspective on key issues by using the most effective communication channels available.

7.1. Objectives of Stakeholder Engagement

The specific objectives of Stakeholder Engagement are as follows:

- Identification and categorization of stakeholder groups of Dugar Finance;
- Develop an understanding of the profile of the stakeholder groups identified, their interests, issues/impacts and concerns relevant to the Company's business operations;
- Define roles and responsibilities for the implementation of the stakeholder engagement plan (SEP);
- Be able to anticipate and address issues and areas of concern of stakeholders, in a timely manner and achieve sound E&S performance of the Company;
- Ensure disclosure of information to the stakeholder groups in a timely, understandable, accessible and culturally appropriate manner as applicable, to maintain constructive relationship with them and lead to a

more stable operating environment, revealing critical information that is important for Company's decision-making;

- Allow for learning to be derived from engagement with stakeholder groups, which in turn would inform any future engagement activities and can help to identify new business opportunities and market segments;
- Define reporting and monitoring measures to ensure the effectiveness of SEP and its periodical reviews.

Suppliers in stakeholder

7.2. Approach for Stakeholder Engagement

Dugar Finance has undertaken the following approach to effectively engage with all its Stakeholders:

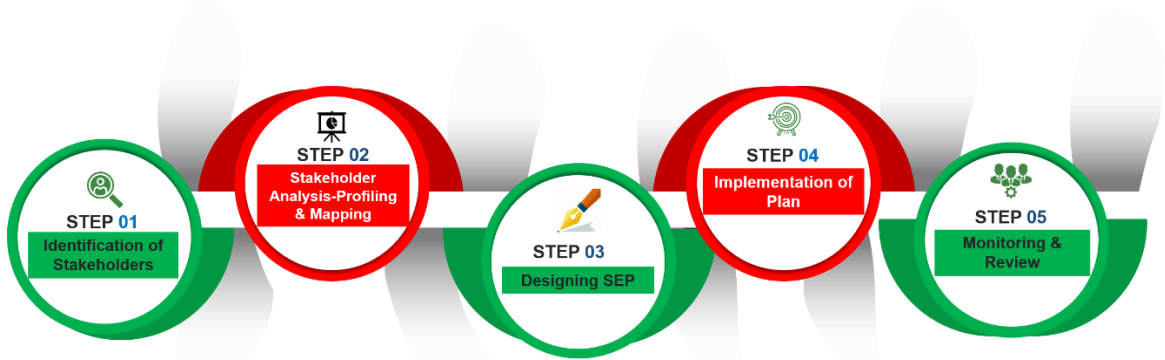


Figure 7: Stakeholder Engagement Approach

Step 1. Identification of Stakeholders

The first step for an effective stakeholder engagement is identification of all people/groups impacted by Dugar Finance’s operations (directly & indirectly). Some key questions to decide who should be considered a Stakeholder for the Company:

1. Will the person or their organization be directly or indirectly affected by Company’s operations/activities?
2. Does the person or their organization hold a position from which they can influence the Company’s operations/activities?
3. Does the person have an impact on the Company’s resources (material, personnel, funding, etc.)?
4. Does the person or their organization have any special skills or capabilities that the company’s operations/activities will require?
5. Does the person potentially benefit from the Company’s business or are they in a position to resist this change?
6. At what point does the person have the greatest impact on the company’s operations/activities?

On the basis of the answers to above questions, the list of potential Stakeholders identified by Dugar Finance are provided in **Table-8**.

Table 8: Dugar Finance’s Identified Stakeholders

Stakeholder Groups	Stakeholders
Internal Stakeholders	
Employees¹⁰	<ul style="list-style-type: none"> ➤ On-roll Employees ➤ Contractual Employees ➤ Interns/Trainees (if any)
External Stakeholders	
Business Groups¹¹	<ul style="list-style-type: none"> ➤ Customers (B2C and B2B) ➤ OEMs, Dealers & DSA’s ➤ Financial Institutions (banks and other lenders) ➤ Vendors ➤ Suppliers & Service providers ➤ Contractors
Institutional Stakeholders	<ul style="list-style-type: none"> ➤ Investors ➤ Banks (Payment Gateways)

¹⁰ Employees are an important stakeholder group and they need to be involved in the identification of risks that may affect them and be consulted when developing action plans and procedures

¹¹ Entities and individuals directly engaged with Dugar Finance’s business

	➤ Shareholders
Government Bodies/ Regulatory Authorities	➤ Labour Department, ➤ District Administration ➤ RBI
Community	➤ Office/building owner(s) ➤ Local community
Non-Government Organizations (NGOs)¹²	➤ NGOs ➤ Civil based organizations
Mass Media¹³	➤ Printed Media ➤ Social/ Online Media
Other Groups	➤ External influences ➤ Political groups

(Dugar Finance to include if any Stakeholder if not listed in table below)

Step 2: Stakeholder Analysis

After identifying the stakeholders, their profiling and mapping is undertaken to assess their nature of relationship and associated key concerns with Dugar Finance. This will determine the level of interest and influence of each stakeholder and thus, delineate the initial mode of engagement stipulating the terms & condition of the relation agreed by both parties. Based on these conditions, mapping of the identified stakeholders is done, as per *Error! Reference source not found.*-9.

Table 9: Dugar Finance’s Stakeholders Mapping

S. No	Stakeholder	Potential Need & Interest (High/ Low)	Potential Influence on the Company (High/ Low)	Key Concerns	MoU/Contract Agreement (if applicable)
Internal Stakeholders					
1.	Employees/Interns/ Trainees	High	High	- Work conditions - Safe working environment - Growth opportunities - Financial security - Fair and timely grievance redressal	Employment Agreement
External Stakeholders					
2.	Customers (B2B and B2C)	High	High	- Timely delivery of services - Data protection - Customer Resolution	Website/ face to face Engagement
3.	OEMs, DSA’s and Dealers	High	High	- Timely delivery of services - Data protection - Payment related grievances	Engagement Letter
4.	Banks (for Payment Gateway)	Low	High	- Payment related grievances	Terms & Conditions
5.	Vendors of Office supplies	Low	Low	- Payment related concerns - Fair and timely grievance redressal	Service Agreement/ Purchase Orders
6.	Contractors (for customer KYC verification)	High	High	- Compliance with regulatory requirements - Payment related concerns - Fair and timely grievance redressal	Service Agreement/ Purchase Orders

¹² Actively participating organizations in E&S development.

¹³ Mass media is one of outlets to deliver messages to wider recipients within and beyond business structure. The Company and even stakeholders who have interest and positive or negative influence toward the Company may use the media to convey their messages and aspirations.

7.	Investors	High	High	- Returns on investments - Environmental & Socially compliant operations - Value Creation & Impact measurement	Shareholder Agreement
8.	Shareholders	High	High	- Financial market value - Investment areas - Transparency	Shares Purchase Agreement
9.	Banks and other lenders	High	High	- Compliance with regulatory requirements - Payment related concerns - Timely closure of debts	Financial agreement
10.	Other Regulatory Authorities/ Government Bodies	Low	High	- Compliance with regulatory requirements	Permits/ No-Objection Certificates/ Clearances/ Registrations
11.	Office/ Building Owners	Low	Low	- Timely payment of rent - Safe company operations	Rent/ Lease Agreements
12.	NGOs	High	Low	- Human Rights & Environment Protection - Social concerns	-NA-
13.	Mass Media	Low	High	- Information Disclosure	Terms & Conditions (as applicable)
14.	Local Community	Low	Low	- Safe Operations - Employment opportunities	Community Engagement Activities
15.	OEM dealers	High	High	Compliance with - E&S and labour standards - transparency, environmental performance & fair grievance management.	Supplier Code of Conduct / Sustainability Clauses in Contracts
16.	Suppliers	High	High	- Production Processes - Waste Recycling - Labour rights - Environmental Compliance	E&S framework

Since, Dugar Finance does not engage with all the stakeholders with the same level of intensity and at same frequencies, prioritizing the stakeholders in line with the above mapping based on matrix quadrants (**Figure-11***Error! Reference source not found.*) will ease the process of developing the SEP.

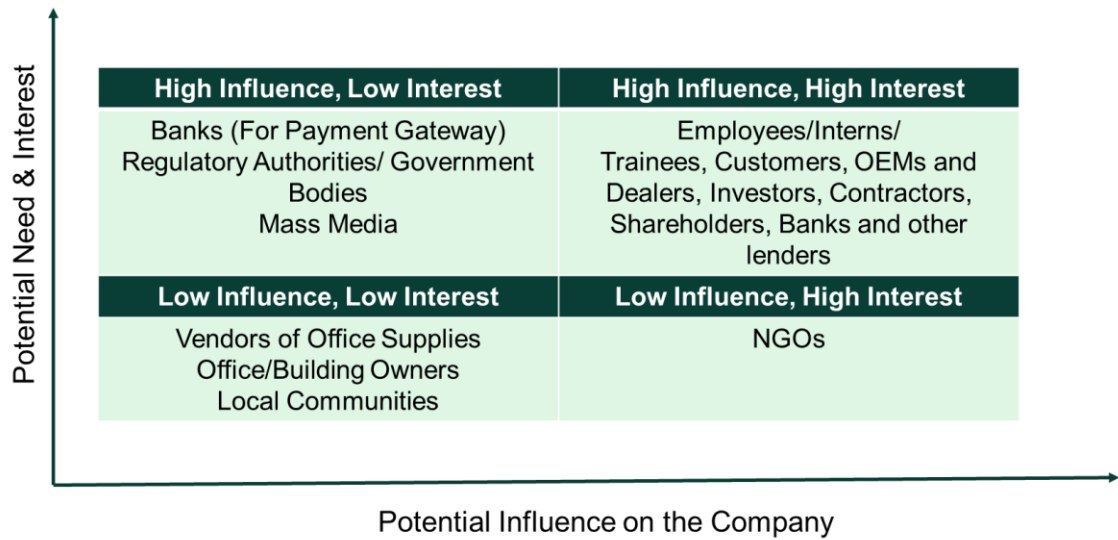


Figure 8: Stakeholder Matrix

Step 3: Designing of Stakeholder Engagement Plan (SEP)

This step focuses on the development of the SEP based on the above analysis, to build and maintain constructive relationships with different stakeholders. Various components of the SEP are as follows:

i. Communication & Information disclosure

The process of information disclosure is undertaken in two (2) manners, either voluntary or disclosure as part of the regulatory requirements. The following aspects, issues and activities are the information that is disclosed to relevant stakeholders in timely, accurate and comprehensive manner:

- Company Policies and relevant public disclosures;
- Customer services and Company operation & benefits;
- Dissemination of Grievance Redressal Mechanism;
- Environmental, Social (including Health & Safety) and Governance responsibility programs; and
- Other relevant disclosures applicable on Dugar Finance.

ii. Communication Methods

Selection of engagement techniques includes culturally appropriate consultation methods considering the purpose for engaging with a stakeholder group including methods such as *Contract Agreements, Information Boards at offices, Media Engagement, Formal Meetings, Trainings and Workshop methods.*

iii. Method of Stakeholder Engagement

For the purpose of undertaking a consultation and engagement process with a diverse set of Stakeholders, it is imperative to tailor the consultation process to each stakeholder’s individual profiles, purpose and objectives. **Table-10** outlines sample Stakeholder Engagement Plan (*E&S specific*) for Dugar Finance’s business operations.

Table 10: Sample Method of Stakeholder Consultations and Engagement

Stakeholders	Purpose of Engagement	Methods of Consultation and Engagement	Frequency of Consultation and Engagement	Dugar Finance’s Team Responsible
Employees	Appraise about working condition, payment conditions Company	➤ Information dissemination regarding Company policies, Code of Conduct, Whistle-blower Policy, working conditions, salary	Induction training/ Half-yearly (when hired) and/or as and when required.	HR Team and E&S Manager

	operations, E&S awareness and other aspects	& reimbursement details and welfare provisions for employee via Employment Agreement and Induction Training Module.		
		➤ Information Dissemination on Dugar Finance's E&S Management Procedures via Induction Module and periodic meetings/trainings.	Induction training/ as per E&S Training Calendar (when hired) and/or as and when required	
		➤ Information Dissemination of Company's HR Policies, Employee Support, Pay-roll etc. through HR Portal (if any) or through electronic communication such as e-mail and also by displaying on the notice board (as applicable).	As and when required	
		➤ Performance Appraisals ➤ Management reviews	Annually	
		➤ Employee engagement through round table meetings, Town halls or open interaction and workshops.	Monthly and/or as and when required	
		➤ Display of key messages on Company's Notice board.	As and when required	
		➤ Grievance Redressal Mechanism/ Complaint Mechanism	As and when required	
OEMs, DSA's, suppliers and Dealers	Appraise information about Dugar Finance's services and Terms and Conditions related to its services.	➤ Engagement through face to face meeting, tele communication, e-mails	Regular basis	Marketing Team
		➤ Display of key policies (E&S Policy, Privacy Policy) and messages on Company's website.	Regular basis	Technology Team
		➤ Grievance Redressal Mechanism/ Complaint Mechanism	As and when required	Grievance Redressal Committee
Customers	Appraise information about Dugar Finance's services and Terms and Conditions related to its services.	➤ Engagement through face to face meeting, tele communication, e-mails	Regular basis	Marketing Team
		➤ Display of key policies (E&S Policy, Privacy Policy) and messages on Company's website.	Regular basis	Technology Team
		➤ Grievance Redressal Mechanism/ Complaint Mechanism	As and when required	Grievance Redressal Committee
Investors	Seek support as and when required and to report the progress of the Company;	➤ Engaging with Investors via contracts and/or preferred shareholder agreements, telephonic and web-based engagements, emails etc. ➤ Meetings and consultations.	As and when required	Grievance Redressal Officer/Customer Care Team

	provision of personal and business loan services; funds etc.	➤ Submission of Reports (as per the requirements)		
Shareholders	Information disclosure, financial disclosure, stock marketing	➤ Display of annual report and audit report	As and when needed	Company Secretary & Compliance Officer/ Board of Directors
Banks and other lenders	Financial transactions	➤ Financial transaction documents	As and when needed	Financial Management Team
Office/ Building Owner(s)	Ensuring adherence to regulatory requirements related to facility (such as Fire NOC, clearances, emergency preparedness, etc.)	➤ Site screening survey	Prior to selection and acquisition of facility	CEO/ Company Secretary & Compliance Officer
		➤ Reviewing and renewing contracts- Sales & Acquisition Team engaging via telephonic and web-based engagements, emails, contract agreements and/or preferred agreements.	During signing of contract/ renewal of contract.	Sales Team
		➤ Meeting and consultation regarding compliance requirements	Half-yearly and/or as and when required.	Financial Management Team
		➤ Lease agreement	As per the regulatory requirements or as and when required	Financial Management Team
Local Communities	Information disclosure, compliance to Grievance Redressal Mechanism, community participation etc.	<ul style="list-style-type: none"> ➤ Disclosure of information on website and/or social media and meetings ➤ For business inquiries through Company's website- submit query and e-mail address on the company's website 	As and when required	Marketing Team/ Customer Care Team
Media	Advertisement on services offered by Dugar Finance; highlight E&S aspects; etc.	➤ Proper dissemination of information through various social media handles.	As and when needed	Marketing Team/ Customer Care Team

Step 4: Implementation of Stakeholder Engagement Plan

To manage engagement with different stakeholders and comply with the objectives, the respective teams shall be responsible to implement the SEP as provided in **Table-10**.

❖ **Budget Allocation**

Dugar Finance shall ensure that the budget formulated for the purpose of stakeholder engagement process is sufficient to meet the expenses of the same. The budget may include the provisions for the following:

- Internal manpower resources;
- External manpower including neutral third parties or consultants such as outsourced technology team, customer due diligence agency etc;
- Supplies required for engagement activities and
- Dissemination of relevant documents/information pertaining to Dugar Finance's operations.

❖ **Reporting and Documentation**

The E&S Manager will coordinate with all the departments and shall maintain an online database for documenting the key stakeholder engagement activities and share the access to the database with all Dugar Finance's internal team responsible for implementing the SEP.

The Engagement Records shall be recorded in the form of minutes, photographs, verbal records and written feedback. The evaluation reports shall be presented to the senior management and a summary of the results will be provided for the annual report.

Step 5: Monitoring and Review

The online stakeholder engagement database will be reviewed by the E&S Manager and reported to the ESMS committee for evaluation, on *annual* basis (or as and when required).

8. GRIEVANCE REDRESSAL MECHANISM

A comprehensive Grievance Redressal Mechanism (GRM) has been developed by Dugar Finance for managing grievances of internal and external stakeholders arising from its operations. The GRM includes grievance redressal procedures for internal and external grievances through formal and informal channels for handling grievances of the different stakeholders of Dugar Finance. The GRM is based on five (5) guiding principles: *Fairness, Transparency, Promptness, Respect and Accountability.*

8.1. Dugar Finance’s Commitments

Dugar Finance commits:

- To a prompt, transparent and understandable process of grievance resolution that is gender responsive, culturally appropriate and readily accessible at no cost or without retribution.
- To ensure that there will be no retaliation or discrimination against those who express grievances, and that any grievances will be treated confidentially.
- To identify new E&S and other issues arising from operations at Dugar Finance’s facilities and the services provided through open channels for effective communication.

8.2. Types of Grievances

Dugar Finance has broadly categorized the grievances as Internal and External Grievances as outlined in **Table-11**.

Table 11: Categorization of Grievances

TYPES OF GRIEVANCES	ISSUES/ACTIVITIES COVERED AS GRIEVANCES
INTERNAL GRIEVANCES¹⁴	
EMPLOYEE GRIEVANCES	<ul style="list-style-type: none"> - Employee’s compensation and other benefits; - Timely distribution of remuneration; - Employee demotion/ suspension/ dismissal; - Work load and work distribution; - Workplace harassment etc.; - Illegal discrimination (on basis of gender/caste/creed/ language/religion/disability etc.); - Unethical behavior among co-workers or senior-subordinate employees; - Theft, misrepresentation and dishonest pertaining to a person’s dealings with or on behalf of or as a representative of the company; - unhealthy and unsafe working conditions for the employees; - Abuse of authority, violation of any internal or industry mandated corporate governance and compliance standards;
EXTERNAL GRIEVANCES¹⁵	
GRIEVANCES OF OEMs/DEALERS	<ul style="list-style-type: none"> - Service related grievances; - Payment and contract terms; - Data privacy related grievances;
GRIEVANCES OF CUSTOMERS	<ul style="list-style-type: none"> - Service and operation related grievances; - Misbehavior/ Manhandling by Collection agents; - Breach of non-fulfilment of requests which customers has placed with the company; - Data privacy related grievances; - Transactional Failure/Operational glitch related Grievances; - Other miscellaneous issues.
GRIEVANCES OF VENDORS/ CONTRACTORS	<ul style="list-style-type: none"> - Service related grievances; - Payment/Transaction related grievance;
GRIEVANCES OF SHAREHOLDERS/INVESTORS	<ul style="list-style-type: none"> - Grievances regarding transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

¹⁴ Concerns raised by employees engaged by Dugar Finance, which are generally HR related issues. Complaints related to sexual harassment and discrimination shall be in line with Company’s POSH Policy. Improper practices and acts in Company’s operations shall be reported in line with Company’s Whistle Blower Policy.

¹⁵ Concerns raised by Customers/Clients, vendors, etc. affected by Dugar Finance’s operations or community grievances.

	<ul style="list-style-type: none"> - Payment and contract terms; - Data privacy related grievances;
COMMUNITY GRIEVANCES	<ul style="list-style-type: none"> - Unethical behavior by Dugar Finance personnel; - Other miscellaneous issues;
OTHER STAKEHOLDERS	<ul style="list-style-type: none"> - Grievances related to admin related service providers; - Grievances related to Company's operations and information disclosures;

The above list is non-exhaustive, and is only an illustrative list of grounds under which a complaint and request for an investigation can be made.

8.3. Grievance Redressal Committee (GRC)

GRC¹⁶ will be established at the Corporate level, with its primary purpose to provide oversight for the grievance process across all the Offices of Dugar Finance. Composition of GRC is outlined in **Table-12**. GRC shall be reconstituted in every two (2) years from the date of its establishment.

Table 12: Composition of GRC

S.No.	Name	Designation	Contact Details
1.	Mrs Radha G	Company Secretary and Compliance Officer	cs@dugar.co.in
2.	Mrs Komal Agarwal	HR Head	hr@dugar.co.in
3.	Mrs Sonali Dugar	Director	sonali@dugar.co.in

Roles and Responsibilities of GRC

- Review of all grievances (internal and external), review of trends (including time frames for resolution), identification of opportunities for improvement, and referral of action items to address those opportunities. The committee shall meet on *half yearly* basis to conduct necessary reviews.
- Provide all necessary assistance to the affected person for the purpose of ensuring full, effective and speedy implementation of grievance redressal procedure with support of respective team.
- Ensure speedy disposal of every grievance application - within a reasonable time frame of the receipt of application. To protect the privacy and confidentiality of all parties during the investigation, consistent with and subject to the policy guidelines.
- The Committee shall have the necessary authority, as granted by the senior management of the Company, and resources to discharge its responsibilities and duties, including decision to make recommendations for changes in processes, policies, and other such related actions.

8.4. GRM- Internal Grievances

Dugar Finance encourages an open reporting culture and an employee having a grievance can make complaint through an informal procedure or can opt for a formal procedure for grievance redressal. The GRM for employees shall be informed during the induction training.

a) Informal Procedure:

Dugar Finance encourages its employees and volunteers to resolve any issues or concerns that they may have at the earliest opportunity with each other. An employee who considers that they have a dispute or grievance that they have not been able to resolve directly with any other involved party should raise the matter with their immediate supervisor (manager or HOD) as a first step towards resolution. The two parties should discuss the matter openly and work together to achieve a desired outcome. The manager shall try to resolve the matter and provide response within **72 hours** of receiving the grievance. In cases where the grievant is not satisfied with the response or if the matter itself concerns the employee's supervisor, the employee may proceed to Formal Method.

¹⁶ Separate Internal Complaints Committee (ICC) has been formed at Dugar Finance to address complaints on sexual harassment, in line with Company's POSH Policy. Whistle Blower Committee has been formed under the Whistle Blower Policy.

The Manager must ensure that the manner in which the meeting is conducted will be conducive to maintaining positive working relationships, and will provide a fair, objective and independent analysis of the situation. All parties are to maintain complete confidentiality at all times.

b) Formal Procedure: The employee could register formal complaint through official e-mail or written complaint in line with the following procedure:

STEP 1: If the matter is not resolved and the employee wishes to pursue it, the aggrieved can submit the grievance in writing on a standard grievance form (enclosed as **Annexure-13**) to the Manager/HOD through e-mail. The complaint must be lodged within **15 days** from the date of incident/ last incident. The Management reserves absolute discretion as to making a final decision as to how the grievance or dispute will be resolved.

STEP 2: The Manager/HOD will escalate the Grievance received to the HR Head.

STEP 3: Once a complaint is received, the HR Department will acknowledge the complaint within **3 working days** in writing. **Within 15 days** of the receipt of application, the HR shall render all reasonable assistance to the aggrieved employee in writing. In case of delay, reason for such extension shall be recorded in writing to the grievant.

If required, the HR Department will arrange a formal meeting of the employee who faces allegation and shall communicate the formal decision to the employees involved and take actions to ensure the formal decision is adhered to. They will also be responsible to keep accurate records of all such incidents.

STEP 4: If the above step does not resolve the matter satisfactorily, the written grievance will be forwarded to Dugar Finance's GRC at the earliest. The aggrieved needs to submit a detailed complaint along with any documentary evidence available or names of witnesses to any of the committee members at their workplace. Dugar Finance's GRC will analyse the grievance and will carry out investigation and submit its review and decision in writing within **10 days** of receipt of application to give a unanimous decision and resolve the matter.

STEP 5: Within **2 working days** from receipt of GRC decision, if the grievant or the person facing allegation is dissatisfied with the decision, he/she may appeal specifying the reasons in writing to CEO. Within **7 working days** from the receipt, the appeal shall be finally disposed of by written communication to the said party.

Investigating a Grievance or Dispute

Procedural fairness and transparency can make or break a workplace investigation. Maintaining procedural fairness means that the employee can:

- protect the interests of the participants in the investigation;
- enhance the credibility of the investigation process;
- rely on the investigation (and the employee's findings) when making employment decisions; and
- defend his/her employment decisions in a court or tribunal.

Following are some pointers to ensure that a workplace investigation is procedurally fair. The investigator should ensure that:

- the respondent is aware of all the allegations made against them in sufficient detail;
- the respondent is allowed a reasonable opportunity, including adequate time, to respond to each of the allegations;
- the investigation is carried out in a reasonable time frame;
- all participants are given the opportunity to have a support person in the interviews pertaining to the investigation;
- all participants are required to maintain confidentiality and sign a confidentiality agreement;
- the investigator has no personal interest or bias in the matter being investigated;
- all participants are given the opportunity to respond to any contradictory evidence;
- the investigator makes reasonable and diligent enquiries to ensure that there is sufficient evidence before making findings on the balance of probabilities.

Ensuring Impartiality

It is critical to ensure that the person responsible for carrying out an investigation is impartial. The investigator must not have a vested interest in the outcome of the matter. Employees will often consider that a HR Head is

not sufficiently impartial because of their involvement and role in the workplace. If such a concern is raised, it's important to consider:

- whether the use of an external investigator is necessary to ensure impartiality;
- whether any conflicts of interest need to be disclosed (e.g. if any individuals are friends outside the workplace); and
- whether the investigator has handled any previous disciplinary matters.

In case the employee remains unsatisfied with the decision of the Company (including the Management) or due to conflict of interest, the employee shall be made aware about his/her legal rights in this context and may escalate the issue with a third party (legal authorities) with a formal complaint. If there is the possibility that the person's employment will be terminated if the allegations are proven as part of an investigation, then the employee should seriously consider the use of an external investigator to ensure that their investigation and the process followed will stand up in any potential court proceeding.

For Admin/IT related queries, employees may reach out to the Technology Consultant/IT Team. In case of sexual harassment cases at workplace, the complaint redressal and investigation procedure will be in line with Company's POSH Policy. Dugar Finance has also developed a Whistle Blower Policy formulated to provide a secure environment and to encourage employees of Dugar Finance to report unethical, unlawful or improper practices, acts or activities in the Group or any of its entities and to prohibit managerial personnel from taking any adverse personnel action against those employees who report such practices in good faith.

All the redressal decisions shall be made and submitted in writing to the grievant (keeping a copy with the HR Department/GRC). The escalation matrix designed for redressal for internal complaints is provided in **Figure-12**.

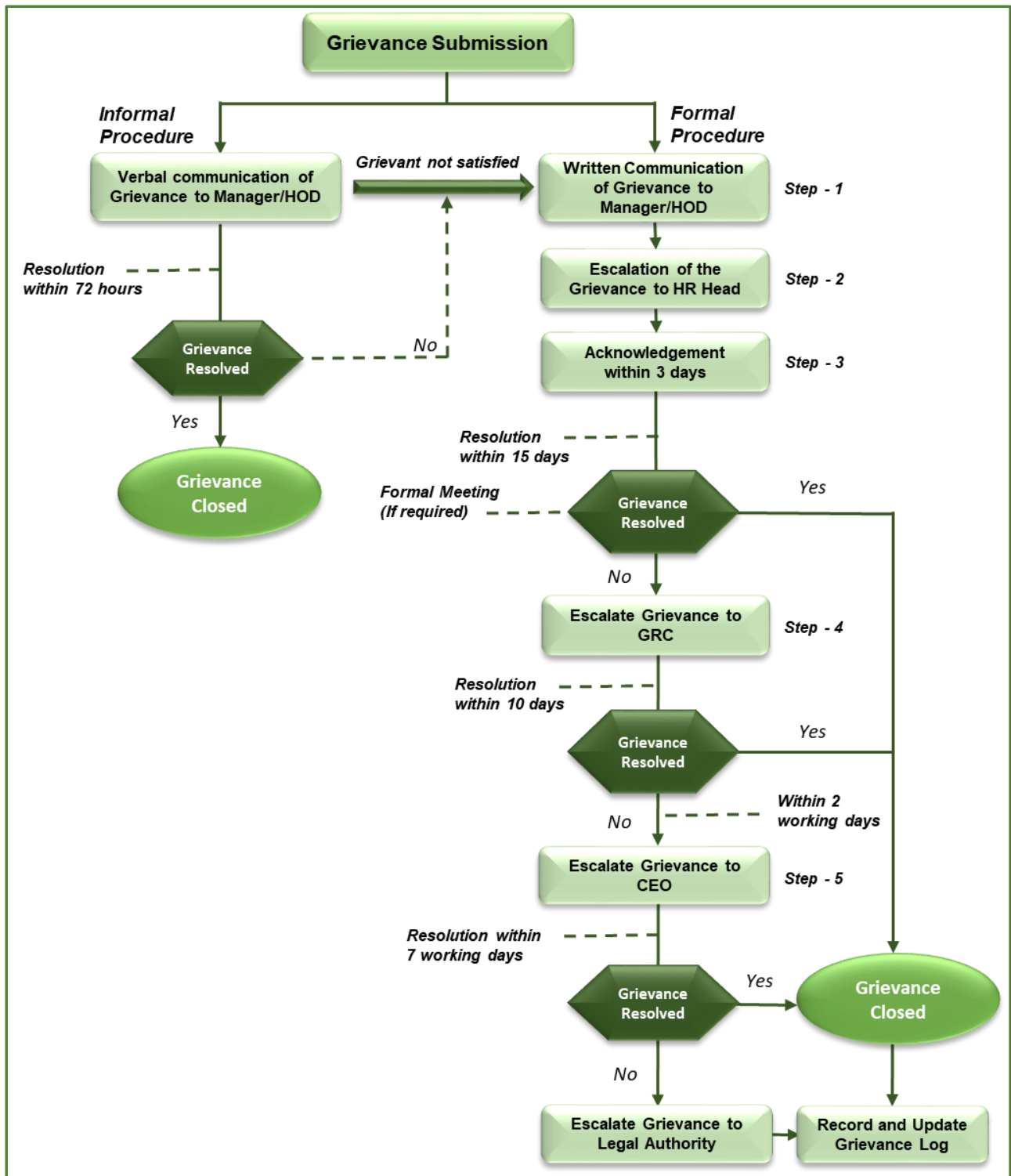


Figure 9: Internal Complaint escalation matrix

Roles and Responsibilities of Manager/HOD

It is the responsibility of Managers and HOD to ensure that:

- They identify, prevent and address potential problems before they become formal grievances.
- They are aware of and committed to the principles of communicating and information sharing with their employees.

- All decisions relating to employment practices are made with consideration given to the ramifications for the individual, as well as the organisation in general.
- Any grievance is handled in the most appropriate manner at the earliest opportunity.
- All employees are treated fairly and without fear of intimidation.

The Manager or HOD should follow the steps outlined below:

- Make sure that the employee feels listened to and supported.
- If more than one person is present, establish the role of each person.
- Outline the process that is to be followed.
- Inform the parties that any information obtained in the conduct of the review is confidential.
- Listen to the complainant. Obtain a chronology of events (who, what, why, when, how etc).
- Run through the applicable policies and procedures (e.g. the organisation's antidiscrimination policy) with the complainant.
- Ask the complainant what kind of outcome they are hoping for (best case scenario) and then talk them through next steps: e.g. you will discuss the matter confidentially with the HR Head or Management to determine a way in which to deal with the issue and report back to them within a set timeframe.
- Provide the complainant with the organisation's confidentiality and non-victimisation agreement. Explain that they cannot be adversely affected because they have made a complaint, and explain who to report matters to internally if they do feel that they are being adversely affected.
- Provide the complainant with plenty of time to ask questions.
- Offer the complainant assistance (such as counselling through an Employee Assistance Program) or a way to get home safely if they are visibly upset.
- Provide the complainant with a direct contact number that they can call if they have any concerns of queries.
- Take accurate and detailed notes of all conversations (including dates, people involved) and attach any supporting documentation.
- If deemed necessary, provide the employee/volunteer with a written summary of the meeting and clarification of the next steps to be taken.
- Shall escalate the complaint to the HR Head if the issue is not handled by his or her end.

Roles and Responsibilities of Employees

It is the responsibility of Employees to ensure that:

- They attempt to resolve any issues through their immediate supervisor and through internal processes at the earliest opportunity.

Roles and Responsibilities of HR Department

It is the responsibility of the Human Resources Department to ensure that:

- All HOD's, Managers, employees are aware of their obligations and responsibilities in relation to communication and information sharing with their employees.
- Ongoing support and guidance is provided to all employees in relation to employment and communication issues.
- All HOD's, managers, supervisors, and employees are aware of their obligations and responsibilities in relation to handling grievances.

8.5. GRM- External Grievances

8.5.1. Grievances of OEMs/Dealers

Terms and conditions related to grievance redressal and conflict of interest between OEMs/dealers/DSA's and Dugar Finance will be clearly delineated in their respective Contract Agreements/MoUs/Term sheets (whatever is applicable). Dugar Finance has also displayed the Terms and Conditions regarding its operations/services on its website (<https://dugar.co.in/code-and-polices/>)

In order to lodge any complaints arising from Dugar Finance's operations, Dugar Finance has a Grievance Redressal Officer (GRO); that can be reached at grievance@dugar.co.in . The GRO shall, upon receiving the complaint initiate inquiry into the same and shall endeavour to resolve the complaint promptly, in accordance with the Applicable Laws. (<https://dugar.co.in/grievances-redressal/>)

In case the matter is still not resolved, grievance shall be escalated to the GRC.

- Once the grievance is escalated to GRC, the point of contact from respective team will coordinate with the committee to resolve the issue.
- If the Grievance is still not resolved, the matter could be escalated to Senior Management of Dugar Finance.
- The grievance processed shall be informed to grievant through a written communication (or telephonically in case of urgency) within **seven (7) working days** of receipt of the complaint.

8.5.2. Customers Grievances/Complaints

Dugar Finance is committed to serve customers to their satisfaction by providing fast and fair services at all times. However, if a customer feels to lodge complaint or provide feedback regarding the Company's services; or for any inquiry or assistance regarding any of Dugar Finance's services, the following steps can be taken:

- Connect with Customer Care Team (part of Tele-calling team) for any related queries/complaints at dugar@dugar.co.in / grievance@dugar.co.in . The Customer Care Team ensures that the grievances/queries are addressed promptly and effectively.
- Visit for any related queries.
- Contact on +91 93830 07676 for any grievances or may reach out at dugar@dugar.co.in / grievance@dugar.co.in.
- Contact through Dugar Finance's social media handles.
- Dugar Finance's Customer Care Team shall reach the grievant within **24-48 hours**.
- The grievance processed shall be informed to grievant through a written communication (or telephonically in case of urgency) within **seven (7) working days** of receipt of the complaint.

In case the resolution is likely to take longer time, the same will be informed through an interim reply from Dugar Finance's team. In terms of the RBI Master Directions, if the complaint/grievance is not resolved within a period of one month from reporting, customers may appeal to the RBI.

Data related Grievances

Dugar Finance ensures data privacy of its website users and has developed Privacy Policy which is displayed on the website (<https://dugar.co.in/code-and-polices/>). In case of any grievances relating to the Privacy Policy, the same may be informed to the Company within 24 hours of occurrence of the instance from which the grievance has arisen, by writing an email to the GRO as follows:

- GRO: Mr Gopinath K
- Email ID: dugar@dugar.co.in / grievance@dugar.co.in

8.5.3. Community and other Grievances

Complaints of external stakeholders (other than customers) and local community (living nearby facility), can be communicated verbally (either in person at respective Dugar Finance's facility or telephonically) or written complaint via email dugar@dugar.co.in / grievance@dugar.co.in. The grievant may lodge its complaints, using any of the following channels:

Table 13: Channel to Lodge Complaint

Channel	Mode	Details
Dugar Finance Office Facility	a) Phone	+91 93830 07676
	b) Email	grievance@dugar.co.in / dugar@dugar.co.in
	c) Website	https://dugar.co.in/grievances-redressal/
	d) Letter or Fax	Old No : 123, New No : 34, Dugar Towers, 7th Floor, Marshalls Rd, Egmore, Chennai, Tamil Nadu 600008
	e) Walk-in (personal visit)	Old No : 123, New No : 34, Dugar Towers, 7th Floor, Marshalls Rd, Egmore, Chennai, Tamil Nadu 600008

- All grievances related communications shall be reported to the concerned person/team at the earliest.
- Relevant personnel from Dugar Finance shall track the resolution status, coordinate with the GRC for corrective actions and maintain a record of progress. GRC would validate the complaint's legitimacy and arrange for investigation of details.
- The grievance processed shall be informed to grievant through a written communication (or telephonically in case of urgency) within **seven (7) working days** of receipt of the complaint.
- If the grievance is not resolved, the aggrieved may appeal to legal court (if required). In case of delay, the reason for such extension shall be recorded in writing to the grievant.
- For the purpose of anonymous complaint submission, complaint boxes will be provided wherever possible in the Dugar Finance's facilities at the entrance. This complaint box will be accessible to the internal/external stakeholders.

The escalation matrix designed for redressal for all external complaints is provided in the flowchart in **Figure-13**.

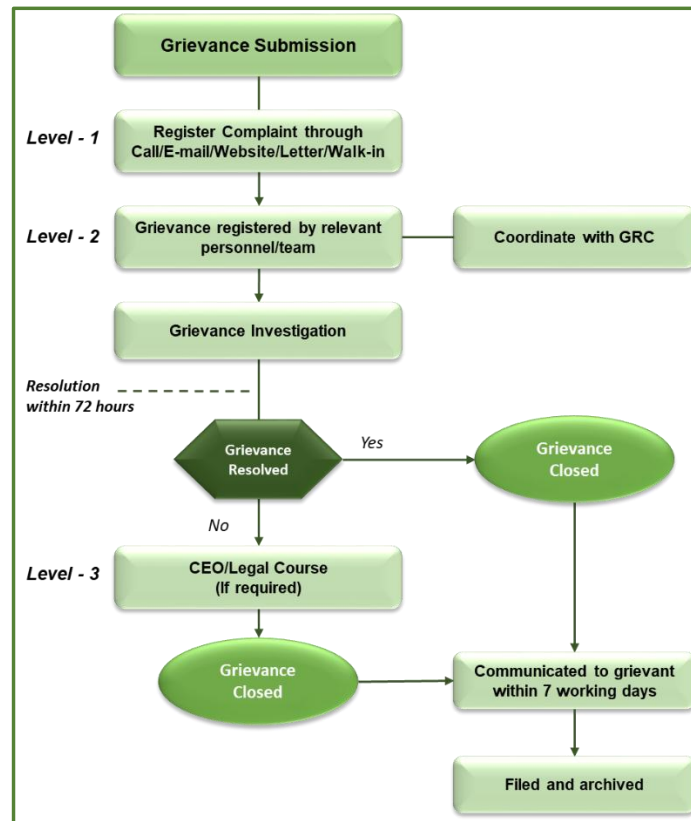


Figure 10: External Grievance Escalation Matrix

8.6. Reviewing and Investigating Grievances

- Dugar Finance will try to resolve all internal/external grievances and undergo reviews/investigation to find the root cause and provide speedy and discrete corrective actions, as close as possible to the point of origin.
- Root cause of a grievance shall be identified and accordingly timeline and responsibilities for corrective actions shall be defined.
- Corrective actions, required for a grievance shall be taken within 30 days (maximum) of the receipt of the grievance.
- GRC will ultimately take appropriate actions and shall resolve the matter within stipulated timeframe.
- Satisfactory comments/sign-off shall be taken from the aggrieved party regarding the appropriate solution and formal closure of the grievance.
- Grievances that are out of the scope of Dugar Finance’s course of action shall be closed with a written reply to the aggrieved party.

Escalating Grievances

Grievances shall be escalated to senior management in two (2) cases:

- (i) If it involves considerable expenses or have serious implications on Dugar Finance’s operations or business interests.
- (ii) If aggrieved party is not satisfied and wants to escalate the matter to senior management.

If aggrieved party is not satisfied with the solutions offered by the senior management, then he/she will be provided with an option of consulting an “independent panel” and refer the matter to it.

8.7. Monitoring and Evaluating Grievances

Periodic review of internal and external grievances shall be carried out at the ESMS committee review meetings. An action tracker in form of an excel sheet shall be created which helps in tracking of the status of grievances. Periodic review of grievances will be carried out at the GRC meeting (*half-yearly*) and ESMS committee meetings (*annually*).

Monitoring Indicators

Some of the monitoring indicators identified that can be a part of the monitoring mechanism may include:

- Tracking the number of grievances received and resolved.
- Apart from reviewing each grievance and analyzing effectiveness and efficiency, use complaints to analyze systemic deficiencies.
- Recognize patterns in the grievances the company receives, and how they are being resolved.
- Average time taken for resolution of grievances falling under particular category.
- Whether there are matters significantly affecting company policies or requiring legal review.
- Issues of cultural appropriateness and transparency.
- In case of external Grievance, consult all categories of relevant external stakeholders regarding the grievance mechanism and incorporate feedback obtained during consultations into the design, implementation, management, and monitoring of the grievance mechanism.
- Whether the existing system meets requirements established by the company as well as the expectations of all stakeholders.

8.8. Recording and Reporting

All grievances (internal and external) will be recorded in a tabular format (online database) to keep track of the grievances and commitments. This will reduce the risk of leaving any issues open and for identifying opportunities for improvement and bettering relationships. The online grievance database shall be maintained by GRC. The structure of the register shall be as follows.

Table 14: Grievance Register Structure

S. No	Date	Individual Name	Medium of Communication	Details of Issue	Grievance within Scope	Investigation Requirement	Concerned Department	Timeline for Closing Grievance	Closure Point	Present Status	Remarks

Based on all grievances received, registered, documented and tracked through database, GRC will prepare half yearly reports (even when there is no complaint register in any month) for reporting to the ESMS committee/Senior Management of Dugar Finance. This shall assist in overall tracking the trends and patterns in concerns allowing emerging issues to be flagged and understood at an early stage. Any changes in the GRM for internal grievances shall be notified through e-mails by the HR Department and for external grievances, the changes shall be notified on Company’s website.

8.9. Confidentiality

Dugar Finance shall ensure identity and details of a complainant and other persons involved in and/or assisting in an investigation, will be kept confidential to the extent permitted by law and company policy. No unfair treatment will be meted out to the grievant and the Company shall not resort to any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against grievant.

Note: *The protections extended under GRM shall only apply to complainants who have made a complaint in good faith. Where it is discovered that a complaint has been made in bad faith, with full knowledge that such complaint is false or baseless, Dugar Finance reserves the right to initiate disciplinary action against such complainant.*

9. TRAINING AND CAPACITY BUILDING

A training program in line with Dugar Finance’s E&S Policy will be followed to retain awareness of relevant E&S and operational aspects, impacts and risks associated with the Company’s Operations. Dugar Finance shall

determine the necessary competence for the key personnel, provide training to satisfy these training needs, evaluate the effectiveness of the training and maintain records of education, training, skills and experience.

9.1. Training Need Assessment

Training need assessment helps to identify the type of trainings the employees need, to effectively implement the action plans and procedures of Dugar Finance. It is an ongoing process and will be undertaken by reporting manager of the employee along with HR Department. Annual Training Calendar is drafted based on the training needs and recommendations and an annual budget is adhered to.

Training methods will be selected based on job descriptions, experience and qualifications of the employee. At a minimum, all employees including new hires will receive awareness training annually that (as appropriate to their role and responsibilities) addresses the following, w.r.t Dugar Finance’s ESMS:

- E&S Policy
- HR Policies and associated procedures
- Employee benefits
- Overview of the E&S Management Plans and Procedures developed in line with Company’s vision and E&S Policy
- Job-specific training
- Data Security Policy
- Primary knowledge regarding data security, workplace health and safety hazards including fire safety and emergency preparedness likely to be encountered, and how to avoid such hazards or mitigate their risks or effects
- Any significant regulatory or stakeholder concerns that must be considered in day-to-day operations

Personnel with direct responsibility for functioning and implementation of the ESMS shall be additionally trained:

- with the knowledge and skills necessary to perform their work;
- to maintain their knowledge of relevant environmental and social obligations; and
- to enable them to implement specific measures required under the ESMS in a competent and efficient manner.

Table 15: Summary of the most relevant (but not limited to) training session required for staff groups

S. No.	Team	Relevant Topics for Training
1.	Senior Management	<ul style="list-style-type: none"> • Introduction to ESMS and its requirements.
2.	ESMS Committee	<ul style="list-style-type: none"> • Introduction to Reference Standards and the ESMS elements • Environmental legal requirements • Identification and evaluation of E&S risks and impacts • Stakeholder engagement • Monitoring of Key performance indicators • Internal auditing • Environmental and Social reporting
3.	Emergency Response Team (ERT)	<ul style="list-style-type: none"> • Emergency preparedness procedures • Emergency reporting
4.	HR Team	<ul style="list-style-type: none"> • Introduction to ESMS • Labor and Working Conditions • Hiring Procedures • Non-discrimination, Anti- harassment, Remuneration, Anti-Money Laundering, Anti-Bribery Anti-Corruption Policy, Whistleblower Policy, Child Labor and other labor policies • Effective complaint management and resolution procedures for employees • Employee-management interaction
5.	Employees	<ul style="list-style-type: none"> • Introduction to ESMS • E&S policies • Procedures relevant to the tasks performed • Ergonomics and safe work practices • Emergency response procedures • Instruction on grievance redressal system

- Employee-management interaction.

9.2. Training Programs

Training program (related to the effective implementation of ESMS) is structured in such a way that it clearly brings out the value addition and enhancement benefits of proper management of E&S issues and company operations. The extent, frequency and mode (online/ face-to-face) of trainings/workshops will commensurate with the roles and responsibilities of the staff in relation to the E&S review of projects and the implementation of this ESMS.

9.2.1. Induction Training

Dugar Finance shall adopt decentralized process of training for new employees. Induction training program will be organized for new employee during the first week of joining. The objective is to provide a basic awareness of the Company’s HR Policies, E&S policy and associated procedures, ESMS requirements and basic ability to conduct operations in a sensible manner to avoid any incidents and a brief on the employee benefits. The induction training module on ESMS framework is outlined in **Table-16**.

Table 16: Training Modules for ESMS Framework

Training Program	Duration & Location	Target Group	Responsibility
Module – I			
Corporate Framework			
<ul style="list-style-type: none"> ▪ Introduction to the Company and team ▪ HR and Admin related Policies & Procedures ▪ Grievance Redressal Mechanism ▪ POSH Policy ▪ Reporting System ▪ Important contacts ▪ Roles and responsibilities of Employees ▪ Employee benefits The above shall be a part of the Induction Training Module.	2 Working Day at Office	All new employees	HR Department and Manager
Module – II			
Environmental & Social Aspects			
<ul style="list-style-type: none"> ▪ Emergency / Disaster Management 	½ Working Day at Office	All employees	E&S Manager and ERT
<ul style="list-style-type: none"> ▪ E&S Policy and basic understanding of Environmental Health & Safety Procedures 	½ Working Day at office		E&S Manager
<ul style="list-style-type: none"> ▪ Basic understanding on Data Privacy and Information Security Policy 	¼ Working Day at Office		IT Team
Module – III			
ESMS Framework			
<ul style="list-style-type: none"> ▪ Training on Key Element of ESMS, its Concept, Objects, Implementation and Maintenance. 	½ Working Day	Relevant employees from E&S Team, HR Team, Administrative Team	Dugar Finance’s Senior Management

Employees will sign an attendance sheet for all trainings attended. Procedures to evaluate the effectiveness of such training will be implemented.

9.2.2. Job Specific Training

Job related trainings will be provided to the employees of the respective Departments to manage the value chain of the Company, including:

- Internal and external trainings (as necessary) are arranged to help them shape their career.
- In-house job and informal trainings are conducted frequently for effective performance.
- Behavioural trainings are conducted frequently for sales team

9.2.3. ESMS Training

After raising employee’s basic awareness about the ESMS during the induction training, regular training sessions shall be conducted to strengthen participants’ commitment to the implementation of the ESMS. Training modules will have a specific goal related to this progression:

- (1) Raise awareness
- (2) Gain commitment
- (3) Teach people the knowledge and skills they need to implement the ESMS

Annual Training Calendar provided at **Annexure-14**, will be maintained by the E&S Manager. The program will be structured in such a way that it clearly brings out the value addition and enhancement benefits of proper management of E&S issues, focusing on:

- Empowering employees and raising awareness through sharing knowledge of E&S and health & safety matters to ensure they assist in continual ESMS performance;
- Gaining commitment towards the compliance to applicable E&S (including health & safety) and applicable regulations;
- Identifying, categorizing and prioritizing the hazards, risks and information thereof;
- Familiarizing with applicable E&S processes and procedures to enable corrective or preventive actions implemented;
- Data privacy and information security related aspects;
- Fire and life safety of people and workplace health and safety;
- Emergency Preparedness & Response;
- Stakeholder Engagement Procedure;
- Grievance Reporting and Handling Procedure;
- Monitoring and Reporting procedures;
- Implementing cyber-attack related safeguards;
- Taking measures for the protection of fraud management;
- Enabling Data Security of the Customers information;
- Secure Phishing Attacks.

9.3. Methods of Training

Training can comprise both formal and informal training methods such as:

Formal Methods	E-Learning, power-point presentation, classroom training, workshop & exercise, etc.
Informal Methods	Mentoring, on-the-Job learning, focused discussions, leading by example etc.

Training Attendance shall be maintained by the respective trainer/department head and HR Department.

9.4. Monitoring and Record Keeping

Dugar Finance shall periodically monitor that all the training procedures are being implemented and followed effectively and all the employees are well aware of the ESMS measures.

The results of the training assessment shall be documented by the respective departments. This may form components of the training such as:

- Annual Training Calendars
- Attendance record, signed by individuals
- The specific course materials/or scope of training content
- Training certificates issued, if applicable
- Training evaluation forms

10. MONITORING AND REPORTING

Monitoring is an essential part of an ESMS to ensure that the Company is managing E&S issues in accordance with its ESMS, E&S Policy and other requirements. Effective monitoring and reporting is essential for ensuring the ESMS is of practical value.

10.1. Monitoring Approach

The purpose of monitoring is to ensure that all the requirements of conditions of the applicable framework and benchmarks as suggested within this manual or other permit/approval document are effectively met. Monitoring shall indicate the Company's performance on various E&S indicators across the business operations and ESMS implementation. Basic approach of monitoring to be followed by Dugar Finance is through visual observations, interviews with employees and verifying supporting documents & records. The entire process of inspections and audits will be documented and records will be maintained.

Dugar Finance will encourage customers to comply with environmental laws, regulations, standards and procedures and also to develop and implement corrective action plans, in cases where environmental and social safeguards have been contravened. Dugar Finance shall also add relevant applicable clauses in the term sheet if any (as required).

10.2. E&S Key Performance Indicators (KPIs)

Dugar Finance will focus on the Key Performance Indicators (KPIs) which have measurable value that demonstrates how effectively Dugar Finance is achieving key E&S objectives in line with the company's E&S Policy and SDG Targets. **Annexure-15** provides the KPIs (qualitative and quantitative) identified by Dugar Finance. As a part of annual reporting, E&S KPI monitoring shall be submitted to senior management and investors (as required).

10.3. Monitoring Measures at Dugar Finance

10.3.1. Internal E&S Inspection/Monitoring

It is the joint responsibility of the E&S Manager and HR Department of Dugar Finance to ensure that all the E&S Regulatory approvals required to continue their operations are valid, conditions of the approvals are being complied, existing management controls are effective and Health & Safety programs and activities are working according to plan and meeting company's safety goals. This inspection will also help in evaluating training needs for employees.

To monitor the environmental, health & safety (EHS) and social compliances, E&S manager (with the support of the facility E&S representatives) along with HR Department shall conduct *annually* inspection of Dugar Finance facilities and submit the monitoring report to the ESMS Committee/Senior Management.

- Checklist for EHS monitoring is provided at **Annexure-16**.
- Checklist for monitoring Social and employee welfare aspects is provided at **Annexure-17**.

Inspection findings shall be communicated to the concerned persons for taking requisite corrective actions. Records of the inspection findings and corrective action taken will be compiled and shall be discussed in ESMS committee meetings.

10.3.2. ESMS Review Meeting (ERM)

As a part of ERM, ESMS and its implementation will be discussed by senior management on set frequency. The purpose of this discussion is to routinely involve senior management in evaluating the implementation of the ESMS through the company's operations. Reviews will involve the independent examination of several layers of E&S performance information developed through the routine implementation of ESMS and its supporting Management Plans and procedure.

Dugar Finance's management shall ensure the ERM includes assessment of the status of compliance and the need for changes. ERM input & output shall be as follows:

Review Input	Review Output
The input for management review shall include: <ul style="list-style-type: none"> a) Results of internal and external audits (if conducted); b) Customer complaints/feedback; 	The output from the ERM shall include any decisions and actions related to:

<ul style="list-style-type: none"> c) Performance Evaluation of dealer partners and vendors; d) Regulatory compliance system; e) Advisory notes and adverse event /incident reporting; f) Feedback and directives from the authorities; g) Status of preventive and corrective actions; h) Follow-up actions from previous management reviews; i) KPI monitoring including SDG KPIs; j) Changes that could affect the management system; and k) Recommendations for compliance. 	<ul style="list-style-type: none"> a) Corrective and preventive actions required; b) Effectiveness of the ESMS & regulatory compliance system; and c) Resource needs and budget allocation.
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ERM shall be conducted on annual basis. Any anticipated changes in regulatory compliance requirements, organizational changes, or new directives that potentially affect the company's environmental, social, and/or OHS management practices will also be considered in ERMs.

The management review will be documented in report format, and, as appropriate, will include specific recommendations for ESMS improvements, external sharing or publication of annual monitoring report results, or other appropriate management actions. It will be presented to **CFO** for final review and approval and finally submitted to **CEO** of Dugar Finance (Dugar Finance to decide the dedicated/designated person for the same).

ESMS Review

The ESMS is a live document subject to further upgrades and amendments in line with changes in Company's operations and/or changes in applicable regulations or standards.

As an adaptive management strategy, the ESMS will be reviewed *annually* by the ESMS Committee to ensure that it remains relevant and effective over time and incorporate Dugar Finance's and its shareholder's evolving needs. The review shall majorly involve the recommendations of the ERM including:

- Identifying potential difficulties with operational aspects of ESMS implementation and making changes as necessary;
- Assessing the effectiveness of mitigation measures, action plan, corrective actions and remedial measures as stated in the ESMS;
- Reviewing the scope of ESMS procedures to ensure that emerging E&S risks are detected and identified during the Impact assessment process;
- Updating ESMS to reflect changes in applicable Reference Standards (if any) and other legal requirements or any new legislation introduced;
- Necessary changes, including review of applicability of the Reference Standards which are currently not applicable, required due to change in business requirements of Dugar Finance or of its investors.

10.4. Reporting

10.4.1. Annual E&S Reporting

Based on the EHS and Social monitoring and inspection of the facility by E&S Manager and HR Department of Dugar Finance, consolidated EHS & Social progress report shall be prepared by the E&S Manager, compiling the information and observation of Monitoring Checklists (**Annexure-16** and **Annexure-17**). The template for the **Annual E&S Monitoring Report** is enclosed as **Annexure-18**.

E&S Manager will prepare Annual E&S monitoring report covering all Dugar Finance facility, indicating status of implementing the ESMS to the ESMS committee. The Reports shall provide at least following data on:

- ✓ **Manpower, Change in Organizational Setup**
- ✓ **E&S compliances and non-compliances**
- ✓ **KPIs Monitored**
- ✓ **Number of incidents/accidents/first aid cases**
- ✓ **Data breaches (if any)**
- ✓ **Stakeholder engagement**

- ✓ **Grievance cases**
- ✓ **Employee training**
- ✓ **Any material change in ESMS**
- ✓ **Any litigations, show-cause notices and/or regulatory action on the company**
- ✓ **E&S capacity building undertaken etc.**

The E&S reports will be reviewed by the ESMS Committee/top management to ensure that the E&S Compliances and ESMS are being properly implemented at Dugar Finance. Dugar Finance Management will submit the Annual E&S report to the requisite stakeholders or investors wherever required (on management discretion).

10.4.2. Accident/Incident Reporting

Serious accidents/incidents at Dugar Finance shall immediately be informed to the concerned authority/senior management. Any incident leading to hindrance in Business Continuity shall be immediately reported to the concerned authority/senior management. This will enable the team to reach to the scene of accident/ dangerous occurrences to monitor/assist any rescue work and/or start conducting the investigation process so that the evidences are not lost.

Reports of all serious accidents (fatal/injury) shall be prepared by the E&S Manager within 24 hours of occurrence and the same shall be reported to the investors and stakeholders. Further follow-up will be done on such incidents as a matter of priority to investigate the root cause and the need for mitigating actions to avoid reoccurrence. No serious accident/ dangerous occurrences are exempted from reporting to the Dugar Finance's team, investors and stakeholders. Accident/Incident reporting format of Dugar Finance is enclosed as **Annexure-19**.

10.4.3. Information Disclosure and External Communications

Dugar Finance will ensure that relevant information about E&S safeguard issues is made available in a timely manner, through its website and social media, to its different stakeholders including the general public, so they can provide meaningful inputs wherever required.

Dugar Finance's website will be updated regularly, as appropriate with the following contents:

- Services & loan products offered; any new line of business;
- E&S Policy;
- Privacy Policy;
- Dugar Finance's leadership details;
- Photos, short update articles for the public;
- Annual Reports, Shareholder Information;
- Linked public media monitoring for articles on Dugar Finance; and
- Contact information for submission of complaints/Grievances etc.

10.5. Documentation Control and Records

10.5.1. Documentation Control

Documents and records are important as they provide evidence of performance and allow Dugar Finance to demonstrate its compliance/conformance to applicable requirements set by regulations and/or Dugar Finance's policies. All Dugar Finance documentation must adhere and comply with the Company's documentation procedure, document number to ensure a standardized document quality. The document system comprises of all policies, procedures, forms, work instruction and reports that are compiled within the management system. The documents are controlled under the principles of:

- Standardization (Formatting and rules of structure within the document);
- Document Tracking (System that easily identify E&S documentation through a document control numbering system);
- Approval processes for certain documents produced (e.g. All policies, plans produced require senior management approval);
- Rules of updating, which specify how revision or change management must be followed. (The author must review changes and finally be approved by the concerned department).
- Through its annual revision process, documents are viewed with its intention of applicability.

10.5.2. Recordkeeping

Respective teams will ensure that original approvals, monitoring records, inspection & audit reports, training records etc. are being maintained at corporate level. E&S Manager shall review all documents and keep electronic copy of the same at one location for future reference.

At a minimum the following records will be maintained by Dugar Finance:

- E&S permits/approvals/returns;
- RBI related records;
- EHS and Social monitoring records;
- Induction training records;
- Job specific training records of employees;
- Mock drill records;
- Third party audit report (if conducted);
- MoMs of GRC Meetings, ESMS Committee meetings etc.;
- Accident investigation report;
- Correspondence with regulatory authorities;
- Complaints received and redressed;
- Records as per respective Management Plans of Dugar Finance;
- Records related to the screening for setting up any new facilities;
- Various Contract agreements.
- Annual reporting

In order to save the paper and other resources, all records preferably will be maintained in the soft copy and as and when required hard copy will be printed.