



Environment and Social Risk Management System (ESMS)

Shubham's ESMS Statement

Shubham believes that environmental and social considerations are the fundamental cornerstones of its business for aligning towards sustainable development goals. Given the challenges on security of our resources, threats to economy and livelihoods due to climate change and compromised biodiversity, Shubham would like to make every effort to mainstream sustainability in its business as well as operations.

Shubham will make efforts to influence its borrowers to follow Good International Industry Practices for better development impact. Meeting of the applicable environmental and social requirements will be a prerequisite in loan processing. Activities that could potentially damage or pose risks to the environment will not be financed.

The transaction appraisal process will assess environmental and social risks at all relevant stages and accordingly state covenants to meet environmental and social legal compliance. On disbursement, environmental and social monitoring will be carried out. In addition, Shubham will proactively engage with the stakeholders ensuring timely resolution of grievances if any.

Scope of ESMS

ESMS is applicable to all loan products and is being carried out in differential manner based on the nature of loan products and extent of interaction with Environment and Social (E&S) aspects.

Implementation Process

A five-step procedure has been developed and integrated with the loan appraisal cycle for management of E&S risks in Shubham's transactions.

1. E&S Screening at Internal Credit Review
2. E&S Risk Identification and Categorization
3. E&S Action Planning
4. E&S Loan Covenants
5. E&S Post Disbursement Monitoring

The E&S Categorization is carried out using in-house developed assessment checklist and has been designed in accordance with the reference framework and using parameters such as size of facility, location, inherent nature of sector, etc.

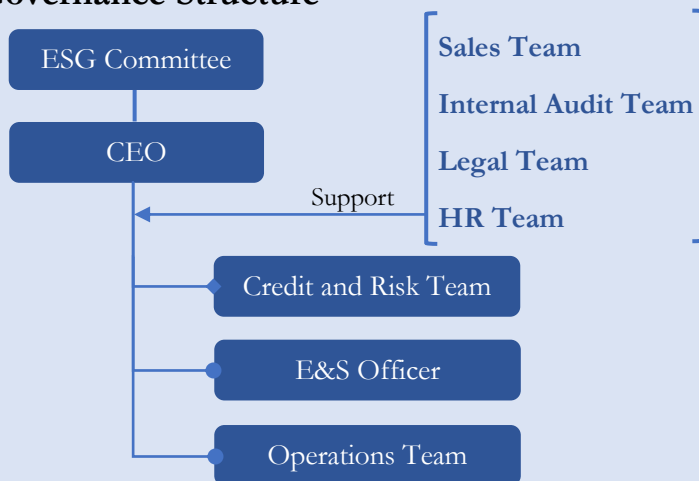
Training and Capacity Building

Shubham offers periodic training to all employees participating in implementation of ESMS.

Shubham also offers specific training on E&S Grievances Redressal for employees engaging with stakeholders.

Shubham ensures that all employees are competent on the basis of appropriate education, training, or experience, and also retain associated records.

Governance Structure



The Chief Executive Officer of Shubham assumes the overall accountability with respect to the ESMS implementation on behalf of the Company. E&S Officer at Shubham is responsible for the operationalisation of the ESMS.

Shubham's Credit team, Risk team, Operations team and E&S Officer directly/indirectly report to CEO who in turn report to ESG Committee.