



ENVIRONMENT, SOCIAL AND GOVERNANCE POLICY (ESG)

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Policy approved by	Board of Directors
Policy recommended by	RMCB
Policy reviewed by	Chief People Officer
Policy drafted by	National Manager ESG
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1.1 Preamble

Established in 1988, PNB Housing Finance Limited (PNBHFL) was incorporated under the Companies Act 1956 and is promoted by Punjab National Bank (PNB). PNBHFL is listed on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE) and is specialized in housing finance.

With a focus on customer needs and a commitment to delivering value, PNB Housing Finance is a trusted provider of housing finance solutions.

PNBHFL provides access to housing facilities through various product portfolios including affordable segments across entire low- and medium-income segment of the country and aligns with UN Sustainable Development Goals (SDGs) and UN Global Compact (UNGC) principles. This is also reflected in the Core Values – People First, Customer Centric & Ethical Standards.

Stakeholders are a source of inspiration & value creation for PNBHFL. The company believes that adoption of Environmental, Social, and Governance (ESG) principles is crucial for developing resilience and continue delivering long-term value to stakeholders.

The company understands that financial landscape is exposed to various sustainability risks such as climate change which in due course can turn into a systemic threat to the business. With this background, PNBHFL has taken steps towards sustainability through various business initiatives, corporate social responsibility, and governance practices that further strengthen business continuity.

As the company ushers in an era of “Sustainable Transformation”, the company has adopted an ESG Policy. This Policy outlines the Company’s approach to address the Environmental, Social, and Governance factors to make responsible business decisions.

1.2 Objective and Scope of the Policy

The objectives of the ESG Policy are:

- a. To adopt sustainable business practices that ensure long term success of the Company and have positive impact on climate and society.
- b. To monitor Climate related risks within the company (as applicable) to further strengthen business continuity.
- c. To report the progress around ESG on a periodic basis through platforms such as BRSR framework of SEBI.

1.2.1 Alignment with BRSR Principles

The ESG policy is developed in alignment with Business Responsibility and Sustainability Report (BRSR) framework designed by SEBI and its 9 principles as below:

- Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
- Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.
- Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.
- Principle 4: Businesses should respect the interests of and be responsive towards all its stakeholders.
- Principle 5: Businesses should respect and promote human rights.
- Principle 6: Businesses should respect and make efforts to protect and restore the environment.
- Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- Principle 8: Businesses should promote inclusive growth and equitable development.
- Principle 9: Businesses should engage with and provide value to their customers in a responsible manner.

1.2.2 Key Focus Areas

Given the magnitude of the subject, the company shall take up select aspects from the ocean of E, S and G (Environment, Social & Governance) focus areas (given below) based on business requirements and evolving regulatory landscape in line with inputs from various stakeholders.

Environment [E]

The Company is committed towards conducting business with focus on the environmental aspects, regular improvements and adoption of industry best practices on positive climate action.

- a. The company shall strive to rationalize its scope 1 and 2 emissions intensity, shall be conscious of its overall footprint on energy consumption, materials and explore implementation of various environment sustainability initiatives.
- b. The company considers adoption and promotion of customer interface applications, enabling lower customer commute to branches (& hence low carbon emissions) and reduced usage of paper.
- c. The company shall explore interventions to encourage certified green buildings, explore collaboration with green building rating suppliers and may consider utilizing the Company's extensive relationships with developers to encourage the construction of green, energy-efficient homes and commercial buildings as appropriate.
- d. The company shall explore integration of climate aspects and understand climate related financial risks as appropriate in line with regulations.
- e. The company shall encourage its supply chain to incorporate environment sustainability business practices.

Social [S]

With 'People First' & 'Customer Centric' as the core values, PNBHFL has policies which direct how the Company manages expectations of its customers, employees and community.

Employees: -

- a. **Human Rights:** The company shall protect human rights and discourage any kind of 'modern slavery', 'child labour', 'forced labour' in the business eco-system. The company shall explore human rights due – diligence exercise wherever feasible or required.
- b. **Inclusivity:** The company shall nurture an inclusive organization that prioritizes well-being, supports mental health & safety, invests in up-skilling & boosting competencies through learning & development interventions using internal & external platforms.
- c. **Diversity, Equity & Equal Opportunity:** The company shall have focus on diversity of all kinds including gender, geography, academia & special ability. The company shall promote equity, pay - parity, equal opportunity, employee retention & motivation through regular constructive engagements.
- d. **Prevention of Sexual Harassment at work:** The Company shall also have a policy in place for Prevention of sexual harassment at workplace and conduct trainings and awareness programs.

Customers: -

- a. **Fair Practice in customer dealings:** PNBHFL shall be committed to enhance customer experience through competitive offerings and services keeping in view the suitability and appropriateness of the product being sold incorporating fair practice code and avoiding mis-selling.
- b. **Sustainable Finance:** PNBHFL shall explore sustainable financing propositions for business activities and encourages increased lending for affordable housing, and an emphasis on financial inclusion through providing loans to low- & middle-income group to fulfil their need of owning house.
- c. **Customer Delight:** The Company shall continue to extend the best services to them and work towards reducing the time of grievances resolution, providing digital support and information for the products and services being offered.

Communities: -

- a. **Corporate Social Responsibility:** As a Responsible Corporate, the Company shall discharge active responsibility towards the society. The Company shall take strategic decisions in identifying and implementing CSR programs. It shall also ensure independent impact assessment of its CSR projects in line with regulations.

Governance [G]

As a responsible business and a steward of Ethical Standards, governance shall continue to be the core of PNBHFL. The Company shall uphold the highest standards of corporate governance practices.

- a. **Independent Board:** The Company's corporate governance framework shall be based on an effective independent Board; the Board's supervisory role shall be separate from the executive management and the Board Committees shall oversee critical areas.
- b. **Ethics & Compliance:** The company shall be committed to ensure compliance with and adhere to regulatory requirements in all the activities undertaken and embrace ethics & integrity in business practices.

- c. **Data Privacy & Cyber-security:** The Company shall ensure data security and data privacy of the customers as per applicable laws of the land and regularly focusses on conducting vulnerability assessments of cybersecurity mechanisms.
- d. **Risk Management:** The Company shall continue to strengthen its risk management framework and integrate various business risk, along with developing a business continuity plan.
- e. **Stakeholder relations:** The Company shall maintain a transparent relationship with its stakeholders and shall have a Responsible advocacy policy in place (part of Internal Guidelines on Corporate Governance).

1.3 Coverage

The Policy is applicable to all employees including supply chain & subsidiary of the Company.

1.4 ESG Governance Structure



The Board of Directors shall oversee the agenda and the same shall be delegated to the RMC Committee of the Board or any other committee to have oversight and provide strategic inputs & directions.

The RMC Committee of the Board shall be headed by an Independent Director. The Committee shall have oversight on the ESG & Climate agenda in the Company. The Committee shall also recommend this policy to the Board for its approval.

The Core ESG Team shall be headed by the Chief People Officer (CPO) reporting to the MD & CEO & shall be responsible for the formulation of the ESG Policy, disclosures on ESG to regulatory platforms as required, Sustainability/ESG reporting, capability building of stakeholders, driving the ESG agenda across the organization and reporting the updates and progress as appropriate.

The Chief Risk Officer (CRO) along with the risk team shall be responsible for identifying, mitigating and monitoring Climate & ESG related risks. The Core ESG team shall provide necessary capability building and support to the risk team on climate and ESG related risks on a periodic basis.

1.5 Materiality

The Company shall ensure that while developing materiality, the interests and views of stakeholders are taken into consideration. Key stakeholders identified by the Company are as follows:

1. Employees
2. Shareholders & Investors
3. Customers
4. Society
5. Partners, vendors (supply chain) and associates (including Insurance Partners & Direct Selling Agents)
6. Regulatory Authorities and Government
7. Rating Agencies

The Company acknowledges the importance of conducting materiality assessments in identifying material issues that are both of interest to stakeholders and have a potential business impact. The company recognizes the importance of what information should be reported and consolidated relevant material issues into an overarching ESG structure. Accordingly, the Company may devote the required attention and respond to the issues in a timely and systematic manner. The company also acknowledges revisit of materiality matrix as per business requirements and evolving regulatory landscape on a periodic basis.



PNBHFL reserves the right to update/modify the framework on account of Board/Management direction, business requirements and changes in regulatory landscape.

1.6 Review and Approval of Policy

The ESG policy shall be reviewed at least once annually or when significant changes are required as per the Local laws and Regulations.

1.7 Communication and Disclosure

Capability Building & Periodic communication on ESG shall be made to both internal and external stakeholders through annual reports/BRSR/GRI aligned reports.

1.8 Related Policies and Procedures

This policy should be read in conjunction with all policies directly or indirectly related to Environment, Social, and Governance, disclosed on the website of the Company.
