



SPANDANA

ESG Governance Framework



Spandana Sphoorty Financial Limited

Transforming Lives Through Income generating loans to women

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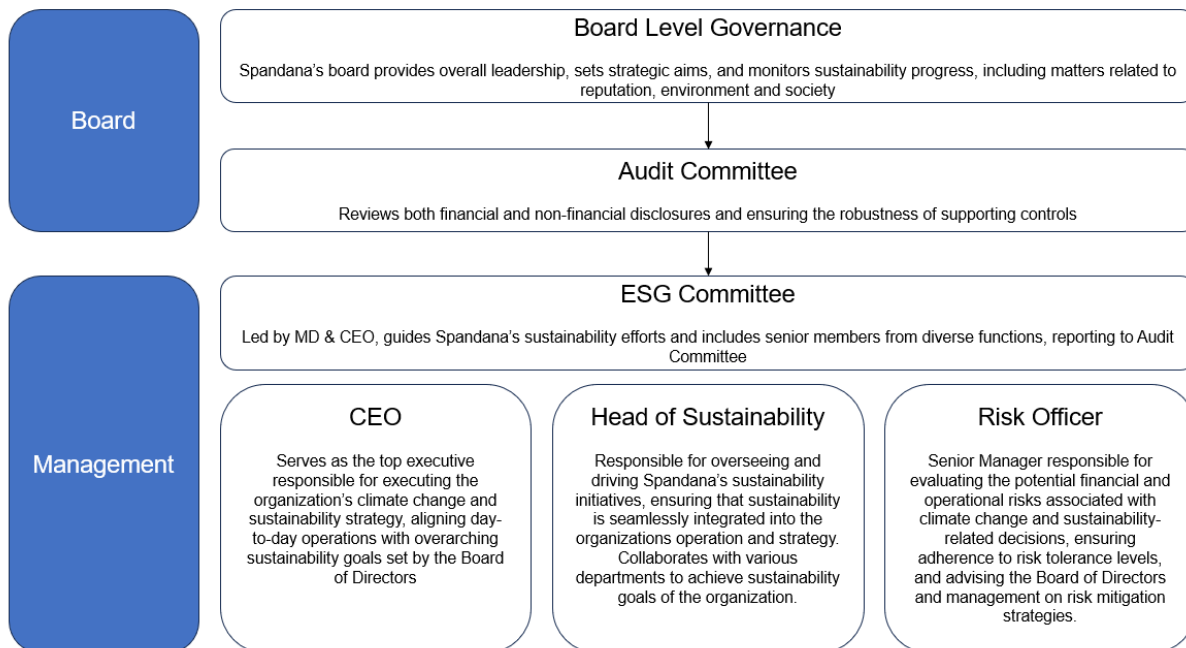
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A. Spandana's Governance Structure: Navigating Sustainability

To strengthen our focus on Environmental, Social, and Governance (ESG) principles, Spandana is establishing an ESG Committee comprising senior members across key functions, including Risk Management, Sustainability, Human Resources, Finance, Compliance and Operations/Business(es). The committee will be chaired by the MD & CEO and will report to Audit Committee of the Board of Directors.

The ESG Committee's core responsibilities include reporting on the organization's ESG Strategy, identifying areas for improvement, setting targets, and reporting ESG-related performance both internally and externally as required. Additionally, the committee will work on enhancing ESG-related disclosures to demonstrate progress to all stakeholders.

This streamlined governance framework empowers Spandana to navigate the intricate landscape of sustainability, ensuring alignment with its core values and fostering efficient, responsible, and accountable operations.



B. Board Level Governance

B.1 Board of Directors

The Board of Directors at Spandana hold the highest level of authority and responsibility within the organization's governance structure. Their primary role is to provide strategic leadership and set the overall direction of the company. In the context of sustainability and climate-related matters, the Board plays a pivotal role in overseeing the integration of these factors into the company's long-term strategy. This includes monitoring progress toward sustainability goals, assessing risks and opportunities related to climate change, and ensuring alignment with the organization's sustainability vision. The Board ensures that sustainability remains a core element of Spandana's operations, reflecting its commitment to both financial and sustainability objectives.

B.2 Audit Committee

The audit committee is responsible for reviewing all financial and non-financial disclosures. This committee is responsible for evaluating and managing the financial and operational risks associated with climate change and sustainability-related decisions. It ensures that the organization adheres to predefined risk tolerance levels and advises both the Board of Directors and management on effective risk mitigation strategies. It ensures that control mechanisms and reporting processes are robust and aligned with the organization's sustainability objectives.

C. Management

C.1 ESG Committee

The ESG Committee oversees Spandana's progress towards its sustainability vision and ambitions. It comprises senior members from various functions, including Risk Management, Sustainability, Human Resources, Finance, Compliance and Operations/Business(es). The committee is chaired by the MD & CEO and reports to Audit Committee of the Board of Directors. The committee will comprise one representative from each of the mentioned departments and will convene semi-annually to review Spandana's sustainability initiatives.

The ESG Committee's responsibilities include:

- a. *ESG Strategy*: Developing and monitoring Spandana's ESG Strategy, which includes identifying key areas of focus, setting targets, and integrating ESG principles into the organization's operations.
- b. *Performance Reporting*: Reporting on ESG-related performance both internally and externally at least once a year. This includes collecting and analyzing relevant data and presenting it to the Board, management, and stakeholders.
- c. *Disclosures Enhancement*: Working on improving ESG-related disclosures to demonstrate progress to all stakeholders. This involves ensuring transparency and compliance with reporting standards and regulations.
- d. *Stakeholder Engagement*: Engaging with stakeholders to gather their perspectives on ESG matters, aligning Spandana's efforts with community needs and expectations.

C.2 MD & CEO

The CEO, as a key member of the board, will provide oversight and leadership for Spandana's climate change and sustainability strategy. While the MD & CEO plays a crucial role in setting the strategic direction and ensuring alignment with sustainability goals, the Head of Sustainability will have primary responsibility for executing and implementing sustainability initiatives.

C.3 Head of Sustainability

The Head of Sustainability is responsible for overseeing, driving, and executing Spandana's sustainability initiatives. This role involves seamless integration of sustainability into the organization's operations and strategies. The Head of Sustainability collaborates with various departments to achieve sustainability goals, spearheads specific sustainability projects, and continually monitors and reports on progress.

C.4 Risk Officer

The Risk Officer, a senior manager, evaluates potential financial and non-financial risks associated with climate change and sustainability-related decisions. They are responsible for assessing the organization's risk tolerance levels and advising the Board of Directors through the Risk Management Committee and management on effective risk mitigation strategies in alignment with sustainability goals.

This comprehensive governance framework empowers Spandana to effectively navigate the complex landscape of sustainability, ensuring alignment with the organization's core values and fostering responsible, accountable, and sustainable operations.