

**TOURISM FINANCE CORPORATION OF INDIA LIMITED (TFCI)
NEW DELHI**

**Environment, Social and
Governance (ESG) Policy**

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1. Introduction:

Tourism Finance Corporation of India Limited (TFCI), an All-India Financial Institution and Non-deposit taking Systemically Important NBFC provides financial assistance primarily to companies/other entities engaged in tourism sector and played a key role in financing and creation of tourism infrastructure in the country.

As it has always been, it is imperative that TFCI also stays string in its commitment to positively impact the environment, customers, employees, and the community at large and be sustainable towards the environment and society. In the recent years, adapting to and mitigating change impact and transitioning to sustainable developments have emerged as major focus globally. Further, global sustainability challenges such as global warming, rising sea level, flood risk, privacy and data security, demographic shifts and regulatory pressures etc. are emerging as new risk factors making sustainability more complex. Therefore, the concept of Environmental, Social and Governance(ESG) comprises the holistic approach for companies to remain responsible to its investors as well as other stakeholders while complying with various environmental, social and governance regulatory risks.

This policy explicates TFCI's approach to align its business strategy, processes and disclosures with ESG Standards in its business operations. This policy articulates the Company's commitments to ESG and long-term value creation for stakeholders including customers, employees, investors, regulators, business associates and community, at large.

2. Approach and Policy Governance

The overriding ESG approach remains inextricably linked to the core objective of the company to become a pioneer player in financing and development of tourism infrastructure in the country. Given the increasing focus and rising stakeholder expectations on ESG coupled with the fact that this is still an evolving space with varying standards and frameworks, at this juncture, TFCI has opted to rely on the collective expertise of the entire Board of Directors of the Company for oversight of the ESG framework. Further, the Board will continue to have oversight on various aspects of ESG through the following board committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- IT Strategy Committee
- Risk Management Committee

3. Commitment To Responsible Business Conduct

TFCI, as a responsible corporate citizen, is committed to the principles elucidated in the National Guidelines for Responsible Business Conduct as prescribed by the Ministry of Corporate Affairs. Accordingly, TFCI shall:

- ❖ Conduct and govern itself with integrity in a manner that is ethical, transparent and accountable;
- ❖ Offer products and services in a manner that is sustainable and safe;
- ❖ Respect and promote the well-being of all its employees and those in its value chains;

- ❖ Respect the interests of and be responsive towards all stakeholders;
- ❖ Respect and promote human rights;
- ❖ Respect, protect and make efforts to restore the environment;
- ❖ Engage with the public and/or any regulatory body in a manner that is responsible and transparent;
- ❖ Promote inclusive growth and equitable development;
- ❖ Engage with and provide value to customers in a responsible manner.

4. Governance

TFCI's corporate governance framework is in alignment with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and corporate governance directions issued by the Reserve Bank of India.

The ESG framework is designed to oversee the implementation of sustainable strategies, policies and practices and ensure it is aligned with the Company's ethos on governance and its core values of honesty, transparency, and accountability.

This ESG policy framework will serve as a guiding document for all ESG initiatives and activities under taken by the Company. ESG Policies, and focus areas as mentioned in this policy framework documents, is subject to revision based on the emerging risks and opportunities as deemed by the Board. The policy framework shall be reviewed on need bases to ensure its continuing suitability, adequacy and effectiveness.

5. Focus Areas:

The common ESG criteria/factors which are more relevant to TFCI and may be synchronise with our strategy and business & governance policies include, but are not limited to, the followings:

Environmental	Social	Governance
▪ Energy consumption and efficiency	▪ Enhancing customer experience & satisfaction	▪ Governance Framework
▪ Climate Change and carbon footprint	▪ Employees engagement & fair treatment	▪ Board Composition including its diversity and structure
▪ Waste Management	▪ Workplace health & safety	▪ Management Structure
▪ Water Conservation	▪ Diversity, Equity and inclusion(including anti discrimination)	▪ Business & accounting integrity, transparency
	▪ Data Protection and Privacy	▪ Regulatory Compliances and risk managements initiatives
	▪ Community engagements & relations	▪ Ethical business practices
	▪ Human Rights	

5.1 Environmental

(i) Energy consumption and efficiency:

Being a company in service industry, our own consumption of energy is not significant as y electricity consumption charges are part of monthly maintenance charges being levied by building

owning agency. TFCI has installed automated energy management equipment/solutions in office premises to reduce energy consumption. Further as a lending institution, we ensure that our borrowers use renewal energy in their business operations, built energy efficient LEED certified green building. During appraisal of the funding proposals, we consider whether the borrower uses or proposes to adopt latest technology, energy conservation measures or not. We recognise our role in the transition to a low-carbon economy and continue to strive to improve metrics such as greenhouse gas emissions and energy efficiency.

(ii) Water management

Water is essential to sustaining life, and we conserve and preserve freshwater while efficiently managing water usage and discharge across our operations. As Company policy, we have implemented across our workplace the WASH pledge (Water, Sanitation and Hygiene) to ensure that all our employees have access to safe water, sanitation, and hygiene at the workplace. We have installed low flow & sensor enabled water saving devices at all our office washrooms and pantry areas, to minimise the consumption of water.

(iii) Waste management

TFCI makes efforts to dispose waste in the most responsible manner. Electronic waste generated during business activities will continue to be disposed through authorized personnel and shall ensure that no hazardous electronic waste is sent to the landfill. TFCI is conscious of paper usage in its operations, transactions and customer communications. Our push to go digital across service and product lines will continue to reduce paper consumption, thereby reducing paper waste. We make all payments to our service providers, vendors, except few exceptions, through digital mode thereby keeping consumption of cheque stationary at minimal. Printing and photocopying operations by employees across large offices will also continue to be monitored and regulated to reduce wastage of paper. We encourage our employee to print on both side of papers and in case of draft printout/voucher printing, one side printed papers are used. TFCI will strive to reduce the use of all forms of plastic in its offices as well as in its promotional, marketing and outreach events. We not only minimise the amount of waste generated, but also ensure to recycle products for further use.

5.2: Social

(i) Enhancing Customer Experience & Satisfaction:

Customer centricity is at the core of TFCI's business ethos and value creation proposition. The Company is a NBFC offering financial products, hence it is ensured that adequate disclosures are made to its borrowers through loan agreements and documentations and through the corporate website. Being a NBFC, the Company also adheres to Fair Practice Code mandated by RBI which sets out the fair lending practices to be followed with borrowers, in matter related to application for loan and their processing, loan sanction, disbursement, post disbursement supervision and grievance redressal mechanism etc.

Further, TFCI's transparent and accessible grievance redressal mechanism ensures addressing customers concerns and feedback and will continue to sensitise its employees on prevention miscommunications, financial protection of customers and customer data privacy.

(ii) Employees Engagement & Fair Treatments to Employees

TFCI is committed to promoting a diverse, inclusive and equitable workforce where all employees and stakeholders, irrespective of their age, gender identity or expression, marital status, disability, sexual orientation, language differences, cultural background, caste, ethnicity, religious belief, socio-economic class, education, or their individual differences, feel included, valued and respected. We provide fair and equal employment and advancement opportunities to all its employees. We ensure a fair recruitment process that helps us identify and hire people with the right values, who are then groomed, encouraged and retained through a combination of financial and non-financial incentives to become valuable human assets to the corporation.

(iii) Career Progression and Employment Benefit

TFCI as an officer-oriented organisation has engaged only professionally qualified employees like MBAs, Chartered Accountants, Company Secretaries, Cost Accountants, LLB/LLM, MCA, B. Tech. Despite having talented pool of employees, TFCI is committed to invest in human capital to support continuous skill upgradation and employee's development. TFCI continues to support business relevant upskilling of the workforce through training. Employees career development will be supported with periodic industry relevant upskilling programmes and by providing support to employees to pursue relevant courses or programmes offered by external institutions, wherever applicable. TFCI is also committed towards providing an environment that is conducive to and promote training and development opportunities to all employees.

The company will continue to create an inclusive culture to ensure representation across gender, caste, creed, religion, region, physical ability. To encourage career development, help employees upskill and improve their talent pool's overall quality, the Company has performance appraisal system, promotion policy and job rotation policy. TFCI strives to align its HR practices with the best industry practices and at par with peers such as flexible work hours, performance linked incentives, medical leave, employees reward system etc.

Employees benefit act as a motivation at workplace and keeps the best talent sustained in the company. TFCI ensures that all the employees receive various short term, long term and post-retirement benefits.

(iv) Employees Health and Well Being

TFCI is committed to follow best practices of industry relating to health, safety and well-being of its employees and dependent family members and continue to take steps to promote a safe and conducive work environment, to provide guidance on occupational health and safety, appropriate healthcare benefits and medical cover etc. to all its employees.

(v) Woman Safety

TFCI has a zero tolerance Policy on Prevention of Sexual Harassment (POSH) to create awareness and to address any violation in this regard and an Internal Compliant Committee (ICC) that investigates cases of sexual misconduct, if any and investigate them through a fair and transparent process and take action against the erring employees. TFCI will continue to promoter and protect well-being of all women employees, especially women who are required to work late due to business exigencies.

(vi) Community & Society

In discharging its obligations as a socially responsible corporate, TFCI aims to improve quality of the life of the communities by creating a positive impact its economic, social and environment objectives.

The Company has a well defined 'Corporate Social Responsibility Policy' in lines with the provisions of the Companies Act, 2013 and rules made thereunder. TFCI endeavours to fully expend the CSR Budget as mandated in the companies Act, 2013, during a year. TFCI also encourages its employees to actively participate and contribute towards social good upliftment.

All CSR initiatives are pursued with focus on social beneficial projects to reach a wide spectrum of beneficiaries. TFCI carries out its CSR activities broadly in the areas of promotion of healthcare, education, skill development, women empowerment, environmental sustainability, sanitation, and hygiene, rural infrastructure developments etc. Further, TFCI also contributes towards improving health services and reducing malnutrition in various aspirational districts.

(vii) Transparency & Accountability to Stakeholders

TFCI acknowledges its responsibility to ensure that interest of all stakeholders are taken into consideration while taking decisions. The Company is committed to develop systems, processes and mechanisms to understand stakeholders' expectations and concerns, and redress their grievances in a fair and constructive manner.

By means of the Whistle Blower Policy, TFCI will continue to empower and encourage various stakeholders including employees, customers, suppliers, vendors, shareholders and other stakeholders to bring to the notice of the company, any issue involving compromise/violation of our code of conduct/ethical norms, legal or statutory provisions without fear of reprisal, retaliation, discrimination or harassment. TFCI constantly endeavours to optimise probity and integrity among employees and to promote transparency, fairness, and accountability in all operational areas.

(viii) Data Privacy and Cyber Security

The Company treats customers' data with utmost sensitivity and accords the highest standards of privacy and security against cybercrime and data theft. IT Security and Customer Data is a valuable asset and safeguarding business information and IT Infrastructure from any kind of cyber security threat is a top priority for the Company, and this is done through effective monitoring and implementation of risk mitigation measures. The Company's Information Technology Policy containing Cyber Security Policy include detailed directions to ensure the protection of business information at all levels. Backup and restore policy have been implemented to safeguard critical data. The policy also ensures that the usage of customer information is in compliance with various statutory and regulatory requirements. Our Business Continuity and Disaster Recovery Plan ensured that Company's operations remained functional during the COVID-19 induced complete lockdown phase when offices were not functional.

(ix) Human Rights

At TFCI, we recognise the important role businesses play in long-term human rights protection. We are committed to respecting the rights of our employees, communities, and those impacted by our operations wherever we do business (including our contractors and suppliers), in accordance with internationally recognised frameworks such as the Social Accountability 8000 International Standard and its associated international instruments. Our dedication necessitates that we protect human rights and do everything in our power to avoid contributing to human rights abuses; we seek to be vigilant in spotting and mitigating any negative effects we may have on people and the environment and resolving grievances from affected stakeholders effectively.

5.3 Corporate Governance:

(i) Board Structure & functioning

Our corporate governance framework is based on an effective and independent Board, which oversees the implementation of our strategies to ensure a sustainable future. The Board also works through various committees constituted to oversee specific functions. The senior management provides the Board detailed reports on the Company's performance periodically. As per the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India Act, our Board has constituted the Committees of the Board with specific terms of reference. We have established a formal mechanism to evaluate the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. A letter of appointment coupled with an induction kit is given to the Independent Directors at the time of their appointment, setting out their roles, functions, duties and responsibilities. The Directors regularly interact with the senior management to better understand the organisational set-up, functioning of various departments and internal control processes, among others. The details of the familiarisation programmes can be on our website.

The Board committees play a vital role in the effective compliance and governance of the Company in line with their specified and distinct terms of reference, roles and responsibilities. The Chairpersons of the respective committees report to the Board on the deliberations and decisions taken by the committees and conduct themselves under the supervision of the Board. The minutes of the meetings of all committees of the Board are placed before the Board for its perusal on a regular basis.

(ii) Board Diversity

With a diverse board comes a diverse set of ideas and we believe the values brought in by such a board help enhance the quality of its performance. At TFCI, the Nomination, Remuneration, and Compensation Committee has formulated this policy and is also responsible for reviewing and evaluating the composition and performance of the Board, as well as identifying suitably qualified individuals to serve on the Board. Diverse perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service, are considered when designing the Board's composition.

(iii) Governance Framework

- Effective and Independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees.

- The Board functions either as a full Board or through various Committees constituted to oversee specific functions.
- The Senior Management provides the Board and Committees detailed reports and updates the status of Company's performance, key regulatory developments and adherence to Compliance periodically.
- MD & CEO/WTD of the Company presents the performance of the Company and material developments on a quarterly basis and seeks direction and feedback on the operating metrics.
- Ensuring the integrity of accounting and financial reporting systems, including independent audit.

(iv) Management Structure

The Company's business is managed by a team of competent and passionate people, capable of enhancing Company's standing in the competitive market. The Company's employees have a defining role in significantly accelerating its growth and transformation, thereby enhancing its position as a leading financial institution funding to tourism projects and play a key role in development of tourism infrastructure in the country. The Company has a structured recruitment process. The focus is on recruiting people who have the right mindset for working supported by structured training programs and internal growth opportunities. The Company's focus is on unlocking the people potential and further developing their functional, operational and behavioural competencies. TFCI philosophy of building leaders from within continues to guide the actions towards identifying, developing, and nurturing talent. With greater emphasis on futuristic thinking, digital mindset and customer first approach while adhering to our culture and values, we are committed for continuous development/skilling of our employees.

(v) Business Ethics

Ethical business conduct is a material topic for us. Safeguarding the rights of our employees and other stakeholders is a top priority. We have instituted policies and programs to prevent anti-money laundering and corruption, related party transactions while promoting fair business practices.

(vi) Code and standards:

A comprehensive Code of Conduct ensures fair and transparent treatment for everyone across the Company. All our employees, including the Board and senior executives are expected to fully adhere to the principles contained in the Code of Conduct, which has been aligned across the Group. We provide regular awareness trainings on the Code and its implications through multiple modes of communication to our management and employees. Also, the Code of Conduct forms an important part of our process of onboarding employees, who are required to sign the Code as part of their employment contract. We also apply this Code of Conduct to our outsourced, contracted personnel and representatives on best endeavour basis.

(vii) Anti-corruption:

Corruption in the financial services sector involves money laundering, rate-rigging and tax evasion, all of which undermine public trust in financial institutions. Our Code of Conduct stresses on our zero tolerance policy against accepting or giving bribes of any kind. Additionally, it has a robust anti-money laundering rule with an established anti-fraud process along with a fraud reporting mechanism in compliance with Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. To effectively counter corruption and promote integrity, we follow rule-based approaches and complement it with measures such as Codes of Conduct, public oaths, building

incentives for integrity in remuneration packages and careful management of conflicts of interest. These measures are accompanied by strong oversight to ensure there is no impunity for wrongful behaviour.

(viii) Business Integrity & transparency

TFCI believes that high standards of corporate governance combined with ethical and transparent business processes leads to greater effectiveness and efficiency, and superior business outcomes.

TFCI shall meet all mandatory requirements and strive to meet most of the voluntary requirements on Corporate Governance which are in its ambit, as prescribed under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("SEBI LODR Regulations") and Secretarial Standards Issued by the Institute of Company Secretaries of India ("Secretarial Standard")

TFCI is also committed to a fair, uniform and universal disclosure and dissemination of unpublished price sensitive information in compliance with all applicable guidelines. Accordingly, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ensures disclosures of events and occurrences that would impact price discovery in the market no sooner than credible and concrete information comes into being in order to make such information generally available.

TFCI will continue to adopt and adhere to the best recognised corporate governance practices.

6. Financial assistance to ESG Compliant projects.

TFCI as a lending institution, apart from strengthening/adopting ESG standards & approaches in its business practices, shall encourages borrowers to adopt ESG norms in their business processes and as part of encouragement initiative, may consider funding to ESG compliant projects at marginally lower rate in compliance of its credit policy.

7. ESG Disclosure & Report

This policy shall be uploaded in company website www.tfcilttd.com under investor section. The Policy shall be reviewed as and when required to align with statutory requirement(s) and/or company's policies.