



Shubham Housing Development
Finance Company Ltd.

Environmental and Social Policy

Preamble

The system for integrating environmental and social (E&S) aspects in Shubham Housing Development Finance Company Ltd. (Shubham) business operations has been developed in two parts:

- *Part I: Environmental and Social Policy*
- *Part II: Environmental & Social Management System*

The E&S Policy document as Part I of the documentation presents the E&S Policy Statement of Shubham that translate the Policy to action. The Policy states Shubham's intentions on environmental and social aspects of the business. This Policy document may be circulated with Shubham's stakeholders.

The Environmental & Social Management System (ESMS) presented in Part II of the documentation has been developed to enable implementation of the E&S Policy. The ESMS Manual articulates the operational procedures to be adopted by Shubham for each transaction. The ESMS is an operational level document, that may need to be adapted in future and will remain internal to the Company.

Table of Contents

1	Introduction	5
1.1	About Shubham Housing Development Finance Company Ltd.	5
2	Background to E&S Policy	5
3	Reference Framework.....	5
4	Environmental and Social Policy Statement	7
5	Other Supporting Policies	7
6	E&S Policy Implementation Arrangement.....	8
6.1	Approval	8
6.2	Communication	8
7	E&S Policy Implementation.....	8
Annex 1: Shubham’s E&S Exclusion List.....		Error! Bookmark not defined.

Abbreviations

ADB	Asian Development Bank
CDC	Commonwealth Development Corporation
CITES	Convention on International Trade in Endangered Species
E&S	Environmental and Social
EHS	Environment, Health and Safety
EIB	European Investment Bank
ESMS	Environmental and Social Management System
GIIP	Good International Industry Practice
IFC	International Finance Corporation
ILO	International Labour Organisation
HR	Human Resources

1 Introduction

1.1 About Shubham Housing Development Finance Company Ltd.

Shubham Housing development Finance Company Limited (“Shubham” or “Company”) is a leading provider of housing finance established in 2010 and headquartered in Gurgaon, India. Shubham caters to Urban and Semi-urban segment that consists of rural, self-employed, and micro entrepreneurs. With the growth of Indian economy and urban migration, real estate rates have risen, and affordability has declined. Through its product portfolio, Shubham strives to address this gap and drive financial inclusion for this underserved segment. It offers affordable and customised housing finance solutions to those with informal incomes through new age credit programs.

Shubham’s loan products include home loans and loan against property.

2 Background to E&S Policy

Shubham recognises that activities of its borrowers have the potential to cause both adverse and beneficial Environmental and Social (E&S) impacts. In order to achieve its vision of being the preferred mortgage lender for families with informal incomes, the Company realises the need to address these E&S risks and impacts in a structured manner and take measures and initiatives at the appropriate stage.

These adverse impacts, if left unaddressed, could translate to credit risks and/or reputation risks for Shubham in the long run. There are also opportunities through downside risk management and upside value creation. This can help in brand differentiation, portfolio performance in terms of impact creation, stronger client relations, and increased loyalty.

Cognizant of this need, Shubham has developed an E&S Policy that states its commitment to integrating E&S considerations in its business operations. The E&S Policy has been developed in alignment with the national E&S laws and regulations and relevant E&S Good International Industry Practices (GIIP) and Investor’s E&S Safeguards.

3 Reference Framework

The E&S Policy for Shubham has been developed with reference to the following frameworks:

- Applicable national and local environmental and social (including Occupational, Health and Safety) related laws and regulations
- Good International Industry Practice (GIIP) requirements as applicable:
 - IFC Performance Standards, 2012
 - The World Bank Group General Environmental, Health and Safety (EHS) Guidelines, 2007 and relevant World Bank Group Industry Sector EHS Guidelines
 - ILO Conventions
 - CDC’s Code of Responsible Investing, 2017
 - ADB’s Safeguard Policy Statement, 2009

- ADB’s Social Protection Strategy, 2001
- European Investment Bank’s Environmental and Social Standards, 2018
- Client Protection Principles

Based on the consideration of all above frameworks, Shubham has developed its E&S Management System (ESMS) that is aligned to all above. The ESMS will follow an exclusion list as described in Annex 1 that is in line with the above reference framework.

For all loan transactions, the ESMS will be implemented in compliance to Indian regulations. However, in cases where international E&S safeguards listed above are applicable and there is a difference between Indian regulations and international E&S safeguards, more stringent of the two requirements would be adhered to.

The E&S aspects applicable to the Company’s focus areas are covered in the above listed reference framework and presented in **Figure 1-1**.



Figure 1-1: E&S Aspects of Reference Framework

4 Environmental and Social Policy Statement

The E&S Policy of Shubham underlines its aspirations as well as commitment towards integrating E&S considerations in its transactions.

Shubham Housing Development Finance Company Limited's Environmental and Social Policy

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.

[Signature]

Name and Designation:

Date:

5 Other Supporting Policies

Shubham has several policies that support the environmental and social policy and these are available on its website (www.shubham.co).

These policies are related to working relationship of Shubham and its employees, terms of employment and grievance mechanism. Annexure 1 of the HR manual covers Anti-Sexual Harassment Policy of Shubham in detail.

A Fair Practices Code is available on the website (that describes practices to be followed by Shubham to ensure fair and transparent dealings with its customers and is applicable to all its products and services. The objective of this code is to ensure that Shubham provides quality service and maintains transparency in its operations.

In addition to above, Shubham has developed a HR manual that describes policies, programs and norms that are to be adhered by employees of Shubham.

6 E&S Policy Implementation Arrangement

6.1 Approval

The E&S Policy have been formally approved and adopted by the Board of Directors at Shubham. The policy will be applicable to all loans extended by the Company from the date of approval.

6.2 Communication

The E&S Policy have been communicated to all employees through suitable training programs (induction and refresher) and communicated to other stakeholders, such as investors, borrowers, as relevant.

The E&S Policy have been disclosed to all stakeholders of Shubham through its website.

7 E&S Policy Implementation

Shubham has developed an ESMS to support implementation of the E&S Policy. The ESMS has been formally adopted by the Board and will be implemented in all loan transactions of the Company from the date of approval.

Under the ESMS, procedures for E&S risk identification, management and monitoring have been developed and supported by annexes and tools. The procedures have been mapped with the loan appraisal cycle of the company. The institutional structure with roles and responsibilities of various departments towards implementation of the ESMS has been outlined.

The E&S policy and its requirements will be audited as per existing internal audit processes of Shubham.

The E&S Policy will be reviewed and updated as required, at least once in three years, to ensure its adequacy, effectiveness, and suitability to the changing scenarios of environmental and social governance.

In case a need for revision in the E&S Policy is realized in the future, the revised policy document will need to be approved by the Board before its implementation.

Tool 1A: E&S Exclusion List (For Partial Applications)

Shubham Housing Development Finance Company Limited shall not finance the items listed below:

1. Production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans as defined in global conventions and agreements such as certain:
 - a) pharmaceuticals¹, pesticides and herbicides²
 - b) ozone-depleting substances³
 - c) polychlorinated biphenyls⁴ and other hazardous chemicals⁵
 - d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)⁶.
 - e) transboundary trade in waste or waste products⁷.
 - f) unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length
2. Production of, or trade in, arms (i.e., weapons, munitions or nuclear products, primarily designated for military purposes);
3. Production of, or trade in, alcoholic beverages, excluding beer and wine⁸;
4. Production of, use of, or trade in, unbonded asbestos fibres⁹;
5. Production of, or trade in, radioactive materials including nuclear reactors and components thereof; [*This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered to be trivial or adequately shielded*]
6. Prostitution;
7. Racist and/or anti-democratic media

¹ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

² A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

³ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁴ A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

⁵ A list of hazardous chemicals is available at <http://www.pic.int>.

⁶ A list is available at <http://www.cites.org>.

⁷ As defined by the Basel Convention; see <http://www.basel.int>.

⁸ This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

⁹ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

8. Any businesses, if any of the following activities represents a substantial portion of such business [for financial institutions, “substantial” means more than 10% of their underlying portfolio volumes]
 - a) Gambling, gaming casinos and equivalent enterprises⁸;
 - b) Tobacco⁸ or tobacco related products [except, in the case of tobacco production only, with an appropriate timeframe for phase out]; or
 - c) Pornography.
9. Production or activities involving harmful or exploitative forms of forced labour¹⁰/harmful child labour¹¹.
10. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests
11. Destruction¹² of high conservation value areas¹³
12. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

¹⁰ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

¹¹ Child labor means the employment of children whose age is below the host country’s statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 “Minimum Age Convention” (www.ilo.org).

¹² Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use; or (2) modification of a habitat in such a way that area’s ability to maintain its role is lost.

¹³ High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (<http://www.hcvnetwork.org>).

Tool 1 B: E&S Exclusion List (For Full Applications)

Shubham Housing Development Finance Company Limited shall not finance the items listed below:

1. Production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans as defined in global conventions and agreements such as certain:
 - g) Pharmaceuticals¹, pesticides and herbicides²
 - h) ozone-depleting substances³
 - i) polychlorinated biphenyls⁴ and other hazardous chemicals⁵
 - j) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)⁶.
 - k) transboundary trade in waste or waste products⁷.
 - l) unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length
2. Production of, or trade in, arms (i.e., weapons, munitions or nuclear products, primarily designated for military purposes);
3. Production of, or trade in, alcoholic beverages, excluding beer and wine⁸;
4. Production of, use of, or trade in, unbonded asbestos fibres⁹;
5. Production of, or trade in, radioactive materials including nuclear reactors and components thereof; [*This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered to be trivial or adequately shielded*]
6. Prostitution;
7. Racist and/or anti-democratic media
8. Any businesses, if any of the following activities represents a substantial portion of such business [*for financial institutions, "substantial" means more than 10% of their underlying portfolio volumes*]
 - d) Gambling, gaming casinos and equivalent enterprises⁸;
 - e) Tobacco⁸ or tobacco related products [*except, in the case of tobacco production only, with an appropriate timeframe for phase out*]; or
 - f) Pornography.
9. Production or activities involving harmful or exploitative forms of forced labour¹⁰/harmful child labour¹¹.

10. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests
11. Destruction¹² of high conservation value areas¹³
12. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats
13. Any project involving the following aspects below will be excluded from financing: Major infrastructure development this includes township projects developed over an area of 100 Acres' or road/rail/aviation infrastructure or bridge infrastructure or power and energy infrastructure
14. Project is not located inside the zero extinction sites¹⁴ –
 - a. Chambal Sanctuary
 - b. Singhad Fort
15. Project is not located inside the below cultural heritage sites¹⁵ –

States	Heritage Sites
Delhi	Humayun's Tomb
	Qutb Minar
	Red Fort Delhi
Gujarat	Champaner Pavagadh Archeological Park
	Rani ki Vav at Patan
Madhya Pradesh	Buddhist Monuments at Sanchi
	Khajurao Group of Monuments
	Rock Shelters of Bhimbetka
Maharashtra	Ajanta Caves
	Chhatrapati Shivaji Terminus
	Elephanta Caves
	Ellora Caves
Rajasthan	Hill Forts of Rajasthan
	Jantar Mantar Jaipur
Uttar Pradesh	Agra Fort
	Fatehpur Sikri Fort
	Taj Mahal

^{14, 15 and 16} The Zero Extinction Site, Cultural Heritage Site and Ecological Protected Areas are as per the the following states – (Delhi, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh). As and when Shubham enters new States, the list of all the three sensitive receptors will be updated from (Proximity to Protected Areas / Notified Eco-sensitive areas - <http://moef.gov.in/rules-and-regulations/esz-notifications/>, Zero Extinction Sites - <https://zeroextinction.org/site-identification/2018-global-aze-map/>, Cultural Heritage Sites - [https://www.indiaculture.nic.in/world-heritage#:~:text=The%20plurality%20and%20multiplicity%20of,the%20'Intangible%20Cultural%20Heritage'%20\(\)](https://www.indiaculture.nic.in/world-heritage#:~:text=The%20plurality%20and%20multiplicity%20of,the%20'Intangible%20Cultural%20Heritage'%20()))

16. The project is not located inside the below Ecological Protected Areas¹⁶ –

Chandigarh	City Bird Sanctuary	
	Sukhna Wildlife Sanctuary	
Delhi	Asola Bhatti Wildlife Sanctuary	
Gujarat	Marine National and Marine Sanctuary	
	Girnar Reserve Forest	
	Narayan Sarover Wildlife Sanctuary	
	Purna Wildlife Sanctuary	
	Vansda National Park	
	Barda Wildlife Sanctuary	
	Thol Bird Sanctuary	
	Shoolpaneshwar Wildlife Sanctuary	
	Porbandar Wildlife Sanctuary	
	Gaga Sanctuary	
	Nalsarovar Bird Sanctuary	
	Hingolgadh Wildlife Sanctuary	
	Velavadhar Wildlife Sanctuary	
	Khiladiya Wild life Sanctuary	
	Rampara Wildlife Sanctuary	
	Jessore Wildlife Sanctuary	
	Ratanmahal Wildlife Sanctuary	
	Jambugodha Wildlife Sanctuary	
	Kutch Bustard Wildlife Sanctuary	
	Wild Ass Sanctuary	
	Kutch Desert Sanctuary	
	Haryana	Sultanpur National Park
		Khol hi Raitan Wildlife Sanctuary
Bir Shikargarh Wildlife Sanctuary		
Khaparwas Wildlife Sanctuary		
Kalesar Wildlife Sanctuary		
Bhindawas Wildlife Sanctuary		
Chhilchhila Wildlife Sanctuary		
Asola Bhatti Wildlife Sanctuary		
Madhya Pradesh	Son Gharial Wildlife Sanctuary	
	Gandhi Sagar Wildlife Sanctuary	
	Ghatigaon Hukna Wildlife Sanctuary	
	Satpura Tiger Reserve	
	Dinosaur National Park	
	Panpatha Wildlife Sanctuary	
	Bagdara Wildlife Sanctuary	
	Ghughua Fossil National Park	
	Ken Garial Wildlife Sanctuary	
	Madhav National Park	

	Sanjay Dubri Wildlife Sanctuary
	Karera Wildlife Sanctuary
	Nauradehi Wildlife Sanctuary
	Singhori Wildlife Sanctuary
	Van Vihar National Park
	Narsingharh Wildlife Sanctuary
	Orchha Wildlife Sanctuary
	Kheoni Wildlife Sanctuary
	Pench Moigali Sanctuary
	National Chambal Sanctuary
Maharashtra	Nagzira Wildlife Sanctuary
	Painganga Wildlife Sanctuary
	Autramghat Wildlife Sanctuary
	Karnala Wildlife Sanctuary
	Umred Karhandla Wildlife Sanctuary
	Gangewadi New Great Indian Bustard Sanctuary
	Phansad Wildlife Sanctuary
	Bhamragarh Wildlife Sanctuary
	Yedshi Ramling Ghat
	Anerdam Wildlife Sanctuary
	Dyanganga Wildlife Sanctuary
	Andhari Wildlife Sanctuary
	Sagareswar Wildlife Sanctuary
	Kalsubai Harishchandragad Wildlife Sanctuary
	Melghat Tiger Reserve
	Tipeshwar Wildlife Sanctuary
	Sanjay Gandhi National Park
	Jaikawadi Bird Sanctuary
	Mansinghdeo Wildlife Sanctuary
	Lonar Wildlife Sanctuary
	Yawal Wildlife Sanctuary
	Tungareshwar Wildlife Sanctuary
	Great Indian Bustard Sanctuary
	Bhimashankar Wildlife Sanctuary
Punjab	Bir Dosanjh Wildlife Sanctuary
	Abohar Wildlife Sanctuary
	Bir Moti Bagh Wildlife Sanctuary
	Harike Wildlife Sanctuary
	Jhajjar bachauli Wildlife Sanctuary
	Bir Ashwan Wildlife Sanctuary
	Bir Gurdiwalpura Wildlife Sanctuary
	Kathlaur Kushalia Wildlife Sanctuary
	Bir Bhunerheri Wildlife Sanctuary
	Takhni Rehampur Wildlife Sanctuary
	Bir Mehas Wildlife Sanctuary
	Bir Bhadson Wildlife Sanctuary
	Nangal Wildlife Sanctuary

Rajasthan	Bondh Baretha Wildlife Sanctuary
	Todgarh Raoli Wildlife Sanctuary
	Van Vihar Wildlife Sanctuary
	Nahargarh Wildlife Sanctuary
	Jaisamund Wildlife Sanctuary
	Sajjangarh Wildlife Sanctuary
	Keoladeo Wildlife Sanctuary
	Sitamata Wildlife Sanctuary
	Jamwaramgarh Wildlife Sanctuary
Uttarakhand	Nanda Devi National Park
	Gangotri National Park
Uttar Pradesh	Okhla Bird Sanctuary
	Kaimur Wildlife Sanctuary
	Bhakira Wildlife Sanctuary
	Lakh Bahosi Bird Sanctuary
	Sandi Bird Sanctuary
	Nawabganj Bird Sanctuary
	Samaspur Wildlife Sanctuary
	Ranipur Wildlife Sanctuary
	Saman Bird Sanctuary
	Parwati Agra Wildlife Sanctuary
	Sohagi Barwa Wildlife Sanctuary
	Chandraprabha Wildlife Sanctuary
	Jai Prakash Narayan Bird Sanctuary
	Patna Bird Sanctuary
	Hastinapur Wildlife Sanctuary
	National Chambal Wildlife Sanctuary
Vijay Sagar Bird Sanctuary	
Soor Sarovar Bird Sanctuary	