



IIFL
HOME LOAN

REVIVING THE AFFORDABLE, ACCESSIBLE, SUSTAINABLE LANDSCAPE OF INDIA

IIFL Home Finance Limited
Sustainability Report FY 2020-21

Affordable. Accessible. Sustainable.

We, at IIFL Home Finance Limited, recognize the dream of owning a home that millions of people share. We strive to help people realize this dream through our home loans. As conscious enablers of financial inclusion, we recognize the critical role we play in serving the underserved and economically weaker sections of our society through accessible loan offerings. Ensuring a secure future for the communities we operate in is a vital part of our vision.

Our aim is to nurture and promote sustainable practices within our product offerings and stakeholder engagements. We have adopted the philosophy of 'Complete Profitability' to guide our vision of creating efficiency through focused efforts in our four pillars of growth – namely - Employees, Organization, Society, and Environment. By employing innovative, responsible, and ethical business strategies, we remain committed to building sustainable value for all our stakeholders. Through every initiative, we are moving a step closer to fulfilling our core purpose of creating an affordable, accessible, and sustainable world.



About the Report

IIFL Home Finance Limited (hereafter referred to as 'IIFL Home Finance', 'IIFL HFL', 'we', 'our' or the 'Company') is proud to present you its first annual Sustainability Report for Financial Year (FY) 2020-21. The report describes IIFL HFL's approach, progress, and the way forward to building a responsible and resilient housing finance company. This report has been prepared in accordance with GRI Standards: Core Option and additional relevant standards as prescribed by Sustainability Accounting Standards Board (SASB).

At IIFL HFL, we recognize the importance of adopting a responsible business strategy to ensure sustainable growth of our business and our stakeholders, including our customers and the communities we serve. The report highlights initiatives that aim to address environmental, social, and governance topics which are of material importance to both, our stakeholders and our business. The sustainability disclosures presented in the report covers the performance of IIFL Home Finance's operations, spread across 125 branches in 17 states of India. The environment data presented in the report, i.e., energy and emissions, and water consumption pertains only to our Gurugram office.

This Sustainability Report furnishes key information identified with respect to our business strategy, value creation, performance, risks, and opportunities during the reporting year, i.e., April 1st, 2020 to March 31st, 2021. We have followed the principles of stakeholder inclusiveness, materiality, sustainability context, and comprehensiveness for the development of this report.

In case of any queries, feedback, questions, or comments related to any information disclosed within this report, please write to us at: esg@iifl.com.



| | |
|---|----|
| Affordable. Accessible. Sustainable. | 01 |
| About the Report | 02 |
| Message from Monu Ratra | 04 |
| Sustainability Performance Highlights | 06 |
| Achievements and Honours | 07 |
| <hr/> | |
| 01 About IIFL Home Finance Limited | 08 |
| 01.1 Our Reach | 11 |
| 01.2 Our Offerings | 12 |
| 02 Complete Profitability - An ESG Initiative | 13 |
| 02.1 ESG Framework | 13 |
| 02.2 Unraveling Opportunities | 14 |
| 03 Our Approach to Sustainability | 15 |
| 03.1 Stakeholder Engagement | 15 |
| 03.2 Our Approach to Materiality | 17 |
| 04 Corporate Governance | 22 |
| 04.1 Overview | 22 |
| 04.2 Risk Management | 26 |
| 04.3 Regulatory Compliance | 27 |
| 04.4 Anti-Corruption | 27 |
| 05 Our Prompt Response to COVID-19 | 28 |
| 06 Organization: Catering to Customer Needs Digitally | 31 |
| 06.1 Our Approach | 31 |
| 06.2 Catering to Customer Needs | 31 |
| 06.3 Digital Interventions | 32 |
| 06.4 Engaging with the Supply Chain | 34 |
| 06.5 Economic Performance | 35 |
| 07 Employees: Team That Makes Sustainability Accessible | 36 |
| 07.1 Our Approach | 36 |
| 07.2 Supporting Our People | 37 |
| 07.3 Developing Leaders for Tomorrow | 40 |
| 07.4 Fostering a Culture of Inclusivity | 43 |
| 08 Environmental Responsibility that Leads to Sustainability | 44 |
| 08.1 Our Approach | 44 |
| 08.2 Case Study: Handcrafting Green Homes – Migsun Wynn | 46 |
| 08.3 Environmental Impact | 48 |
| 09 Social Contribution: Driving Positive Change in Communities | 50 |
| 09.1 Our Approach | 50 |
| 09.2 Promoting Education of the Underprivileged | 52 |
| 09.3 Support to Educational Research Programs | 52 |
| 09.4 Fight against Outbreak of COVID-19 Pandemic | 53 |
| 09.5 Sustainable Livelihood | 53 |
| 09.6 Social Impact of Financial Services | 53 |
| 10 Embracing Sustainability | 55 |
| 11 GRI Index | 56 |
| 12 Abbreviations | 60 |

Message from Monu Ratra¹



MONU RATRA

ED & CEO,
IIFL Home Finance Limited



WE WANT TO GO BEYOND PROFITABILITY AND CONTRIBUTE TO (UN) SDGs BY CREATING SUSTAINABLE VALUE FOR STAKEHOLDERS IN THE LONG TERM. 

Dear Stakeholders,

I am delighted to present to you IIFL Home Finance Limited's first Sustainability Report for FY 2020-21. The report provides insight into the progress made by us towards fulfilling our Social, Governance, and Environmental responsibilities.

The past year has brought in extraordinary challenges and uncertainties for people and communities across the globe. As this relentless pandemic is impacting lives of millions of families, we are now also dealing with the immediate impacts of Climate Change. The ensuing climate crisis has the potential to disrupt the lives of our people, customers, and communities, while having long-term implications on our business.

The severity and pace of these events further highlights the important role we have to play in supporting both the immediate and the long-term recovery of our customers, communities, and the economy. Our commitment towards responsible business practices and good corporate governance, has guided us in these times to deliver on our responsibilities as we have continued to focus on delivering technology enabled services that are affordable, accessible, and sustainable.

Our undeterred commitment towards inclusion of marginalized sections has resulted in enabling housing access to more than 28,500 customers through Secured Business Loans. In our efforts to offer accessible service offerings, we are leveraging 'Kutumb' for aligning our strategy of supporting green affordable housing with the national mission of 'Housing for All'.

As a part of our support towards United Nations Sustainable Development Goals (UN SDGs), we have embedded Environmental, Social, and Governance (ESG) considerations within our business planning and activities through a structured ESG Framework. This is a part of our overarching strategy 'Complete Profitability- An ESG initiative', which reflects the impact we create through our initiatives in the short, medium, and long-term, by allowing us to capture the significant environmental, social, and economic impacts from our operations. Our four pillars of success, i.e., Employees, Organization, Society, and Environment under Complete Profitability allow us to catalyze growth and create operational efficiency.

Our ability to respond to the unique challenges which arose as an outcome of the pandemic is largely due to our culture that appropriately balances stakeholder needs and expectations. As soon as the first case was detected in the country, our Board became vigilant and was constantly monitoring the situation across the nation. Systems, processes, and mechanisms were readily conceived to deal with the situation. I am pleased to inform you that the systems worked efficiently as our teams constantly interacted, maintained contact with customers, and successfully kept the IT infrastructure running with all due consideration to precautionary measures.

In dealing with significant impacts of the pandemic, our immediate priority was to ensure the health and safety of our people and customers. We moved quickly to implement measures like remote working to ensure that we contributed to curbing the spread of the novel COVID-19. In order to ensure business continuity and improve the experience for customers from the comfort of their homes, we leveraged technology to move our people to digital and virtual platforms. The transition to a digital footprint of applicants also allowed us to save on physical documentation - leading to a paperless process - and saving nearly 3.90 tons of paper.

¹ GRI 102-14

More broadly, this year we extended support to customers facing financial hardships due to the pandemic and the subsequent lockdown. Upon the announcement of the first financial package, the government announced a moratorium on interest payments of all term loans for six months. We were amongst one of the first financial institutions to engage with our customers to pass on these benefits.

This year we continued to welcome regulatory changes that improve outcomes for customers. We regularly engaged with government agencies and peers on aspects impacting our business and key stakeholders. This was done through 'PURPOSE', a unique platform which we developed to facilitate dialogue and collaboration among building design, sustainability, construction, and finance practitioners. By focusing on policies pertaining to green affordable housing, the platform helps provide strategic, directional inputs to support the development of an ecosystem for green affordable housing in India. In addition, this year also saw the launch of the 'Building Green' Handbook, IIFL HFL's guide to Sustainable Affordable Housing.

Although, we witnessed a short-term stress in the operating environment, our strong relationship with customers and partners, and strong financials supported a swift market recovery. Our consolidated revenue from operations stood at ₹19,569.60 million in FY 2020-21. Our business continued to generate robust cash flows at ₹4,123.20 million, while total cash assets stood at ₹159.77 billion as of March 31st, 2021.

As we enter the 15th year of IIFL Home Finance's operations, our efforts to support the community in which we operate become greater. The IIFL Foundation has continued to make an impact in the thematic focus areas of sustainable livelihood, education, financial literacy, and awareness on environmental sustainability. Our role has progressively grown from being just a resource provider to a facilitator and now an enabler for driving socio-economic growth in the communities where we operate.

This year, we continued to drive a positive social change through leveraging digital platforms for our CSR activities. Our flagship program 'Sakhion ki Baadi', aimed at instituting female literacy, especially in marginalized communities, was able to extend its reach to over 29,000 beneficiaries at over 990 centres.

Going forward, we shall continue to strive to drive value through innovation, digitization, and sustainability across our business. I would like to thank all our employees and business partners who have contributed to our growth on this journey. We look forward to your feedback and suggestions, as we forge ahead on this path.









Regards,

MONU RATRA

ED & CEO,
IIFL Home Finance Limited

Sustainability Performance Highlights²

This section highlights IIFL HFL's performance based on the four pillars of 'Complete Profitability'.

| | | | |
|---|---|--|---|
|  <p>ORGANIZATION</p> | <p>₹206.94 Billion Assets Under Management (AUM) [12% Growth from Last FY]</p> | <p>₹17.78 Billion Revenue</p> | <p>₹4.01 Billion Profit After tax (PAT)</p> |
| | <p>1.72% Gross NPA</p> | <p>136.77% Coverage Ratio</p> |  |
| | <p>99% Digital On-boarding</p> | <p>₹1.7 Million Average Ticket Size (Home Loan)</p> | |
|  <p>EMPLOYEES</p> | <p>1,770 Employees</p> | <p>Great Place to Work For 3rd Time in a Row [FY 2020-21]</p> | <p>4 Million Reach of #MereGharSe Initiative</p> |
| | <p>270+ Employee Engagement Interventions</p> | <p>100% Employees Performance Reviews</p> |  |
|  <p>SOCIETY</p> | <p>71,500+ Women Borrowers /Co-borrowers</p> | <p>₹10.26 Billion Credit Linked Subsidy Scheme (CLSS) Facilitated</p> | <p>141,593 Customers Served</p> |
| | <p>₹54.03 Billion Amount Disbursed</p> | <p>43,000+ CLSS Beneficiary Families</p> | <p>4,408 Number of customers – Green Mortgage</p> |
|  <p>ENVIRONMENT</p> | <p>1,000+ Participants Engaged Through e-Kutumb</p> | <p>780,000 Paper Sheets Saved with Digital Lending Initiatives</p> | <p>13 Pre-certified Green Projects under Green Value Partnership (GVP)</p> |

²All the financial numbers presented in the report should be read as '₹ million unless otherwise specified'

Achievements and Honours



BEST AFFORDABLE HOUSING FINANCE COMPANY OF THE YEAR

ET Now World BFSI Congress and Awards 2020



ET NOW BEST-IN-CLASS AFFORDABLE HOUSING AWARDS 2020

Best Housing Finance Company of the Year



WORLD CSR CONGRESS & AWARDS 2020

Developing Sustainable Strategies by ET Now



6TH STRATCOMM ASIA SUMMIT & AWARDS 2020

Most Innovative use of Social & Digital Media



ECONOMIC TIMES & GLOBAL MARKETING EXCELLENCE AWARDS 2020

Best CSR initiative by a brand



IGBC GREEN CHAMPION AWARDS 2020

Green Champion



GLOBAL REAL ESTATE CONGRESS AWARDS 2021

Housing Finance Firm of the Year



BUSINESS LEADER OF THE YEAR AWARDS 2021

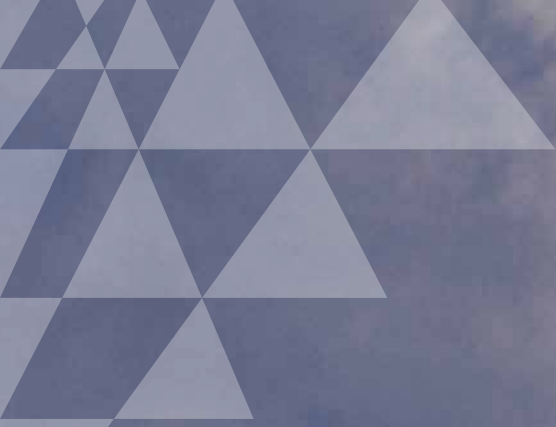
Business Women of the Year Award



ECONOMIC TIMES BEST BFSI BRANDS 2021

Best BFSI Brands of 2021





Our core

- 01 About IIFL Home Finance Limited
- 02 Complete Profitability - An ESG Initiative
- 03 Our Approach to Sustainability

01 About IIFL Home Finance Limited³

IIFL Home Finance Limited, a fully-owned subsidiary of IIFL Finance Limited, was incorporated in 2006 and registered in 2009 with National Housing Bank (NHB). The Company is one of India’s leading housing finance companies and is a preferred choice of customers across India for affordable home loans.

Our product suite is quite innovative, comprehensive in nature and sets us apart from the competition. Our portfolio includes small ticket sized Home Loans, Secured Business Loan, and Green Affordable Housing Project Loan. IIFL Home Finance focuses on the needs of marginalized sections of the society through accessible home loans, an extensive pan-India distribution network, efficient technology-led operations and transparent processes.

We continue to deliver unparalleled customer experience with robust asset quality, ethical business approach and responsible social and environmental practices. We share and imbibe the core values of our Group that guide our business strategy.

We share leading practices within our industry and participate regularly in industry fora. Our parent company, IIFL Finance is a member of the Federation of Indian Chambers of Commerce and Industry (FICCI), the Associated Chambers of Commerce and Industry (Assocham), the Confederation of Indian Industry (CII) and Forum for Indian Development Cooperation (FIDC).

Vision⁴ | **‘TECHNOLOGY ENABLED ORGANIZATION WITH FOCUS ON LOW-TICKET AFFORDABLE HOUSING LOAN’**

Our Values

| | | |
|---|--|--|
| <p style="font-weight: bold; margin: 5px 0;">Fairness</p> <p style="margin: 0;">In all transactions with all stakeholders</p> | <p style="font-weight: bold; margin: 5px 0;">Integrity</p> <p style="margin: 0;">In letter, in spirit, and in all our dealings with people, internal or external</p> | <p style="font-weight: bold; margin: 5px 0;">Transparency</p> <p style="margin: 0;">In all our dealings with stakeholders, media, investors, and the public at large</p> |
| <ul style="list-style-type: none"> Strong policies and tools Objective performance assessment Multiple platforms and forums to express opinions and concerns | <ul style="list-style-type: none"> Policies and continuous trainings on IIFL Code of Conduct for employees | <ul style="list-style-type: none"> Multiple platforms and forums Seamless integration across digital platforms for clear vision Strong inter-linkages between departments |

³ GRI 102-1, GRI 102-2, GRI 102-12

⁴ GRI 102-16



As a responsible housing finance company, being in the 'Decade of Action'⁵, we are making conscious efforts to contribute to the global goals to deliver the 2030 Agenda for Sustainable Development through our business operations. We acknowledge and embrace the United Nations Sustainable Development Goals (UN SDGs) and have aligned our major efforts with 4 of the 17 UN SDGs as presented in this report. However, we also contribute partially to other SDGs which are highlighted in further sections of this report.

⁵ The decade from 2020 to 2030 has been declared as the 'Decade of Action' by the United Nations to accelerate efforts to deliver on the ambitious, universal, and inclusive 2030 Agenda for Sustainable Development

Our Contribution Towards UN Sustainable Development Goals



- 118,000+ loans to first-time home buyers till date
- 91,600+ affordable housing units funded across India through Home Loans
- Greater access to finance in Tier-2 and sub-urban markets using Fintech solutions
- Providing end-to-end support and no cost consultation on green building methodologies via our Green Value Partner (GVP) model



- 38,500+ loans to informal income segment
- 71,500+ Home Loans disbursed to women owners/co-owners
- 110+ families of construction workers benefited through learning centre-cum-crèche facilities at sites
- AI Chabot to facilitate transparency & engagement between employees & senior management
- Introduction of paternity leaves



- Facilitated 43,000+ beneficiary families with over ₹10.26 billion of Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana - Housing for All
- 8,600+ approved affordable housing facility
- 8,900+ Home Loans disbursed in backward markets/locations, contributing towards "Housing for All" mission
- Collaborating with various state governments to advocate housing financing for economically weaker section (EWS)



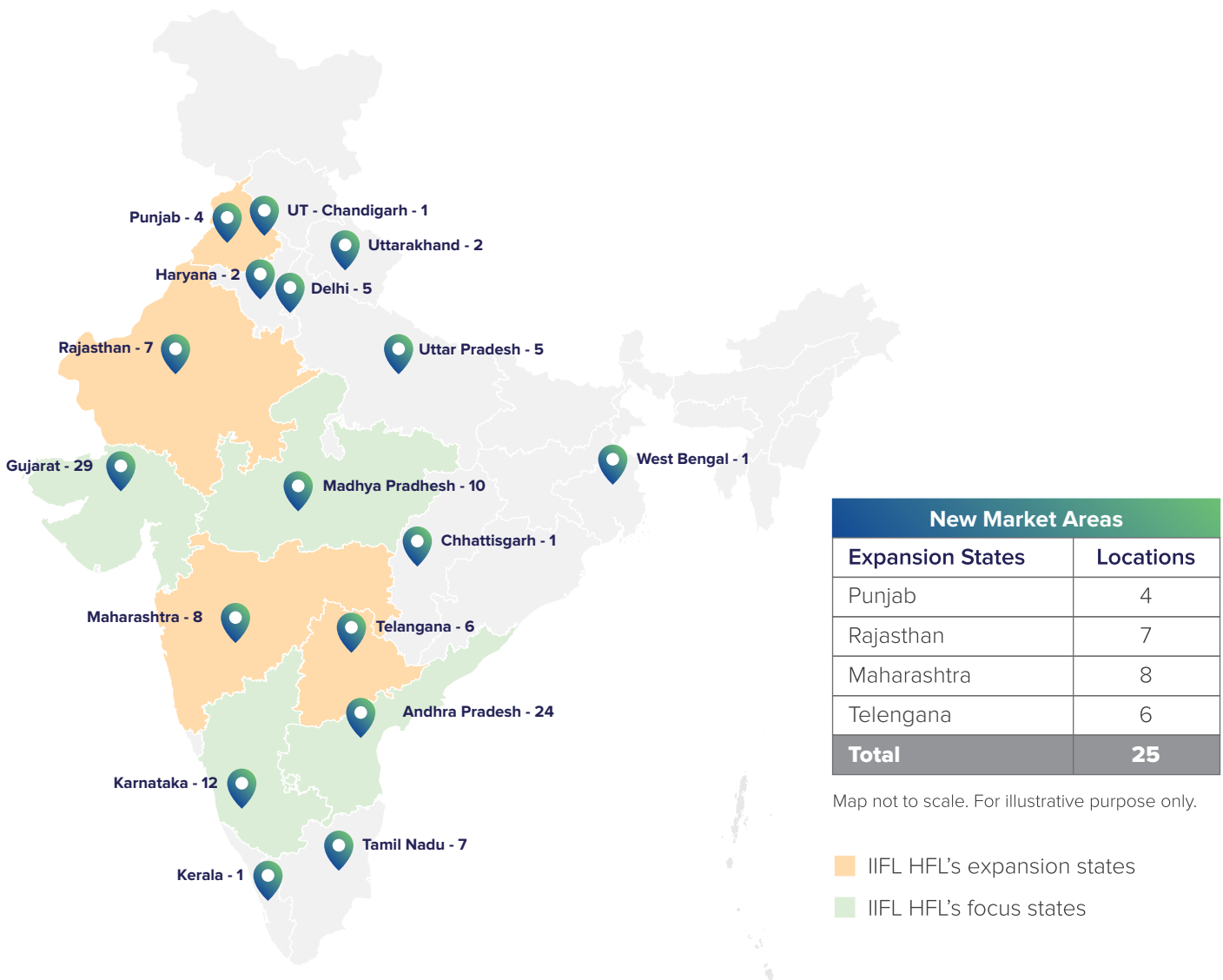
- Construction of 11,000+ green dwelling units, reducing 7,284 tons of carbon di-oxide emission per year, and saving 457,350 kiloliters of water every year
- 75-80% diversion of waste to landfill
- Launched virtual e-Kutumb; a platform to create awareness of affordable green building and its impact on climate change

01.1 Our Reach⁶

Physical Reach

We boast of an extensive distribution network of over 125 branches across 16 states and 1 union territory, which enables us to hold a strong outreach across the country. We reach out to the deepest corners of the country and fulfill the credit needs of economically weaker sections (EWS), lower- and middle-income groups (LIG, MIG) conveniently. We leverage IIFL group's vast network of 2,377 touch points to look out for potential customers across the social spectrum.

Market Presence



With an intent of serving all income segments and enabling financial inclusion, we have considered 4 states as our focus states and are in the process of expanding into these new market areas across the country.

Digital Reach

We have strategically ventured into our digital technologies to complement and expand our physical network, thereby enhancing customer experience. Leveraging our digital solutions, IIFL HFL has offered loans in Tier-2 and Tier-3 cities using the tab-based approach within which a sales executive can deliver a sanction letter to a customer with on-the-spot online documentation and complete the loan process. Further, with our digital solutions and FinTech capabilities customers remain updated about their loan details, and get their queries resolved without having to visit a branch physically. Our swift digital embrace helped in delivering seamless services to our customers during the lockdown restrictions.

⁶ GRI 102-6

01.2 Our Offerings⁷

Our offerings comprise of a comprehensive set of services to different segments in various geographical locations of India. Our customized products and services transform the lives of millions of customers by realizing their dream of owning a home.



Home Loan

Our Home Loan offerings are customized to the needs of the customer and range from buying a new home, renovating an existing home, constructing on pre-owned land, and purchase of land for building a house. We primarily cater to the housing needs of salaried, self-employed, and professionals. Our products are designed to serve customers from underserved categories, in alignment with national initiatives such as Pradhan Mantri Awas Yojana (PMAY)⁸, Rural Housing Interest Subsidy Scheme (RHSS)⁹ and Beneficiary-led Construction (BLC).



Secured Business Loan

Secured Business Loans serve the needs of small and medium enterprises for meeting working capital requirements, business use, and purchase of a commercial property. Mortgage of residential or commercial properties acts as collateral for the loans. We provide small ticket loans for lower income segments like small traders and garment shop owners, to name a few, ensuring our contribution towards the Atma Nirbhar Bharat Abhiyan (a National Mission launched by the Government of India focusing on increasing India's self-reliance).



Housing Project Loan

We offer Project Loans to meet the construction expenses of affordable housing projects. While working with developers, we play a critical role in promoting green building practices and ensuring Environmental, Social, and Governance (ESG) compliances in the funded projects. We also collaborate with developers for availing credit to property buyers under the retail home loan category.

We are conscious of our responsibility towards the environment and are judicious in natural resource consumption. All our offerings include stipulations embedded into them, that enable our customers to make a responsible choice.



⁷ GRI 102-2

⁸ PMAY: A flagship mission of Government of India implemented by the Ministry of Housing and Urban Affairs to address the urban housing shortage among economically weaker sections of the society.

⁹ RHSS: The Government of India (GoI) has envisioned 'Housing For All' by 2022 wherein every house in rural areas will live in dignified conditions with basic amenities of water, sanitation and electricity. The is providing institutional finance under the Rural Housing Interest Subsidy Scheme (RHSS).

02 Complete Profitability - An ESG Initiative

Sustainability is a business imperative for resilience, thereby paving a path for shared and inclusive growth. At IIFL HFL, our sustainability strategy is governed by the idea of 'Complete Profitability – An ESG Initiative'. Complete Profitability unveiled as the new DNA of IIFL HFL, is a reflection of the 'impact' made through various initiatives which HFL drives towards enrichment and growth of its four pillars of success, i.e., Employees, Organization, Society, and Environment. Our motto is to achieve 'Complete Profitability' across all four aforementioned pillars, allowing us to catalyse growth and create operational efficiency.

Complete Profitability - 4 Pillars of Success

EMPLOYEES

- Learning and Development
- Growth
- Gender Diversity
- Right Values



SOCIETY

- Financial Inclusion
- Financial Literacy
- Women Empowerment
- Housing for All

ORGANIZATION

- Financial, Ethical and Sustainable Growth
- Constant Innovation

ENVIRONMENT

- Environmental and Health Impact
- Sustainable Development
- Responsible Investment

02.1 ESG Framework

Our integrated vision and focus on efficiency, management, and productivity through our 'Complete Profitability' model has laid the path of creating value by incorporating Environment, Social, and Governance (ESG) initiatives within our business ecosystem. The ESG framework lays the foundation for integrating critical ESG aspects in our core business functions and operational boundary. The approach adopted under the model brings on board not only our employees and customers, but also the environment and the immediate ecosystem in which we operate.



Environment Consideration:

Our objective is to minimize our natural resource footprint and carbon emissions, to promote strategies that encourage these reductions, and help mitigate impacts of climate change. In support of this objective, we launched a Green Building Initiative 'Kutumb' to reduce the environmental footprint of our construction finance loan portfolio by focusing on promoting sustainable and energy-efficient real estate development.



Social Consideration:

We are committed to conducting business in an affordable, accessible, and sustainable manner. Our products are designed around a philosophy that truly understands the borrower's ecosystem and caters to their needs. Our offerings under Secured Business Loans have been developed keeping in mind the socio-economic backgrounds of our customers. We also continue to promote women empowerment, employee welfare, and occupational health and safety programmes.



Governance:

We have developed a sound and a robust governance structure, with clear roles and responsibilities that showcase adherence to business ethics through our detailed policies and procedures on anti-corruption, anti-bribery, data protection, and customer privacy norms amongst other policies. Not limiting ourselves to compliance requirements, we aim to go beyond, by continuing to adapt to ever-evolving international ESG parameters and standards.

02.2 Unraveling Opportunities

'Complete Profitability' strives to unravel new opportunities through initiatives that enable a green affordable housing ecosystem. Kutumb, GVP, and PURPOSE are the key pillars of IIFL HFL's effort to accelerate the adoption of Green Building concepts in India.



Kutumb

A revolutionary platform developed by IIFL HFL, 'Kutumb'; which means extended family in Sanskrit, is a thought and vision of good living for tomorrow. It is a motivator for institutionalizing green technology and environment friendly sustainable living that focuses on the needs, efforts, and initiatives to promote sustainable and energy efficient real estate development in the affordable housing sector.

It exists to create collaborations between various stakeholders of sustainable and affordable housing in India, and increase awareness about green buildings and technologies. This unique platform blends the benefits of Green Building with affordable housing, while supporting the national vision and mission of 'Housing for All'. It also enables responsible financing by building awareness, educating the stakeholders, and ensuring the implementation of green building projects.



Green Value Partner

The Green Value Partner (GVP) initiative provides end-to-end assistance on green building practices to developers operating in the housing sector. We work with the developer, throughout a project's lifecycle, to ensure successful realization of the project's vision and efficiencies. We pay a special emphasis on achieving Green Building Certification from competent green building authorities operating in India.

The platform also provides a monitoring and audit mechanism ensuring support and assurance to the entire team. The GVP programme team comprises of competent technical experts with architecture, green building, and construction experience.



PURPOSE

PURPOSE (Platform for Green Affordable HoUsing & Finance, Through Research, Policy & TechnOlogy for Sustainable Ecosystem) is a strategic initiative to contribute and develop an ecosystem for green affordable housing in India. The objective of constituting PURPOSE is to bring experts from varied domains of building design, sustainability, construction, and finance, to create an advisory council to influence policies at all levels of implementation pertaining to green affordable housing.

We leverage the platform for promoting the evolution of green affordable housing policies and certifications, and supporting innovation in cost-effective green building materials, technologies, and strategies for awareness and market transformation. PURPOSE is also used for developing innovative financial structures to help create an ecosystem for sustainable development.

03 Our Approach to Sustainability

The transition towards sustainable business is a collective and collaborative responsibility. Our values of Fairness, Integrity, and Transparency (FIT) govern our stakeholder engagement practices that encourage open dialogue. We want to create sustainable value for all our stakeholders and foster long-term partnerships. Stakeholder engagement is central to our business and deeply embedded across our policies, processes, and operations and is therefore the natural starting point for identifying our material topics.

03.1 Stakeholder Engagement¹⁰

We have identified our stakeholders based on the impact and influence they have on our business. We engage with them, seeking their inputs and insights to inform our material topics. These stakeholders belong to diverse groups, such as the government, employees, suppliers, customers, shareholders and investors (including Development Financial Institutions), and the community at large. Understandably, these stakeholders have varied expectations from us, and knowing exactly how to manage and address those expectations is crucial to our sustainability performance. Understanding the materiality of our stakeholder's concerns and expectations helps us shape our interventions, policies, and programmes accordingly.

Our Stakeholder Groups



Customer / Clients



Employees



Suppliers / Vendors
/ Contractors



Communities / NGOs



Developers



Investors / Shareholders



Regulators



Industry Peers



Media












Government



¹⁰ GRI 102-40, GRI 102-42, GRI 102-43

Our approach, to engage with our stakeholders, is in line with our business strategy, addressing emerging trends and issues that may impact our business and community.

| Stakeholder Group | Needs and Expectations of our Stakeholders | Engagement Mode and Frequency |
|---|--|--|
|  <p>Customer / Clients</p> | <ul style="list-style-type: none"> › Products that cater to their social and financial requirements Competitive interest rates › Ease of transaction across channels › Fair and responsive grievance redressal mechanism › Transparent information and communication › Faster loan processing and leaner documentation | <ul style="list-style-type: none"> › Engagement on a continuous basis › Virtual platform: Inbound calls, emails, customer portal, mobile app, chat-bot › Physical platforms: In person interaction with customers via physical visit to branch office › Customer feedback, complaints, and services request are channelised for further processing via automated online portal |
|  <p>Employees</p> | <ul style="list-style-type: none"> › Healthy work culture and job satisfaction › Competitive pay › Equal growth opportunities | <ul style="list-style-type: none"> › Employee feedback and communication › Town hall with senior leadership › Mid-year and annual review › Internal Human Resource Management system › Learning and development initiatives |
|  <p>Suppliers / Vendors / Contractors</p> | <ul style="list-style-type: none"> › Ethical practices and appropriate quotes › Digital and secure engagement with Vendors › Fair procurement practices › Compliance with regulatory and statutory require | <ul style="list-style-type: none"> › On-boarding screening › Regular vendor/contractor performance review |
|  <p>Communities / NGOs</p> | <ul style="list-style-type: none"> › Development interventions › Local employment generation | <ul style="list-style-type: none"> › Loan mela(s) and financial literacy programmes conducted for community and other engagement activities › Engagement activities during the Company's response to the COVID-19 pandemic |
|  <p>Investors / Shareholders</p> | <ul style="list-style-type: none"> › Good corporate governance › Compliance with regulatory norms › Ethical business practices › Good Return on investments (RoI) | <ul style="list-style-type: none"> › Investor communication thought reports and presentations › Investor meetings (one-on-one) › Annual General Meetings (AGM) |
|  <p>Regulators / Government</p> | <ul style="list-style-type: none"> › Business innovations and growth › Ethics and transparency › Timely submission of regulatory reports › Compliance with norms and regulations › Good corporate governance › Proactive participation in regulatory reforms › Co-operation with statutory audits and inspections | <ul style="list-style-type: none"> › Regular and direct engagement › Mandatory regulatory filings › Quarterly and annual compliance reports |
|  <p>Industry Peers</p> | <ul style="list-style-type: none"> › Fair competition › Necessary collaborations and market making › Thought Leadership | <ul style="list-style-type: none"> › Regular engagement › Participation in thought leadership programmes › Market-making activity such as green affordable housing, Green Handbook development › Co-lending with Banks › PSL (Priority Sector Lending) on-lending for Banks |
|  <p>Media</p> | <ul style="list-style-type: none"> › Timely and transparent communications › Responsiveness to queries and clarifications › Business plans | <ul style="list-style-type: none"> › Periodic outreach › Need-based interaction |
|  <p>Developers</p> | <ul style="list-style-type: none"> › Support for knowledge and capacity development › Financial support | <ul style="list-style-type: none"> › Extending construction finance for green affordable housing › Knowledge sharing and discussion through Kutumb › Guidance and hand-holding from conception to certification through GVP programme |

03.2 Our Approach to Materiality¹¹

To remain affordable, accessible, and sustainable, it becomes important for us to identify and address topics that lie beyond the ambit of standard financial considerations. This year, we decided to walk that extra mile to cover potential ESG issues that could have an adverse impact on our business.

Our materiality assessment was conducted in accordance with the materiality framework provided by Global Reporting Initiative (GRI). We identified our material topics through mapping exercises which involved quantifying perceptions of our stakeholders categorizing them as high and medium priority topics.

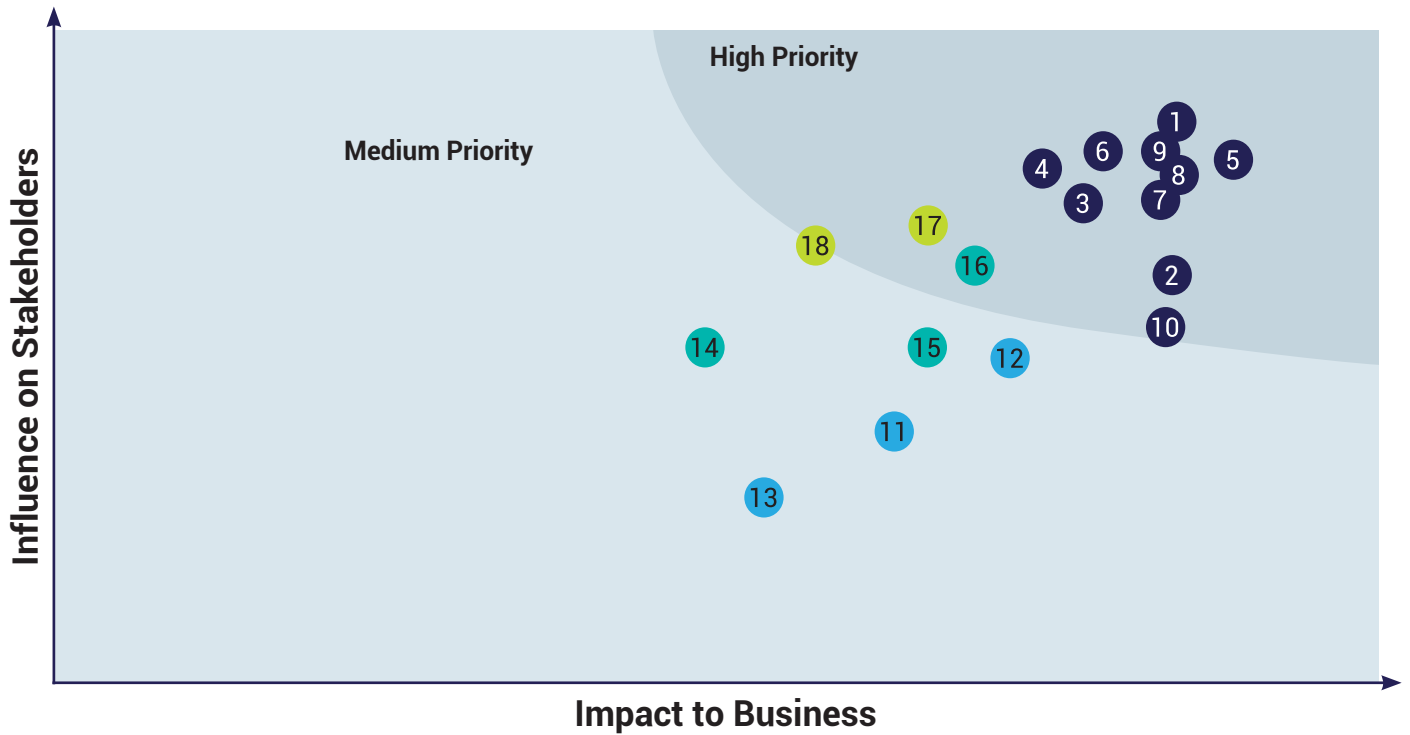
Approach to Materiality



Our analysis yielded 18 material topics that are of material importance to our business and our stakeholders. These topics are aligned with the UN SDGs to ensure we contribute towards them meaningfully. The identified material topics are also aligned with our 'four pillars of success' under 'Complete Profitability'.

¹¹ GRI 102-47

Our Materiality Map













Organization Social Employees Environment












- 1 Customer satisfaction
- 2 Fair and transparent communication about products and services
- 3 Lending practices
- 4 Economic performance
- 5 Ethics and transparency
- 6 Risk management
- 7 Data security and customer privacy
- 8 Brand and reputation management
- 9 Regulatory compliance
- 10 Digitalization
- 11 Social impact of financial services
- 12 Financial inclusion
- 13 Empowering communities
- 14 Diversity and inclusion
- 15 Commitment to human rights
- 16 Human capital
- 17 Climate change
- 18 Environmental protection and resource efficiency

| | Organization | Social | Employees | Environment |
|----|--------------|--------|-----------|-------------|
| 1 | ● | ● | ● | ● |
| 2 | ● | ● | ● | ● |
| 3 | ● | ● | ● | ● |
| 4 | ● | ● | ● | ● |
| 5 | ● | ● | ● | ● |
| 6 | ● | ● | ● | ● |
| 7 | ● | ● | ● | ● |
| 8 | ● | ● | ● | ● |
| 9 | ● | ● | ● | ● |
| 10 | ● | ● | ● | ● |
| 11 | ● | ● | ● | ● |
| 12 | ● | ● | ● | ● |
| 13 | ● | ● | ● | ● |
| 14 | ● | ● | ● | ● |
| 15 | ● | ● | ● | ● |
| 16 | ● | ● | ● | ● |
| 17 | ● | ● | ● | ● |
| 18 | ● | ● | ● | ● |

Addressing our Material Topics¹²

The table below highlights significance of identified material topics for IIFL HFL.

| Material topic | Associated GRI disclosure | Significance of material topic | Impact boundary | Relevant SDGs |
|--|---|--|-------------------------------------|---|
| Category: Organisation | | | | |
| Customer satisfaction | - | Identification and fulfillment of needs of the customers is one of the most important success factors for an organisation. Satisfaction of the customer is an indicator of quality service delivery. It helps in broadening the customer base which is critical for business success | Within and outside the organisation |  |
| Fair and transparent communication about products and services | GRI 417: Marketing and Labelling | Transparent and timely communication regarding products, Most Important Terms and Conditions (MITC), regulations, benefits, obligations of organisation and customers, and others help in boosting trust of customers and other stakeholders | Within and outside the organisation |  |
| Lending practices | - | Being a housing finance company, we have a responsibility to adhere to the best lending practices and adopt innovations to maximise value for all stakeholders. A responsible lending practice not only minimises possibilities of Non-Performing Assets (NPAs) but also helps us in ensuring end use in an environmentally responsible manner | Within and outside the organisation |  |
| Economic performance | GRI 201: Economic Performance | Good economic performance is a prerequisite for sustenance of an organisation. It instils confidence in stakeholders for our business model | Within and outside the organisation |  |
| Ethics and transparency | <ul style="list-style-type: none"> ➤ GRI 102: General Disclosures ➤ GRI 205: Anti-Corruption ➤ GRI 206: Anti-Competitive Behaviour | Ethical business conduct is one of the fundamental pillars of a successful business. We strive to adhere to the highest standards of business ethics. It helps us in maintaining confidence of all our stakeholders | Within the organisation |  |
| Risk management | <ul style="list-style-type: none"> ➤ GRI 102: General Disclosures ➤ GRI 201: Economic Performance | Due to the nature of our business, we are exposed to several financial and non-financial risks and opportunities. Real estate sector has substantial environmental footprint. Furthermore, climate change is expected to impact housing sector significantly. Therefore, risk management is crucial for our business. Strong risk identification and management are the basis for growth of our organisation | Within the organisation |  |
| Data security & customer privacy | GRI 418: Customer Privacy | Due to nature of our business, sensitive and personal information of our clients and customers are in our possession. It is our utmost responsibility to protect such information from being leaked or misused for any purpose other than intended. Such practices help in building stakeholders' value | Within the organisation |  |
| Brand & reputation management | GRI 417: Marketing and Labelling | A strong brand helps an organisation to broaden customer base and grow consistently. We are conscious about our brand and the goodwill which we enjoy amongst our stakeholders. We strive to enhance both of these | Outside the organisation |  |
| Regulatory compliance | <ul style="list-style-type: none"> ➤ GRI 307: Environmental Compliance ➤ GRI 419: Socio-economic Compliance | Being an entity operative in financial sector, several regulations are applicable on our business. Non-compliance with existing regulations not only attracts penalties and sanctions but also affects the business adversely. Therefore, it is crucial for us to maintain 100% compliance with the applicable regulations | Outside the organisation |  |
| Digitalisation | - | Digital technologies help in making businesses effective and efficient. Adoption of digital technologies aid in enhancing our reach and results in minimized environmental footprint through reduction in our paper consumption | Within the organisation |  |

| Material topic | Associated GRI disclosure | Significance of material topic | Impact boundary | Relevant SDGs |
|--|--|--|-------------------------------------|---|
| Category: Employees | | | | |
| Diversity and inclusion | <ul style="list-style-type: none"> ➤ GRI 102: General Disclosures ➤ GRI 405: Diversity and Equal Opportunity | A diverse workforce comprising people from all sections of the society helps in improving productivity of and effectiveness of an organisation. We endeavour to build an inclusive organisation, it makes Diversity and Inclusion (D&I) a material topic of high importance to us | Within the organisation |  |
| Commitment to human rights | GRI 412: Human Rights Assessment | We advocate adherence to the highest standards of protection and promotion of human rights. Protection of basic human rights is a foundation stone of a civilized society. Furthermore, the real estate sector, having largely an unorganised workforce, is vulnerable to violations of human rights. Therefore, we strive to demonstrate highest levels of commitment to protection of human rights | Within and outside the organisation |  |
| Human capital | <ul style="list-style-type: none"> ➤ GRI 404: Training and Education ➤ GRI 401: Employment | Employees are the backbone of an organisation. Well-being of employees also ensures productivity and effectiveness. Housing finance sector is dynamic, therefore, it is essential to upskill the workforce continuously. These factors make human capital management a material topic of high importance | Within the organisation |   |
| Category: Social | | | | |
| Social impact of financial services | – | The housing finance business has significant economic benefits, within this, affordable housing serves to providing improved quality of life to underserved sections of the society. By supporting this, we strive to maximize the positive social impact of our operations | Outside the organisation |  |
| Financial inclusion | – | Expansive coverage of financial services, leads to, and is a strong, positive indicator of economic development. We endeavour to bring all strata of society under the ambit of financial services | Outside the organisation |   |
| Empowering communities | GRI 413: Local Communities | Maintaining a healthy and positive impact in the communities with our initiatives such as sustainable living and financial literacy is critical to maintaining our social license to operate and to create wider prosperity | Outside the organisation |  |
| Category: Environment | | | | |
| Climate change | GRI 305: Emissions | Climate change and events associated with it have the potential to affect the real estate sector significantly. The real estate sector anyway has significant environmental impact. Therefore, prevention and mitigation of climate change related outcomes is a significant material topic for us | Outside the organisation |  |
| Environmental protection and resource efficiency | <ul style="list-style-type: none"> ➤ GRI 302: Energy ➤ GRI 303: Water and Effluents | Though we do not have significant direct environmental footprint, our downstream investments have substantial environmental impact. Therefore, environmental protection is of prime importance to us | Within and outside the organisation |   |

An aerial photograph of a city, likely Bangalore, showing a dense urban layout with numerous buildings, roads, and green spaces. A prominent geometric pattern of overlapping triangles is overlaid on the bottom right portion of the image. The text 'Our strength' is written in a large, white, sans-serif font in the upper left corner.

Our strength

04 Corporate Governance

05 Our Prompt Response to COVID-19

06 Organization: Catering to Customer Needs Digitally

07 Employees: Team that Makes Sustainability Accessible

04 Corporate Governance

04.1 Overview



Our Approach

As we continue to grow into a FinTech organization with a focus on low-ticket home loans, there is a greater need for us to be responsible and accountable to our stakeholders. The Company strives to maintain a valuable relationship with all its stakeholders which is based on mutual trust and understanding.

We have in place efficient processes and ethical practices to optimize value creation for all stakeholders. We believe corporate governance is a set of rules, controls, policies, practices, and processes that goes beyond regulatory compliance requirements. We intend to establish and practice the highest degree of corporate governance at all levels of business operations through a greater emphasis on reliability, transparency, integrity, timely disclosures of information, fair dealing with stakeholders, and robust internal controls.



Governance Structure¹³

Our comprehensive governance framework is designed to help us arrive at strategic decisions which are in the best interests of all stakeholders. The highest governing body of the Company, the Board of Directors (hereafter referred to as 'Board' or 'BoD'), comprises of the executive as well as non-executive directors who drive sustainable organisational growth. Furthermore, our governance framework also establishes the manner in which decisions are executed including raising the Board and executive management's awareness on ESG related risks and supporting a culture of collaboration among those responsible for the management of ESG issues.

The composition of the Board of Directors and its committees are in conformity with the applicable provisions of the Companies Act, 2013 and SEBI Regulations, 2015. The Board is composed of executive (1), non-executive (3) and independent directors (4) with an extensive experience in the financial service sector and proven expertise. Our Board comprises of one female member. For further details about our directors, please refer to our Annual Report for FY 2020-21¹⁴.

Responsibilities of the Board

The key purpose of the Board is to ensure the Company's prosperity by collectively directing affairs whilst safeguarding the interests of its stakeholders.

1. Establish vision, mission and values and determining and reviewing the goals and policy of the Company from time to time

3. Delegate to Management, determine monitoring criteria to be used to ensure effectiveness of internal controls

5. Establish accountability for company management and assure reasonable internal controls



2. Set strategy and structure and deciding the means to implement and support them

4. Exercise accountability to shareholders and be responsible to relevant stakeholders



Board Committees

The Board has appointed various committees in line with industry leading practices and regulatory requirements. The committees facilitate efficient administration and management of policies and ensure timely and effective resolution of diverse matters through an objective decision-making process. As part of the committees, the Board provides guidance to the management on various strategic aspects and oversee the actions and results toward the achievement of long-term objectives¹⁵.

IIFL HFL's Board Committees



Governance Policies

Governance at the organizational level is driven through a host of policies, guidelines, and codes. Our 'Code of Conduct' or 'Code' serves as our ethical guide, a single point of reference for every employee which underlines the fundamental commitment to compliance with regulatory guidelines and laws of the land, while establishing basic parameters of ethical behaviour. The Code also establishes a system for detection and reporting of known or suspected ethical or regulatory violations.

The group-level Code of Conduct is an integral part of the induction process of all new employees, and it is also accessible by all employees on our Human Resource Management System.

Salient features of the Code include:

- Clarity on the group's guiding principles
- Alignment with the IIFL group's value systems
- Maintenance of business relationships and fair competition, and protection of proprietary information
- Detailed clauses on anti-bribery, anti-corruption, gifts and entertainment, insider trading, conflict of interest, political activities and contribution, protection of assets and information, and behaviour at the workplace

Over and above the Code of Conduct which has been charted for Group, we are also governed by a host of Company specific-policies, procedures, and guidelines which direct employees towards an ethical growth path.

The Compliance department undertakes periodic reviews for the efficacy of codes and policies, and proposes amendments on the basis of market trends, global good practices, and feedback provided by stakeholders. We are pleased to report that no significant fines and non-monetary sanctions for non-compliance with environmental or socio-economic laws were levied on us during the reporting period¹⁶.

¹⁵ For more details on the composition and functioning of Board Committees, please refer to our Annual Report FY 2020-21

¹⁶ GRI 307-1 and GRI 419-1

Snapshot of our Policies

Corporate Social Responsibility Policy

for contributing to the social good

ESG Policy

to integrate ESG considerations and practices within operations

Vigilance Policy

to reinforce robust implementation of Company's code of conduct, reporting and auctioning instances of unethical/improper conduct



Grievance Redressal Policy

to formalize the customer grievance addressal process

Prevention of Sexual Harassment Policy

for protection of employees from sexual harassment at the workplace

Anti-Corruption Policy

to combat corruption and to conduct business in an honest and ethical manner

Nomination and Remuneration Policy

guidance on matters related to appointment, remuneration and performance evaluation of Senior management



ESG Policy at IIFL HFL¹⁷

During the reporting period, we formulated our ESG policy and framework which aims at integrating Environmental, Social, and Governance considerations within our operations. We aim to steer positive change in society by promoting the adoption of practices and techniques that will mitigate ESG risks through our lending practices, products, and services.

Purpose of the ESG Policy

The policy encourages the ideology of a sustainable environment and society by informing stakeholders of our approach to ESG-related initiatives and envisaged response to environmental and social risks.

Objective of the ESG Policy

The policy acts as an instrument for communicating how we integrate ESG considerations in our conduct and processes across all categories and the factors that influence such decisions while we remain committed to maximizing investment performance.

¹⁷ GRI 102-12

Our ESG policy and framework is aligned with international standards and principles including:

- Guiding principles of UN Global Compact (UNGC)
- UN Principles for Responsible Investing (UN PRI)
- International Standards Organization (ISO) environment management guidelines
- World Bank Group’s General Environment, Health and Safety (EHS) Guidelines
- United Nations Sustainable Development Goals (UN SDGs)

The policy is applicable to all business functions and branch offices owned and managed by IIFL HFL, and works in parallel with the local laws and regulations.

The framework is governed by our ESG Committee, which comprises of senior management, independent director(s) and other executive members from business units. The Committee members bring expertise and insights into risks and opportunities related to ESG in our sector. The ESG Committee monitors key ESG impact areas of our operations and our ESG performance.

Key responsibilities of the ESG Committee

- › Policy statement detailing IIFL HFL's ESG goals
- › Governance mechanism in place for ESG risks



- › Delineation of roles and responsibilities specific to managing ESG risks
- › Evaluation of performance against set benchmarks

- › Engaging with stakeholders and disclosing information in policies and guidelines, compliance and vigilance mechanisms and our risk management systems

- › Evaluating effective implementation through regular audits
- › Monitoring portfolio coverage in a regular frequency

As a part of the implementation and mobilization of our ESG policy and framework, we have conducted multiple ESG orientation workshops for senior management pan-India. As a way forward, we are committed towards complete implementation of our ESG framework within the IIFL HFL ecosystem.



04.2 Risk Management¹⁸

We have a defined Risk Management strategy and framework which is devised to identify, measure, monitor, and mitigate various risks. A Risk Management Committee directs appropriate systems to mitigate all material risks faced by the Company.

The Company is exposed to different types of risks emerging from internal and external sources. Our Risk Management team is responsible for identifying, analysing, and launching appropriate measures to mitigate risks faced by the Company. The team is guided by the Company’s Risk Management Committee and the senior management to develop and implement risk management practices on a pan-organizational basis. The Risk Management framework draws inspiration from ‘Three Lines of Defence’ approach. Within this, the Company management acts as the first line of defence, functional team such as risk management and compliance act as second line of defence and the internal audit acts as the third line.

| Line of Defence | Functions | Scope and Authority |
|----------------------|--|--|
| 1 Company Management | <ul style="list-style-type: none"> > Risk Committee > Information Strategy Committee > Audit Committee > Asset Liability Committee | <ul style="list-style-type: none"> > Integration of risk principles across all businesses > Risk strategy and advisory > Risk policies > Controls & review > Organisational communications |
| 2 Functional Teams | <ul style="list-style-type: none"> > Risk Department > Business Function | <ul style="list-style-type: none"> > Policy implementation > Risk monitoring & reporting |
| 3 Internal Audit | <ul style="list-style-type: none"> > Internal Audit Department > Risk Analytics | <ul style="list-style-type: none"> > Independent reviews > Reporting to Board Committees |

The risk review is done at multiple stages and frequencies by the Risk department. The robust risk monitoring framework utilizes five distinct strategic analysis to identify risks at inception stages.

Risk Identification Process



¹⁸ GRI 102-30

04.3 Regulatory Compliance



Our Approach

Our compliance system follows a systematic approach to ensure that our practices are in accordance with national and international regulations. We have not only raised the bar on compliance far above the basic 'laws of the land' but have also adopted leading international standards and practices.

The Compliance department ensures organization-wide compliance to the applicable laws, policies, and regulations. The department works in conjunction with relevant departments to guarantee rapid and smooth implementation of evolving rules and regulations.

Compliance System at IIFL HFL



Receipt of guidelines from Regulatory bodies and stakeholders



Analysis of impact on organization, and action required



Communication to the relevant department for implementation



Implementation at the department level

Periodic report on progress to Board of Directors and relevant stakeholder

We put emphasis on ensuring 100% adherence to not with applicable laws and regulations. We take proactive steps in tracking upcoming regulations and develop capacities and competencies for ascertaining conformities with these. We have an internal compliance system, which incorporates all the requirements as per the relevant guidelines.

Areas of improvement, if any, identified by auditors, regulators, etc., are analysed and implemented for improving overall compliances. Any penalties incurred by regulatory action are transparently disclosed to the stakeholders through the Company website and/or the Annual Report, as and when applicable.



04.4 Anti-Corruption¹⁹

Ethical business conduct is a key focus area at IIFL HFL, not just at the management level but also at the operational level. Multiple corporate policies and operational processes have been put into place to avoid breach of conduct.

Our Code of Conduct, supported by the Anti-Corruption policy guides the Company to combat corruption and conduct our business in an honest and ethical manner. We have a zero-tolerance approach to bribery and corruption and are committed to act professionally, fairly, and with integrity in all dealings wherever we operate.

Our policy is comprehensive in nature and furnishes necessary information to employees identifying ethical conduct. It extends to all stakeholders including directors, shareholders, employees, and third-party representatives. The policy defines bribery, corruption, and key principles of adherence. We provide ethical conduct guidance to assist in decision making for appropriate business conduct to all employees as a part of the on-boarding process. Thereafter, periodic training is provided to all stakeholders as a refresher on the policy and ethical conduct practices.

In the reporting period, we have trained 100% of our employees the on Anti-Corruption laws and policies of the Company. The Company has a policy to undertake investigation and take strict action against anyone found involved in unethical practices. The implementation and reporting oversight is done by the Board of Directors, which is supported through the Whistle-Blower policy. Stringent actions are taken against any employee, shareholder, or third-party representative who violates the requirements of ethical conduct. As a result of our practices and trainings, we do not have any incidents or cases of corruption brought against the organisation or its employees during FY 2020-21.



¹⁹GRI 205-2, GRI 205-3

05 Our Prompt Response to COVID-19



“The term unprecedented for the year 2020 is an understatement, as the year saw developments and changes which have not been observed in decades. The evolution of the workplace, customer preferences, sustained growth and environmental priorities took place in such a short time that it seemed to have happened overnight. At IIFL HFL, this was possible only through the agility and preparedness of the organization and its employees to mitigate such risks.”

Madhvi Gupta
Head - Marketing

The COVID-19 pandemic and subsequent economic disruption has surprised the world with its simultaneity, severity, and spread. The infection has spread across the world impacting millions of people and lives. In order to curtail adverse health impacts, governments across the world imposed strict containment measures in the form of nation-wide lockdowns and restrictions on activity and mobility.

At IIFL HFL, our singular priority from the onset of the pandemic was to ensure the health and safety of our employees, customers, and other stakeholders. We have continuously mobilized full strength of our resources towards supporting our community, including the heroic front-line workers through various initiatives. We followed a multi-pronged approach for ensuring business continuity and supporting our stakeholders throughout the pandemic, while we continued to expand our efforts to address ever-changing pandemic related developments.



05.1 Maintaining Business Continuity

Business continuity was ensured by taking proactive measures before the announcement of a formal lockdown. Our Business Continuity Crisis Management team leaped into action and worked in close coordination with the central and regional COVID Response Teams, responsible for ensuring adherence to safety protocols and local government orders.

The Business Continuity Management team, also worked closely with the IT team to ensure that IT infrastructure and systems were in place, tested, and checked before the formal announcement of the lockdown. Our Technology team played a vital role in ensuring optimal operation of our systems and provided access and support to all employees for smooth remote operation out of their homes.



05.2 Ensuring Employee Health

To protect the mental and emotional well-being of our employees, an Employee Assistance Programme was launched, that provides one-on-one support to employees who are experiencing issues such as anxiety, stress, or panic due to the pandemic and the associated lockdown.

We were also cognizant of the medical and monetary support that the employees would require during the pandemic. As a precautionary step, we partnered with Doctor Batra's, a leading clinic in Delhi, to provide free consultation service to our employees and 'Healthify'²⁰ app to track and promote their health and wellness goals. Additionally, we upgraded the group medical insurance to cover COVID-19 treatment. We also organized webinars and videos with leading doctors for sensitization on common health issues and tips to lead a healthier lifestyle.

We conducted training to facilitate and familiarize our employees with work from home practices, digital tools, and platforms. We also organised a number of interactions with various teams on staying fit and taking care of their health during the lockdown.



05.3 Enabling Warriors

We reached out to our customers in positions of being frontline warriors of COVID-19, to hail their spirit for fighting day-in and day-out, throughout the year, to keep the nation healthy and safe. We acknowledged the bravehearts and their efforts to overcome the challenges of the pandemic. In the district of Srinagar, we responded to the community's requirement of oxygen concentrators by provisioning 24 concentrators to support the recovery of patients.

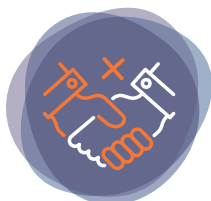
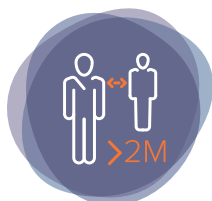
In Mumbai, we made a humble contribution to 'Mumbai Police Foundation' towards procurement of protective gear for on-duty personnel. We supported the initiative of FICCI Socio Economic Development Foundation for procuring medical kits for healthcare workers. The medical kits included PPE, N-95 masks, goggles, gloves, and disposable protective coveralls.



05.4 Providing Immediate Relief

The nation-wide lockdown brought in uncertainties, especially amongst the vast migrant workforce of the nation. Acting swiftly to the need of the hour, we devised a relief programme to support construction site workers at IIFL HFL backed project sites in Mumbai, Delhi, Ahmedabad, Bangalore, and Hyderabad.

The aim of the programme was to provide essential dry ration and personal care items such as masks, sanitizers, and soaps kits to workers and their families. The response team was able to reach out to more than 1,000 workers and their families. The programme also included participant sensitisation to preventive measures to be taken to minimize the spread of COVID-19.



²⁰ IIFL has tied up with a health and wellness app- HealthifyMe to track exercise regime, diet, water intake and number of steps travelled of its' employees.

We realise our duty towards our communities, and as a means of supporting our community members, our employees donated a day's salary towards PM Cares Fund. A consolidated amount of ₹ 50 million was donated towards the cause, while organizing multiple donation drives.



05.5 Moratorium of Loans

In accordance with the Reserve Bank of India (RBI) guidelines, we granted a moratorium on the payment of monthly installments due between March 1st, 2020 and August 31st, 2020 to all eligible borrowers. We informed our customers about the terms and conditions, benefits and disadvantages, and the process of availing moratorium in a transparent and precise manner. Additionally, we passed on the benefits of an Emergency Credit Line Guarantee Scheme to eligible borrowers.



05.6 Radio Campaign – ‘Sustainable Homes’

We conducted various campaigns to promote sustainable practices in households. Our effort was largely focused on raising public awareness about the diverse effects of daily choices on long-term environmental impact. We reached out to 7 major cities with a radio campaign ‘Sustainable Homes’ and customized our information in regional languages like Telugu and Kannada for better reach amongst locals. With assistance from our channel partners, we were able to reach our target locations like Bengaluru, Hyderabad, Mumbai, Pune, Ahmedabad, Delhi, and Indore. This helped us to reach out to 26.18 million listeners with the help of local radio broadcasting partners like Radio Mirchi and Red FM.



06 Organization: Catering to Customer Needs Digitally



“ We understand how vital it is to make financially sound investments, while minimizing negative impact on the society and the environment. With this, responsible financing becomes an integral part of our being. It motivates us to develop sustainable and accessible products, give priority to data security and privacy, roll out innovative services designed to empower individuals’ financial status, and to integrate ESG considerations into everything that we do. This, in turn, allows us to deliver balanced and sustainable outcomes to all our stakeholders and the community.”

Rachit Gehani
Head - Digital Strategy



06.1 Our Approach

Over the years, there has been an increasing focus among leading financial institutions to make sound investment decisions, while minimizing negative environmental and social impacts. As a leading financial institution, we were quick to understand the crucial need for financing responsibly. This responsibility has allowed us to prioritize ESG into every business decision and partnership that we create.



06.2 Customer Centricity

We strive to be the most respected organization in the housing finance industry by becoming the most trusted partner to our customers. Customers are at the heart of our business strategy. We aspire to create greater value for our customers in a responsible and sustainable manner.

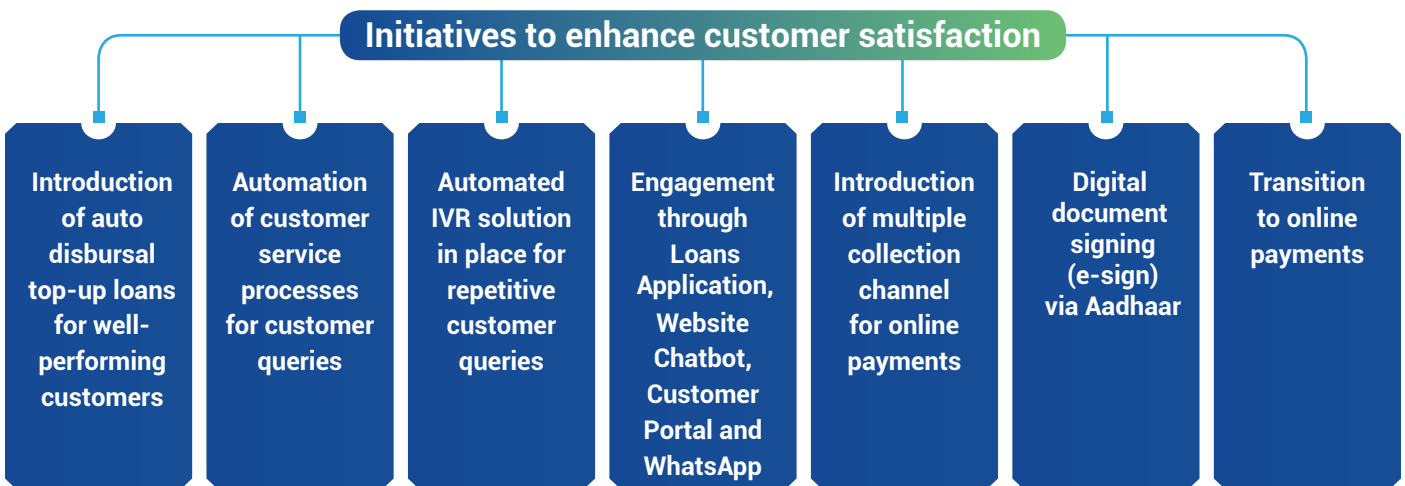


Our Customer Initiatives:



Customer Satisfaction

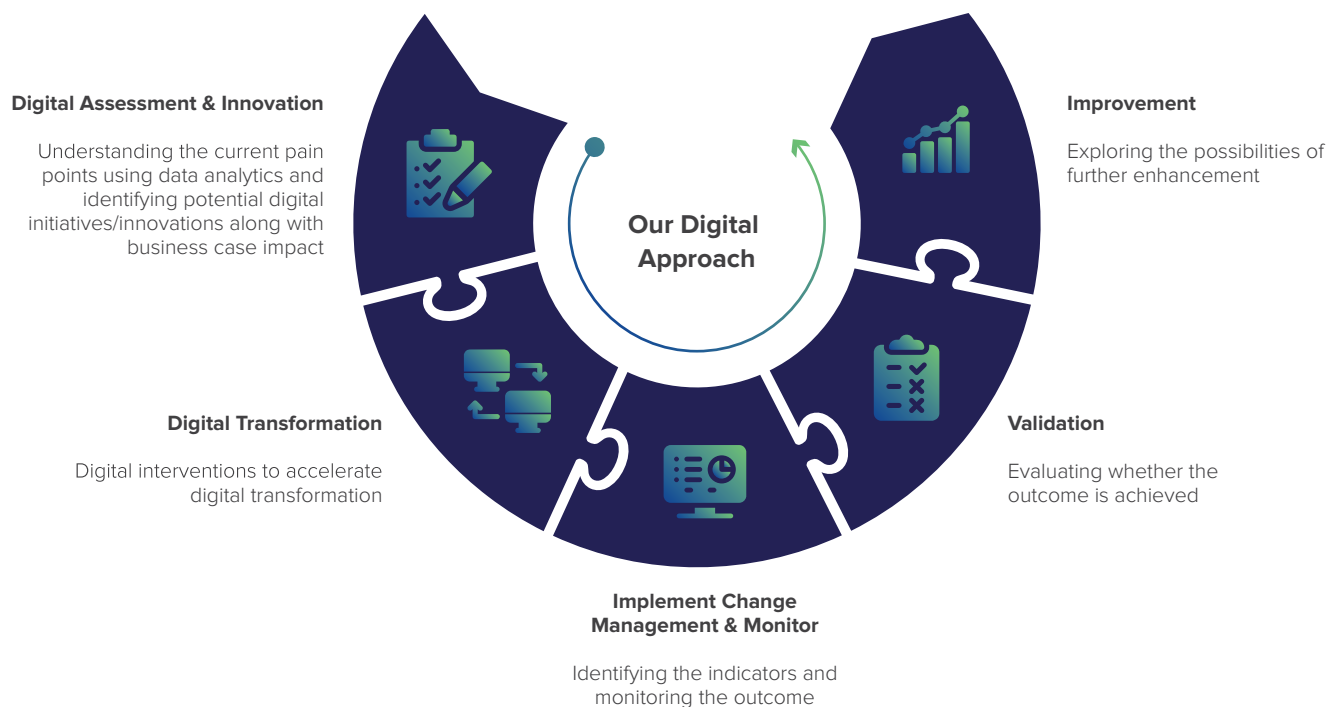
At IIFL HFL, we strive to understand our customers’ requirements and channelize this knowledge to advise and educate them to make an appropriate decision. Our in-depth understanding of the needs of the Economically Weaker Sections (EWS), Lower, and Middle-Income Groups (LIG/MIG), along with our expertise, enables us to fulfill their dreams of buying a home. In wake of the pandemic, we conducted an online survey for customers who have been facilitated with Credit Linked Subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojna (PMAY) and our findings presented that 86.5% of the respondents expressed happiness with moving into their own homes.



06.3 Digital Interventions

At IIFL HFL, digital transformation goes far beyond digitizing analogue functions, it enables us to make a fundamental shift to achieving stakeholder value. We face a dynamic technology landscape with changing customer needs and preferences that requires us to remain agile in rapidly changing times. We have built an integrated tech-empowered organization, underpinned by advanced platforms.

Our digital vision for the business is to create new value, market differentiation, superior customer experience, enhanced employee productivity. We seek to create a strong digital backbone, with the use of industry leading technology and a strong governance ecosystem that is regularly reported to the Board of Directors.



Achieving Reach through Digital Transformation

Our digital strategy is aligned with the organization's culture of customer-centricity and Complete Profitability. Strong digital capabilities and efficient processes across business functions enable us to provide superior customer experience and enhanced transparency.

We have adopted digitized and automated Home Loan application processing system.

Our sales team located in any part of the country is able to login and provide on the spot in-principal loan approval, followed by real time availability of the data and documents to the central credit team. The application has been further extended to our digital sourcing partners, increasing reach all over the country without the presence and need of any physical branch. The FinTech capabilities have reduced the process time to 25 minutes as compared to 72 hours of manual processing.

With the vision of sustainability, for the reduction in usage of physical paper in our onboarding journey, we are leveraging on a quicker and a more reliable process of digitized document signing through e-Sign via Aadhaar. Introduction of E-NACH (National Automated Clearing House) and EMandate has reduced paperwork and turn-around time, and has also removed the need of physical visits of customers to branch offices. We have shifted from physical cheque collection for initial money deposits to online payments only. This has reduced the cheque collection and clearance time.

For physical cheque collections, we have adopted an end-to-end digital process, right from payment intimation to recovery with omni-channel presence, enabling multiple customer touchpoints in terms of SMS, Interactive Voice Response (IVR), tele-calling, field collections app and legal recovery tools. We have also integrated dialer & CRM with advanced in-built logic to help and empower soft-collection tele-calling team, target and interact with defaulters strategically. We have automated our customer service processes for majority of the customer queries that is to say we have automated IVR to address 90% of the customer queries.

Data Security and Customer Privacy²¹

As digital solutions continue to expand and integrate into our daily lives, we see increasing concerns related to privacy and security breaches. Data security and customer privacy are among our most material topics and are top priorities for IIFL Home Finance and our stakeholders. We have built an integrated tech-empowered organization that is well placed to face the changing technology landscape.

We emphasize on having the right technology, systems, policies, processes and talent in place to mitigate the risks arising from cyber security. We are ISO 27001:2013 certified which establishes that we are following reasonably good practices for managing Information Security. Our IT Policy - Information & Cyber Security Policy and processes are aligned with NHB, RBI Master Directions, ISO 27001 and industry leading practices. The Chief Information Security Officer is responsible for Information Security and Business Security Management framework at IIFL HFL.

Our customers are sensitized on data privacy that is maintained within the organization, e.g., we inform our customers that their private data is primarily under our control, and we store all data within the reputable and verified data centres and cloud services. Apart from this, we consent before using customer information and ensure the following measures to safeguard customer information;

- Data Centre Perimeter and Cloud services are secured with Firewall from Internet
- End point security controls implemented such as Next Generation Endpoint Antivirus, USB Access and Admin Access in desktop and laptops are controlled
- Security patching is carried out regularly for servers
- Regular security awareness is carried out through mailers, Learning Management System (LMS) and class-room trainings
- Periodic IT and security audits are carried out by internal and external auditor

In the event of a potential breach, we follow a robust process to ensure effective response, which includes:

- Our Customer Services would forward the complaint received and the same would be looked into by the incident management team and the concerned department
- Cyber security emergency response team would handle the incidents of breach of customer privacy
- The complaint is addressed within 15 minutes to ensure immediate or earliest resolution

Our Incident management plan is well documented and undergoes regular internal and external audits. It covers customer data breach, ransom ware and hacking, intrusion to our network, virus attack and malware attack.

We have so far not received any complaints concerning breaches of customer privacy from outside parties and regulatory bodies. In the reporting period, no account holder has been affected due to data breaches involving Personally Identifiable Information (PII).

06.4 Engaging with the Supply Chain²²

As with any modern company especially in the financial services sector, our supply chain plays a critical role in ensuring business continuity. We are also cognizant of the environmental and social impacts generated by our supply chain, and we work extensively to manage this. Our suppliers are present throughout the country and are essential for our business continuity. We engage with our suppliers using multiple mediums and platforms for forging a strategic partnership within our value chain. We engage with a variety of Banks/Financial Institutions, Legal/Technical/KYC Vendors, Operation Support Vendors, Physical Infrastructure Vendors, and Digital Solutions and Communication Vendors to procure variety of services.

²¹ SASB FN-CF-220, SASB FN-CF-230, GRI 418-1

²² GRI 102-9

06.5 Economic Performance²³

The pandemic has impacted most economies and banking systems globally, including India. The nation-wide lockdown in April-May 2020 posed various challenges and adversely impacted economic activity. Relaxation from the regulating authorities and lockdown measures gradually improved the economic condition. These developments resulted in regulatory measures like moratorium on payment of dues and stand still in asset classification to mitigate the economic consequences on the borrower.

| S.No | Particulars | FY 2020-21 (in ₹ million) |
|------|---|---------------------------|
| 1 | Direct economic value generated: Revenues (A) | 19,569.66 |
| | Economic value distributed (B): | |
| | Operating costs | 588.93 |
| | Employee wages and benefits | 1,584.43 |
| 2 | Payments to providers of capital | 10,532.73 |
| | Payments to government by country | 1,088.88 |
| | Community investments | 73.40 |
| | Total (B) | 13,868.37 |
| 3 | Economic value retained (A-B) | 5,701.31 |

During the reporting period, we have not received any financial assistance from the government.²⁴

This year, our focus revolved around building operational effectiveness across business functions to address our goals, investing in technology to ensure efficient operations, and improving processes to sustain execution excellence. We expect this to fuel our growth in the coming years.



²³ GRI 201-1

²⁴ GRI 201-4

07 Employees: Team That Makes Sustainability Accessible



“At IIFL, we have a diverse team which is agile and is able to create the right culture and right businesses. The team respects the Company’s values, takes pride in its work and is instilled with high ambition. We continuously engage with employees in an effort to align their growth with the strategic goals of the organisation.”

Rashmi Priya
Head - Human Resources



07.1 Our Approach

For several years, we, at IIFL HFL, have been working towards sustainable growth and have equally invested in engaging and developing our workforce. We offer a work culture and workplace environment that attracts, values, appreciates, and thereby, retains talent. Our Human Resource Handbook is guided by our Code of Conduct and core values of Fairness, Integrity and Transparency. We engage with our employees, throughout the year, on matters related to sustainable development, and to promote the adoption of sustainable living practices within their professional and personal lives.

The foundation of the organization is anchored by our values, and it is essential that the talent we hire is a right fit in terms of job profile and attitude. We actively seek emerging workplace trends and accordingly update our policies and practices. We strive to create a safe, sustainable, and inspiring workplace environment for all our employees. Furthermore, we contribute towards specific UN SDGs through initiatives that enhance employee experience and instil a sense of giving back to society.

Implementation of various initiatives for employee upliftment is driven by a centralized Human Resources team, which is supported by regional HR teams. Currently, there are 4 regional teams, which provide support to all employees. In the reporting period, we have also introduced a virtual HR in form of an AI chat-bot to provide support to all employees.





07.2 Supporting Our People

Enabling Work from Home

At the onset of the pandemic, we mobilized our business continuity plans under the management of Business Continuity teams. As a part of the plan, we leveraged our IT infrastructure for smooth transition of our workforce to work from home as the pandemic unfolded, ensuring continuity in operations.

#MereGharSe

During the times of working from home, we ran a campaign to encourage people to live sustainably and to create sustainable communities.

The focus of the campaign was to engage with our employees and community over social media platforms, to build capacity on the precautions required for staying safe and healthy, while encouraging a sustainable lifestyle. The campaign ran under the tag lines of 'Saral Jeevan' and 'Swasthya'. Across different social media platforms, we were able to engage with more than 4 million people.

Saral Jeevan

Sharing and inculcating sustainable habits that reduce resource consumption at home, while promoting a simpler lifestyle

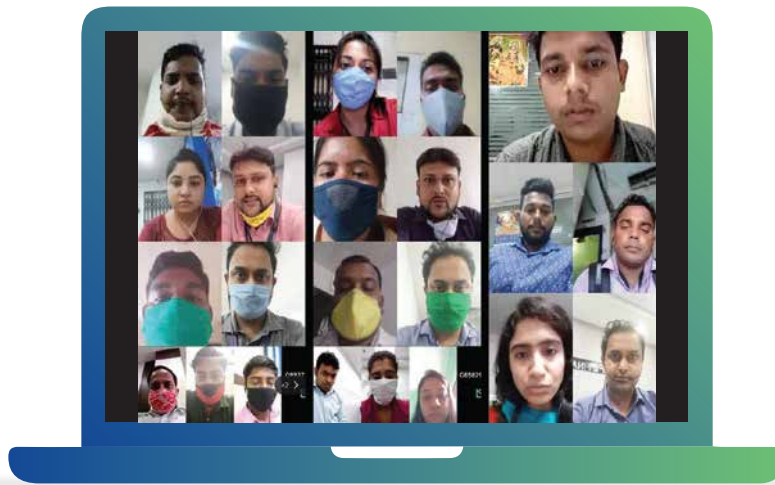


Swasthya

Promoting a healthy and sustainable lifestyle through participation in indoor exercises

Staying Connected throughout COVID-19

We conducted virtual employee meets to ensure employee well-being. Online engagement platforms were used to disseminate information on COVID-19, updates in SOP, travel essentials during pandemic, and information related to safety precautions in branches during business hours.



From the onset of the pandemic and the resulting isolation, it became clear that we need to act as ears to the team, listen to them and support them. We also created informal groups on various messaging apps for developing plans of action and engagements related to new processes and policies. Apart from this, the pandemic did not deter us from celebrating our festivals and special occasions, albeit virtually.

Snapshot of our virtual celebrations



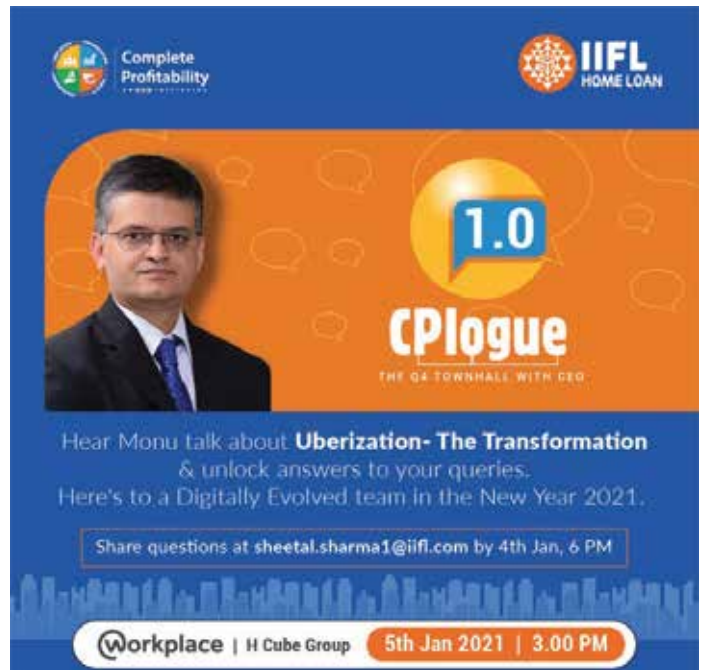
PRIDE:

During the times of social distancing, we digitalised PRIDE, our Rewards and Recognition (R&R) event. Employees gained recognition for the preceding year's work and zealousness. During the reporting period, all zones were acknowledged separately, followed by culmination through a national PRIDE event. There were provisions for entertainment during the well deserved R&R and the much awaited 'IIFL's Got Talent'.



Management Connect

Our senior management takes active participation in communicating and engaging with all employees throughout the year. Our Group Chairman, Mr. Nirmal Jain, on multiple occasions has provided insights into financial market conditions, projections on post pandemic recovery, business opportunities, etc. that provide clarity and a better perspective on how IIFL HFL is planning its future growth.



Employee Assistance Programme

The world experienced a surge in anxiety and depression levels due to widespread social, economic and mental impact of the COVID-19 pandemic. We wanted to minimize the impact on our business, performance and most importantly employees.

Mental and Psychological Support

In order to provide support to all our employees, we launched the Employee Well-being & Assistance Programme (EWAP) that provides one-on-one support to employees experiencing issues such as anxiety, stress, or panic due to the outbreak of the pandemic. Experienced counsellors provided support to employees to address any anxieties related to remaining in isolation, worries about their and their family members' health, amongst other related issues.

07.3 Developing Leaders for Tomorrow

Our focus is to nurture leaders of tomorrow, and we emphasize on attracting, grooming, and retaining the best and brightest talent. The focus is to create a nurturing and positive working environment, where all employees can develop and excel in the long-term.

Evolving Human Capital²⁵

The nature of workplace and business environment is changing across sectors. Dynamics of the way employees are communicating and connecting is changing with the adoption of digital technologies across operations. This has created a space for a new set of capability requirements for employees. Taking a proactive approach, we dynamically develop employees' skills for the long-term that are suited to respond to emerging trends and opportunities.

Snapshot of our Learning Strategy



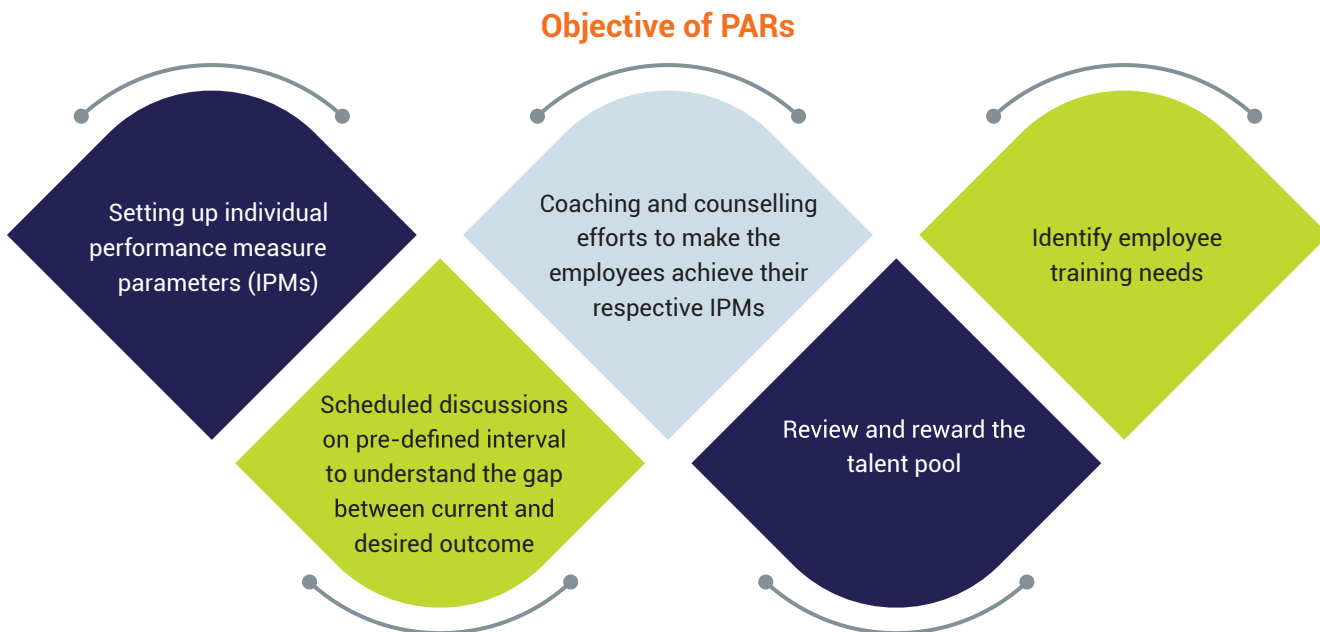
We encourage employees to develop skills that are beyond the immediate business context and are wider and more aligned with the larger goal of organization. We also identify role-based interventions in the behavioural and leadership space for all functional roles across the hierarchy.

We consistently invest in the learning and development of our employees, through function specific training, where functional heads are directly involved in developing the training modules and participate in imparting training through recorded videos/voice overs/VILTs (Virtual Instructor Led Training). Our Learning and Development team actively engages with all employees to impart training on new processes and policies through our learning app. On basis of the learning needs which emerge; we plan and schedule specific functional and technical programmes for the intended audience followed by an impact analysis.

²⁵ GRI 404-2, GRI 404-3

We currently do not record the number of man-hours dedicated towards the trainings through the digital platforms and are in the process of developing SoPs for capturing the same.

As an enabler of developing leaders for tomorrow, all employees receive periodic performance review via ‘Performance Appraisal & Rewards System (PARS)’, as a way of assessing the employee’s performance and productivity by comparing it with already established standards. PARS also identifies employee training needs, and highlights strengths and developmental areas.



We follow a bi-annual approach in reviewing the performance of all the employees, including the Board of Directors. During the mid-year appraisal, we provide feedback to employees based on their performance and what is expected of them. This is followed by a final appraisal at the year end wherein employee has to undergo a self-review, further validated by his/her reporting manager.



Power60

In order to keep our leadership aligned to the strategy and keep in regular touch, we introduced Power60 which served as platform to share ideas, strategic change, innovation and cost optimization. To bring in fresh ideas, thoughts and guidance, we invite successful leaders, entrepreneurs, retired servicemen and regular citizens who have shown extra-ordinary grit and determination in the face of crisis.



Club60 Sessions- Glimpse



Mrutyunjay Mahapatra - Power Talk by ex-MD & CEO - Syndicate Bank on how to create sustainable organizations



Shri Vyas Ji in conversation with Retired IAS & Vice Chairman (BSDMA) Bihar State Disaster Management Authority sharing his experience with our team



Why?

We wanted to seize the opportunity thrown at us during these tough times to undergo organizational change and foster innovation



Who?

The change managers of IIFL Army who are our Heads of Department and other critical resources



How?

Challenges faced by entrepreneurs, leaders, retired servicemen and ordinary citizens

Ideas and thoughts that helped them overcome those obstacles

From great repositions of learning for now and future and are aimed at inspiring leaders of today



When?

We kick-started the Power60 virtual meet on 16th of May 2020 with our Guest of Honor Mr. Mrutyunjay Mahapatra, ex-MD & CEO, Syndicate Bank

Number of sessions held thus far - **8**

Way forward - **2** sessions every month

Power60

Commitment to Human Rights²⁶

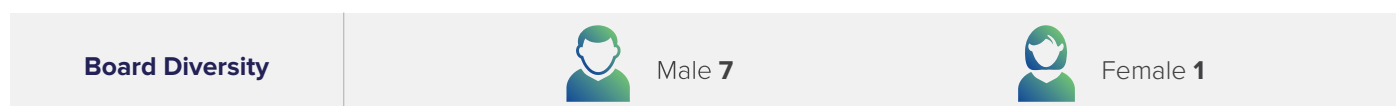
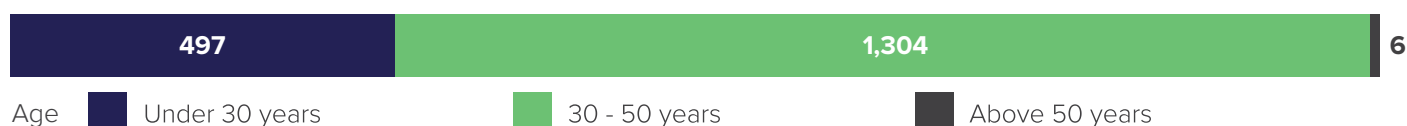
Respecting Human Rights is at the core of IIFL Group's ideals. At IIFL HFL, we understand and value the principles of human rights and workplace entitlements. To embed a culture of respect and equality across departments and designations, we have a Human Rights policy under development and we aim to include the same in our next report. We have also initiated training of our employees on human rights.

²⁶ GRI 412-2

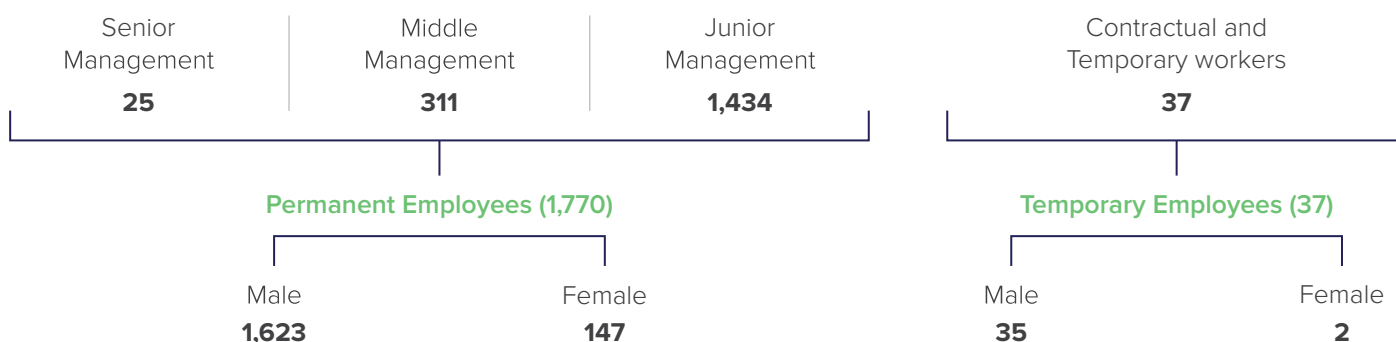
07.4 Fostering a Culture of Inclusivity²⁷

Our talent pool represents varied backgrounds whose interests are aligned to those of the organization. We have a workforce that is diverse in perspectives, experiences, knowledge, cultures, genders, etc. as they bring a wealth of alternative ways to grow, and multiple perspectives on how to tackle challenges. We believe that diversity of any kind, adds to the richness of an organization. As an equal opportunity employer, we believe that merit is the only condition to work and grow and the Company does not discriminate on the basis of caste, gender, race, religion or any other such classification. We are always conscious of creating and nurturing a working environment that is inclusive and celebrates the uniqueness of each employee. Respect for diversity has a significant impact on employee engagement leading to enhanced organizational performance. As an outcome of our efforts, we observed an industry leading performance in attrition, at a rate of 4%.

Snapshot of our diverse workforce (as on 31st March 2021)



Total Workforce by Employee Category



| New employees hired | | | | |
|---------------------|--------|----------------|-------------|----------------|
| Male | Female | Below 30 years | 30-50 years | Above 50 years |
| 314 | 28 | 165 | 176 | 1 |

| Employee turnover | | | | |
|-------------------|--------|----------------|-------------|----------------|
| Male | Female | Below 30 years | 30-50 years | Above 50 years |
| 741 | 65 | 264 | 540 | 2 |

During the reporting period, out of the total 1,770 permanent employees there was only 9 percent representation of women. We believe in providing equal opportunity to every candidate and are developing strategies geared towards creating gender diversity throughout the organization.

²⁷ GRI 405-1, GRI 102-8, SASB FN-AC-330

An aerial photograph of a red kayak with several people inside, navigating a river with rocky banks. The water is a deep, clear green. The kayak is positioned in the lower-middle part of the frame, moving towards the bottom left. The banks are composed of large, light-colored rocks. The overall scene is serene and natural.

Our efforts

- 08 Environmental Responsibility that Leads to Sustainability
- 09 Social Contribution: Driving Positive Change in Communities
- 10 Embracing Sustainability

08 Environmental Responsibility that Leads to Sustainability



“Striking a balance between driving financial growth and protecting the environment is crucial to us. We acknowledge climate change as an environmental issue with huge economic impacts, and our endeavour is to put steady efforts in the areas to mitigate its impact. We are conscious of the fact that while being a part of the service industry we have a relatively smaller footprint, yet we are in a position to have a significant impact through our investments. In line with this thought, we have prioritized our investments to support the creation of a green building portfolio in the country.”

Apoorv Kaushik
ESG Lead



08.1 Our Approach

We consciously strive to conduct our business in a way that protects and supports environmental sustainability and are making ongoing efforts to reduce our impact and be transparent about our performance related to environmental aspects. We are cognisant of the strategic and financial risks and opportunities presented by climate change to our organization and community.

To address these issues we are using a multi-dimensional approach by leveraging our ‘Kutumb’ platform to support the development of a sustainable and green housing segment. We are continuously strengthening our risk assessment methods by conducting ongoing analysis of risks induced by climate change and related aspects. We are also undertaking initiatives to reduce energy consumption and greenhouse gas (GHG) emissions from our operations. Aware of our responsibility towards the environment and natural resource utilization, we have launched various initiatives to reduce the environmental impact caused by construction activities of projects in our portfolio.



Kutumb: Promoting Green Affordable Housing

One such initiative is ‘Kutumb’- which focuses on promoting sustainable and energy-efficient real estate development via IIFL HFL’s developers and project finance business. We have collaborated with leading industry professionals in real estate, green, and sustainable infrastructure to encourage more holistic methods of housing development.



Why

To blend benefits of green homes within the affordable housing segment in India. Ultimately strengthening our belief in Government of India’s mission of Pradhan Mantri Awas Yojana (PMAY) and Housing for All



What

The trigger comes from the fact that buildings are responsible for large amounts of carbon emission, excess of waste generation, and water & energy consumption, consuming non-renewable and natural resources.



How

Kutumb is an initiative to build awareness about the need for green affordable housing amongst its stakeholders and provide a common platform to transform this idea into reality.

Cumulative impact of the Kutumb Programme



1,600+
Participants



430+
Developers



36+
Experts

Green Value Partner: In-house Technical Expertise

Assurance of green buildings comes through audit and certification from recognized industry bodies. However, the extensive process of obtaining a Green Building Certification has created an uncertainty among developers, specifically regarding the cost implications of these activities. To strengthen our green building initiatives and assist developers throughout the project life-cycle, we have established an in-house technical team, 'Green Value Partner (GVP)', to provide complete support on green building methodologies and certification processes to developers.

Helps developers in getting their projects certified by green building agencies

Handholds project development from conception to completion

Helps developers to ensure continuous compliance with green building norms throughout a project's lifecycle

Promotes a continuous supply of green homes in India

Our commitment to the environment is reflected in our approach to ensuring resource efficiency and management of environmental and social risks that affect our product portfolio.



13
Pre-Certified
Green Projects



7,918
MWhr/year of
energy saved



457,000
KL/Year of
water saved



7,284
tCO₂e
reduction

As on 31st March 2021

GVP Outreach Numbers (as on 31st March 2021):

| Description | Units |
|------------------------------------|--------|
| Total Projects | 54 |
| Total Units | 11,602 |
| Projects under Management (PUM) | 38 |
| Units under Management | 30,443 |
| Registered Projects | 18 |
| Pre - Certified Projects/Certified | 13 |

08.2 Case Study: Handcrafting Green Homes – Migsun Wynn

Located in Greater Noida, Migsun Wynn is a pre-certified project by Indian Green Building Council (IGBC). The project has 10 towers with nearly 1,400 dwelling units. It also provides for a small commercial area for convenient shopping, allied services and community building.

Our in-house GVP team supported Migsun end-to-end in the process to achieve a ‘gold pre-certification’ from IGBC. The process began with conducting a preliminary techno-financial assessment of green aspects of the project and then a feasibility study to assess the probability of the project achieving green rating through our continuous assistance towards award of pre-certification.

The green savings from the project are:

- 52% of the total area is open
- 80% of waste water recovery from STP projected
- 48% of water savings/year projected (over IGBC baseline)
- 18% of total energy savings/year projected (over IGBC baseline)
- 1,500 tCO₂ emissions saved per year

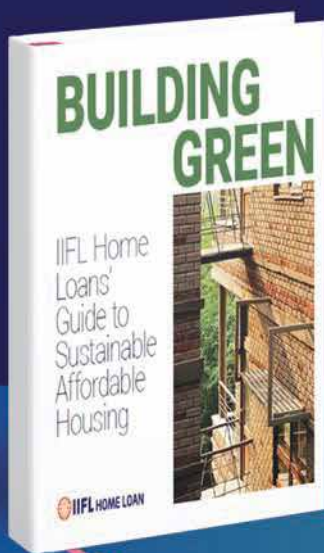


PURPOSE

PURPOSE, Platform for Green Affordable HoUsing & Finance, Through Research, Policy & TechnOlogy for Sustainable Ecosystem, is a strategic initiative of IIFL HFL to contribute to and develop an ecosystem for green affordable housing. Its objective is to leverage research, policy, and technology by bringing experts from varied domains of industry to create an advisory council that can influence policies at all levels of implementation in the context of green affordable housing. The launch of our green handbook titled ‘Building Green’ in March 2021 is an initiative under PURPOSE.

IIFL Home Loans' Guide to Sustainable Affordable housing

India is at the advent of intense construction activity to facilitate economic growth and address rising urbanization. We realize that we are also the enablers for the development in the housing sector and with the right measures, can have a substantial positive impact on its outlook. In support, one of the initiatives IIFL HFL undertook last year extended our duty to disseminating knowledge that advocates responsible and sustainable build-out in the coming years. A product of collaborative effort, we released 'Building Green, IIFL Home Loans' Guide to Sustainable Affordable Housing', a handbook designed to be useful for developers, architects, construction engineers, and homeowners.



The handbook leverages on guidance from three primary rating agencies available in the Indian market - Green Rating for Integrated Habitat Assessment (GRIHA), Indian Green Building Council (IGBC) Homes and Excellence in Design for Greater Efficiency (EDGE).

The handbook provides guidance on design and construction to enable projects to improve performance and ratings and become more environmentally friendly.



Building Plans and Orientation for Thermal Comfort

- Optimizing soft ground and hard paved surfaces, minimizing urban heat island (UHI) effect
- Efficient use of plot area for environmental benefits
- Economic and environmental implications of building tall



Building Envelope

- Minimizing envelope heat gains by optimizing the perimeter wall-to floor area ratio
- Shading device (windows/balconies)



Water Efficiency

- Water resource planning
- Strategy for storage tank sizing
- Raw water treatment systems
- Water distribution management
- Water use optimization
- Planning and design of waste water treatment system
- Typical water balance chart



Waste Management and Disposal

- Waste management during construction
- Reusability/recyclable materials
- Waste segregation and on-site consumption of recycled organic waste

08.3 Environmental Impact

Energy and Emissions²⁸

At the organizational level, a large portion of our environmental footprint is generated through our energy usage, i.e. purchased electricity from the grid for our Head Office in Gurugram, as well as our regional offices and branches. In addition, we also rely on diesel generators for emergency power requirements. Acknowledging the consequences such consumption will have on the environment, we seek to manage the negative impacts effectively, while undertaking interventions to optimize the energy use within the organization. In doing so, we have been able to increase the energy efficiency of our operations. A similar approach is followed for accounting and reporting of emissions incurred by our organization.

The reporting period saw a reduced usage of our premises, attributed to the various phases of nation-wide lockdowns due to the COVID-19 pandemic. This presented a skewed picture of our operational impacts, and as an outcome, we are focusing on energy usage and emissions from purchased electricity for our Head Office in Gurugram only. Moving forwards, we are committed towards conducting an energy and GHG accounting exercise for our controlled locations to identify, report, and reduce our total environmental impact.²⁹

Energy Consumption at IIFL HFL

| Parameter | FY 2020-21 (GJ) |
|---|-----------------|
| Indirect energy consumption (electricity) | 2,555 |

* Emissions are for Head Office in Gurugram only

Emissions at IIFL HFL

| Parameter | FY 2020-21 (tCO ₂ e) |
|-----------|---------------------------------|
| Scope 2 | 581.97 |

* Emissions are for Head Office in Gurugram only

Water Consumption³⁰

Water scarcity is an alarming issue throughout the country, and this is primarily driven by climate change, unchecked consumption, wastage in critical sectors, and lack of knowledge regarding water management. We have identified water consumption within our branches as a major contributor to our overall environmental footprint and are working towards its judicious use. We are also undertaking an assessment of our offices to identify water stress risks and develop strategies that could be used to reduce the water footprint of IIFL HFL.

In the reporting period, as the offices were closed for public dealings, water consumption shows a biased picture of our footprint. In order to ensure consistency and transparency in disclosures, we have reported water consumption of our Head Office in Gurugram only.

²⁸ GRI 302-1, GRI 305-2

^{29, 25, 26} Dependent on relaxation of lockdown restrictions in India

³⁰ GRI 303-1, GRI 303-3

Our water demand is met primarily using water supply from the local municipality and water tanks. Our branches within the shopping centres and shared office spaces get drinking water supply from approved vendors that supply water bottles for consumption. Additionally, at such locations water is supplied as a utility, which is primarily used for sanitation. The water discharge from our branches is not recorded as per the current reporting standards, and we are developing practices and procedures to record water discharge for our organization.³¹

Water Withdrawal at IIFL HFL

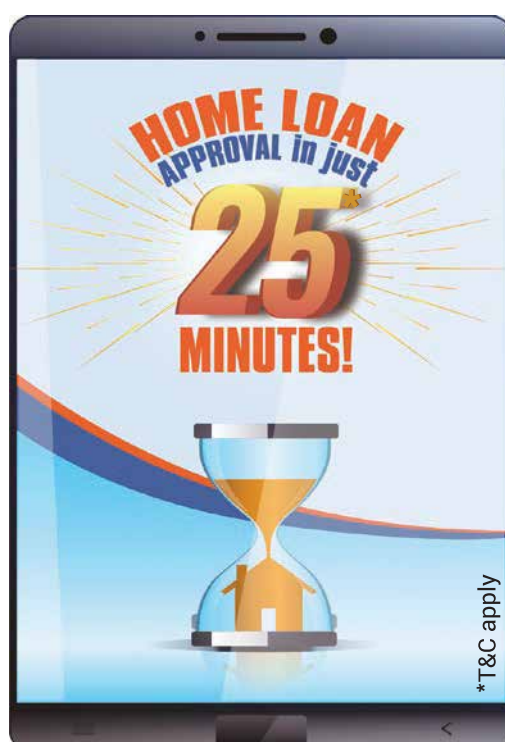
| Parameter | FY 2020-21 (kl) |
|------------------------|-----------------|
| Water tankers | 2,760 |
| Municipality | 51,000 |
| Total water withdrawal | 53,760 |

* Water withdrawal is for Head Office in Gurugram only

Paperless

We identified consumption of paper as a major contributor towards our environmental footprint. To address this, we leveraged our digital platforms to digitalise and automate our processes that required a large amount of paper trail. In an attempt towards reducing paper trail and lead time in loan disbursement, we have launched a programme to reduce paper use during the loan application process. Under the programme, a loan can be applied for using an online platform without the need to submit physical documents. CIBIL score check, credit-checks, and verification is done at the back-end and within the hour an applicant is able to receive a 'soft' sanction letter.

As a result, the entire loan application and approval process takes minutes and loan disbursement happens within a day. It substantially reduces the physical paper trail with applicants uploading digital copies instead. This past year, with a decrease in physical contact, the product has witnessed tremendous growth. This online platform has enabled us to reduce the paper consumption by 3.90 tonnes in the reporting year (approximately 0.78 million sheets of paper).



³¹ Dependent on relaxation of lockdown restrictions in India

09 Social Contribution³²: Driving Positive Change in Communities



“ For fostering social transformation, contributing to community is essential and to have a positive impact on community, strategic interventions are a must. This philosophy has been at the centre of all our CSR policies, which have been designed to include every part of the society for our nation’s growth. Our efforts, thus, are concentrated around sustainable livelihood, education, financial literacy, healthcare, rural development, awareness on green buildings, and promoting sustainable goals. ”

Ajay Jaiswal
Head - Compliance



09.1 Our Approach

As a responsible organization, we consider driving positive change in our community as our primary duty. By enhancing efforts to contribute towards sustainable development and national advancement for the benefit of all, we aim to bring about positive social impacts through strategic interventions.

Our Corporate Social Responsibility (CSR) policy acts as a driver of social initiatives throughout the organisation. The CSR projects at IIFL HFL are steered by the shared values of the IIFL group. By applying these values to CSR projects, we undertake initiatives that create sustainable growth and empower underprivileged sections of society.

In our CSR journey towards achieving positive social impact, we endeavour to deploy CSR Programmes and contribute to international development goals such as UN SDGs, in line with Schedule VII of The Companies Act, 2013.

³² GRI 413-1

Focus areas prioritised by IIFL Home Finance Ltd. in its CSR strategy

| Focus area | Description | Linkage to SDG |
|---|---|---|
|  <p>Education</p> | <p>Educational programmes are engineered to bring holistic development in students at primary and secondary school level. The projects include promoting education, setting up and upgrading educational facilities and supporting institutes of higher education, especially for women.</p> |  |
|  <p>Financial literacy</p> | <p>We believe individuals with basic financial knowledge can make informed financial decisions and therefore, maintain better financial health. Our projects, endeavour to provide information of financial products, especially of rewards and risks, to better equip the financially excluded to make informed choices with respect to money.</p> |  |
|  <p>Support to Educational Research Programmes</p> | <p>We aim to support educational research programmes across disciplines and support the research pursuits of research institutions.</p> |  |
|  <p>Fight against outbreak of COVID-19 pandemic</p> | <p>We have in place various initiatives to engage our employees and communities. This focus area lists initiatives taken for fighting against COVID-19.</p> |  |
|  <p>Crèche-cum-Learning Facility for children of labourers at construction site</p> | <p>We understand the importance of providing education to underprivileged children with a special focus on the girl child such that it is convenient for workers at construction sites and their children. This focus area highlights eradication of illiteracy.</p> |  |
|  <p>Sustainable Livelihood</p> | <p>We recognise that it is imperative to mainstream the disengaged to participate in the labour force of the country and adapt to a sustainable livelihood to contribute positively to the nation building process. The focus areas under livelihoods encompass two broad verticals of entrepreneurship and employment.</p> |  |

09.2 Promoting Education for the Underprivileged

We understand the importance of education and the impact it can have on an individual's quality of life. We facilitate education of children and adults, especially from underprivileged sections of the society, so that newer and more opportunities are made available to them. Some of the initiatives taken in reporting period include:

Sakhion ki Baadi

Sakhion ki Baadi is the flagship initiative of IIFL Foundation that aims at eradication of illiteracy. The initiative focuses on providing quality education to thousands of underprivileged children, with a special focus on the girl child. Under the initiative, we have enabled educational development by setting up schools in many southern districts of the state of Rajasthan including tribal districts of Rajsamand and Udaipur.

In the reporting period, the initiative regained its operation, post June 2020. The team members followed safety guidelines issued by the government and continued their engagement with the communities. The Daksha (learning facilitator) played a pivotal role in keeping children from the villages informed and safe during the lockdown phase. In addition to operating the learning centres for girls, our on-field team supported the work of Anganwadi¹ workers and Primary Health Centre's (PHC), to spread awareness about the pandemic and assist in emergency services.



990
Centers



11
Districts



29,444
Girls

Chauras

Chauras is a learning centre for children of migrant workers at construction sites. The centre operates from 9 a.m. to 5:30 p.m. for 5 days, providing education, healthy meals and a place of safety for children in the age bracket of 3 months to 15 years.

During the reporting period, the centre operated in a limited capacity due to social distancing and maximum capacity restrictions. These were put in place to have limitations on work at construction sites, as a result, a significant number of labourers returned to their home towns during the lockdown.

Post lockdown, Chauras regained its operations, observing the safety guidelines issued by the Health Ministry of India to prevent the spread of COVID-19. We are also engaging with our partners to provide health check-ups and vaccinations at periodic intervals.

Seva Kutir

The project focuses on elevating the education levels of children from Scheduled Castes and Scheduled Tribes. During the reporting period, due to the imposed lockdown, government schools have not been functional as before. So, in rural pockets of the state of Madhya Pradesh, these community learning centres proved to be the only space with sustained the teaching and learning. Along with educational activity, children also engage in physical activity sessions and outdoor sports.

09.3 Support to Educational Research Programmes

We have extended financial support to the esteemed Ashoka University towards its research and fellowship programmes.

³³ Anganwadi literally translates to 'courtyard shelter'; it is a type of rural child care centre in India.

09.4 Fight against Outbreak of COVID-19

We recognize the importance of staying connected with our employees, customers, and our communities during the pandemic. We supported 1000+ construction site workers through our relief programme. The objective was to provide essential (dry ration) and personal care (mask, sanitizer, and soap) kits to workers and their families and educate them about preventive measures to be adopted. Through our #JanAndolan #AppropriateBehaviour campaigns, we engaged with our stakeholders through email and social media platforms to highlight the importance of adopting COVID-19 appropriate behavior such as wearing masks, following social distancing, and maintaining hand hygiene.

09.5 Sustainable Livelihood

Our sustainable livelihood programme focuses on providing avenues for employment generation through a skill development. In the reporting period, some of the initiatives undertaken by the Company with regards to skill development are presented below.

Financial Literacy for Females

Through our 'Sakhion ki Baadi' initiative, we have provided employment to over 950 women from remote villages across 11 districts of Rajasthan. In our endeavor to provide financial inclusion to the underprivileged, we have conducted sessions on financial literacy for female members associated with this initiative. The conducted sessions leveraged technology and ten sessions were held over an online platform.

These sessions saw over 200 participants and provided a variety of information for better utilization of financial tools. Topics included savings management, safe practices for digital transactions, understanding banking services, government schemes for savings, and understanding financial products (Mutual Funds, Insurance, and Stock Market).



09.6 Social Impact of Financial Services

The sustainability of our business is greatly influenced by the health and resilience of our communities. As a responsible corporate, we promote women empowerment through our efforts to facilitate CLSS benefits under PMAY(U).

We have also initiated several activities for community welfare such as focused programmes for enhancing girl child education, financial literacy among construction workers and their families and tribal development work through the CSR arm of the IIFL Group. Our success is interlinked with the well-being of the societies in which we operate. As one of the leading housing finance companies, we understand our responsibility to leaving a positive impact on the communities.

Fostering Financial Inclusion³⁴

The Government's PMAY scheme presents an opportunity for home finance players in the country. We have aligned our product offerings with the 'Housing for All by 2022' mission and are committed to playing our role in the country's growth by bringing the 'financially excluded', especially female members of the society, within the perimeter of the mainstream economy. Our customized, low-ticket sized loans are made available and accessible at affordable interest rates to first-time home-buyers to realize their dream of owning a home.

Low Ticket Size Home Loans

We cater to first-time home buyers with informal income documentation by providing loans at affordable interest rates. It also presents an attractive proposition in the form of Credit Linked Subsidy Scheme (CLSS) benefits. The CLSS under PMAY(U) requires the home to be compulsorily owned or co-owned by a female member of the family. This further aligns with our vision of female empowerment through CLSS and helps us to facilitate our female customers with subsidy benefits enabling them to build more secure lives for themselves and their families.

³⁴ SASB FN-CB-240

₹43.58 Billion
Home Loans disbursed

28,850*
Home Loan customers

43,000+*
CLSS beneficiary families

₹10.26 Billion
CLSS subsidy facilitated

Secured Business Loan

We have designed our loan portfolio for SMEs and small business owners for meeting working capital requirements, business use and purchase of commercial properties. Secured Business Loan provides small ticket loans for lower income segments like small traders and garment shop owners, among others. The loans fulfil the credit needs of small traders and help drive economic development across the country in line with the National Mission – 'Atma Nirbhar Bharat'.

During the reporting period, we disbursed ₹10.45 Billion as Secured Business Loans to more than 3,600 customers.



* As on 31st March, 2021

10 Embracing Sustainability

Fairness, Integrity, and Transparency along with sustainability are in-built in IIFL HFL's purpose of becoming the most respected company in the home finance industry. Our purpose is enabled by right business conduct, working together with communities, and integration of UN Sustainable Development Goals into our actions.

As we enter the decade of action, we are evaluating all our operations and investments and embedding sustainability within our strategic priorities. Our sustainability goals are closely aligned with the UN SDGs and they reflect our commitment to be a transparent and responsible organization.

During the pandemic, we observed a large-scale push towards digitization of consumption and work. We expect this to prompt deeper, structural changes in the economy over the coming years. For IIFL HFL, we envision opportunities in certain sectors, including green affordable housing, and digitization of financial services. As an outcome, we are emphasizing on training and 're-skilling' of our workforce to fill future skills gaps.

We follow a multi-phase approach for integrating principles of sustainability and sustainable development within our operational boundary. In the first phase, we developed our ESG Policy and ESG framework which have been instrumental in developing a foundation for our journey towards wholesome sustainability. In the second phase, we are updating our existing policies and practices to include ESG considerations, while determining our current status, which will act as a baseline for future assessments.

In the subsequent phase we will be developing ESG targets at the organizational and individual level. These targets will be used to determine our ESG growth trajectory which will be followed by capacity building of our people on ESG matters through regular, periodic training. All our phases are time bound, as we strive to report on the progress to our stakeholders.

As we launch our sustainability journey, we are making every effort to move towards a net zero economy. Over the coming years, we will focus on:

- Establishment of a robust governance structure for implementing ESG initiatives
- Establish Standard Operating Procedures for sourcing ESG performance data from all operational branches
- Undertake initiatives to enhance diversity and inclusion within the organization
- Development of a sustainability roadmap with clearly defined ESG targets
- Contribute to affordable housing industry by leveraging Kutumb as a market-making initiative

We firmly believe that achieving our targets will require a collaborative effort from all our stakeholders. Thus, your views and suggestions are of utmost importance to us and we welcome and eagerly await your feedback on this Report!



11 GRI Content Index

| GRI Standard | Disclosure | Description | Page No. |
|------------------------------------|--|--|---|
| GRI 102: General Disclosures | GRI 102-1 | Name of the organization | Cover Page |
| | GRI 102-2 | Activities, brands, products and services | 08 |
| | GRI 102-3 | Location of headquarters | Back Cover |
| | GRI 102-4 | Location of operations | 11 |
| | GRI 102-5 | Ownership and legal form | 08 |
| | GRI 102-6 | Markets served | 11 |
| | GRI 102-7 | Scale of the organization | 06 |
| | GRI 102-8 | Information on employees and other workers | 43 |
| | GRI 102-9 | Supply chain | 34 |
| | GRI 102-11 | Precautionary principle or approach | 22-23 |
| | GRI 102-12 | External initiatives | 23-24 |
| | GRI 102-13 | Membership of associations | 08 |
| | GRI 102-14 | Statement from senior decision-maker | 04-05 |
| | GRI 102-16 | Values, principles, standards and norms of behavior | 08 |
| | GRI 102-18 | Governance structure | 22 |
| | GRI 102-30 | Effectiveness of risk management processes | 25 |
| | GRI 102-40 | List of stakeholder groups | 15 |
| | GRI 102-41 | Collective bargaining agreements | Not applicable as we are a financial services company |
| | GRI 102-42 | Identifying and selecting stakeholders | 15-16 |
| | GRI 102-43 | Approach to stakeholder engagement | 15-16 |
| | GRI 102-44 | Key topics and concerns raised | 16 |
| | GRI 102-45 | Entities included in the consolidated financial statements | 02 |
| | GRI 102-46 | Defining report content and topic Boundaries | 02 |
| | GRI 102-47 | List of material topics | 18 |
| | GRI 102-48 | Restatements of information | Not applicable, this is our first report |
| | GRI 102-49 | Changes in reporting | Not applicable, this is our first report |
| | GRI 102-50 | Reporting period | 02 |
| | GRI 102-51 | Date of most recent report | Not applicable, this is our first report |
| GRI 102-52 | Reporting cycle | 02 | |
| GRI 102-53 | Contact point for questions regarding the report | 02 | |

| GRI Standard | Disclosure | Description | Page No |
|---|------------|---|--------------------------------------|
| GRI 102: General Disclosures | GRI 102-54 | Claims of reporting in accordance with the GRI Standards | 02 |
| | GRI 102-55 | GRI Content Index | 56 |
| | GRI 102-56 | External Assurance | The report is not assured externally |
| Specific Standard Disclosures | | | |
| Category: Economic | | | |
| Economic Performance | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 19 |
| | GRI 103-2 | The management approach and its components | 35 |
| | GRI 103-3 | Evaluation of management approach | 35 |
| GRI 201: Economic Performance | GRI 201-1 | Direct economic value generated and distributed | 35 |
| | GRI 201-4 | Financial assistance received from government | 35 |
| Anti-Corruption | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 19 |
| | GRI 103-2 | The management approach and its components | 27 |
| | GRI 103-3 | Evaluation of management approach | 27 |
| GRI 205: Anti-Corruption | GRI 205-2 | Communication and training about anti-corruption policies and procedures | 27 |
| | GRI 205-3 | Confirmed incidents of corruption and actions taken | 27 |
| Anti-Competitive Behaviour | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 19 |
| | GRI 103-2 | The management approach and its components | 27 |
| | GRI 103-3 | Evaluation of management approach | 27 |
| GRI 206: Anti-Competitive Behaviour | GRI 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 27 |
| Category: Environment | | | |
| Energy | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 20 |
| | GRI 103-2 | The management approach and its components | 44, 48 |
| | GRI 103-3 | Evaluation of management approach | 48 |
| GRI 302: Energy | GRI 302-1 | Energy consumption within the organization | 48 |

| GRI Standard | Disclosure | Description | Page No |
|---|------------|--|---------|
| Water | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 20 |
| | GRI 103-2 | The management approach and its components | 44, 48 |
| | GRI 103-3 | Evaluation of management approach | 48 |
| GRI 302: Energy | GRI 303-1 | Interactions with water as a shared resource | 48,49 |
| | GRI 303-3 | Water withdrawal | 48,49 |
| Emissions | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 20 |
| | GRI 103-2 | The management approach and its components | 44,48 |
| | GRI 103-3 | Evaluation of management approach | 44,48 |
| GRI 305: Emissions | GRI 305-2 | Energy indirect (Scope 2) GHG emissions | 48 |
| Environmental Compliance | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 19 |
| | GRI 103-2 | The management approach and its components | 27 |
| | GRI 103-3 | Evaluation of management approach | 27 |
| GRI 307: Environmental Compliance | GRI 307-1 | Non-compliance with environmental laws and regulations | 22 |
| Category: Social | | | |
| Employment | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 20 |
| | GRI 103-2 | The management approach and its components | 36 |
| | GRI 103-3 | Evaluation of management approach | 36 |
| GRI 401: Employment | GRI 401-1 | New employee hires and employee turnover | 43 |
| Training and Education | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 20 |
| | GRI 103-2 | The management approach and its components | 36 |
| | GRI 103-3 | Evaluation of management approach | 36 |
| GRI 404: Training and Education | GRI 404-2 | Programmes for upgrading employee skills and transition assistance programmes | 40,41 |
| | GRI 404-3 | Percentage of employees receiving regular performance and career development reviews | 40,41 |

| GRI Standard | Disclosure | Description | Page No. |
|--|------------|--|----------|
| Diversity and Equal Opportunity | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 20 |
| | GRI 103-2 | The management approach and its components | 43 |
| | GRI 103-3 | Evaluation of management approach | 43 |
| GRI 405: Diversity and Equal Opportunity | GRI 405-1 | Diversity of governance bodies and employees | 43 |
| Human Rights Assessment | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 20 |
| | GRI 103-2 | The management approach and its components | 42 |
| | GRI 103-3 | Evaluation of management approach | 42 |
| GRI 412: Human Rights Assessment | GRI 412-2 | Employee training on human rights policies or procedures | 42 |
| Local Communities | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 20 |
| | GRI 103-2 | The management approach and its components | 50 |
| | GRI 103-3 | Evaluation of management approach | 50 |
| GRI 413: Local Communities | GRI 413-1 | Operations with local community engagement, impact assessments, and development programmes | 50 |
| Customer Privacy | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 19 |
| | GRI 103-2 | The management approach and its components | 34 |
| | GRI 103-3 | Evaluation of management approach | 34 |
| GRI 418: Customer Privacy | GRI 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 34 |
| Socio-Economic Compliance | | | |
| GRI 103: Management Approach | GRI 103-1 | Explanation of the material topic and its boundary | 19 |
| | GRI 103-2 | The management approach and its components | 22 |
| | GRI 103-3 | Evaluation of management approach | 22 |
| GRI 419: Socioeconomic Compliance | GRI 419-1 | Non-compliance with laws and regulations in the social and economic area | 22 |

12 Abbreviations

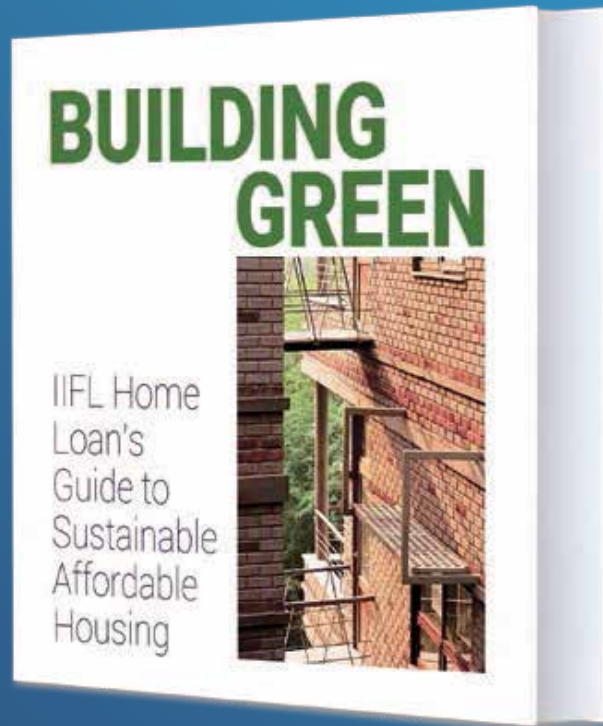
| | |
|----------|--|
| AI | Artificial Intelligence |
| Assocham | Associated Chambers of Commerce and Industry |
| AUM | Assets Under Management |
| BFSI | Banking, Financial Services and Insurance |
| BLC | Beneficiary Led Construction |
| CEO | Chief Executive Officer |
| CIBIL | Credit Information Bureau (India) Limited |
| CII | Confederation of Indian Industry |
| CLSS | Credit Linked Subsidy Scheme |
| CO2 | Carbon-dioxide |
| CRM | Customer Relationship Management |
| CSR | Corporate Social Responsibility |
| DBR | Debt Burden Ratio |
| EAD | Exposure At Default |
| EDGE | Excellence in Design for Greater Efficiency |
| EHS | Environment, Health and Safety |
| ENACH | Electronic National Automated Clearing House |
| ESG | Environment-Social-Governance |
| ET | Economic Times |
| EWAP | Employee Well-being & Assistance Programme |
| EWS | Economically Weaker Section |
| EWS | Early Warning Signals |
| FICCI | Federation of Indian Chambers of Commerce and Industry |
| FIDC | Forum for Indian Development Cooperation |
| FIT | Fairness, Integrity and Transparency |
| FY | Financial Year |
| GHG | Greenhouse Gas |
| GREC | Global Real Estate Congress |
| GRI | Global Reporting Initiative |
| GRIHA | Green Rating for Integrated Habitat Assessment |
| GVP | Green Value Partner |

| | |
|---------------|--|
| HR | Human Resource |
| IAA | International Advertising Association |
| IGBC | Indian Green Building Council |
| IIFL HFL | India Infoline Home Finance Limited |
| ISO | International Standards Organization |
| IT | Information Technology |
| IVR | Interactive Voice Response |
| KYC | Know Your Customer |
| LGD | Loss Given Default |
| LIG | Lower Income Group |
| LMS | Learning Management System |
| LTV | Loan To Value |
| MIG | Middle Income Group |
| MITC | Most Important Terms and Conditions |
| NHB | National Housing Bank |
| NPA | Non-Performing Asset |
| PARS | Performance Appraisal & Rewards System |
| PAT | Profit After Tax |
| PD | Probability of Default |
| PHC | Primary Health Centre |
| PII | Personally Identifiable Information |
| PM Cares Fund | Prime Minister Cares Fund |
| PMAY | Pradhan Mantri Awas Yojana |
| PSL | Priority Sector Lending |
| PUM | Projects Under Management |
| PURPOSE | Platform for Green Affordable HoUsing & Finance, Through Research, Policy & TechnOlogy for Sustainable Ecosystem |
| RBI | Reserve Bank of India |
| RHISS | Rural Housing Interest Subsidy Scheme |
| SASB | Sustainability Accounting Standards Board |
| SEBI | Securities and Exchange Board of India |
| SME | Small and Medium sized Enterprises |
| SMS | Short Message Service |

| | |
|---------|---|
| SOP | Standard Operating Procedure |
| STP | Sewage Treatment Plant |
| UHI | Urban Heat Island |
| UN PRI | United Nations Principles for Responsible Lending |
| UN SDGs | United Nations Sustainable Development Goals |
| UNGC | United Nations Global Compact |
| USB | Universal Serial Bus |
| VILTs | Virtual Instructor Led Trainings |
| w.r.t | with respect to |

Disclaimer

- This document is for informational purposes only and user discretion is required. No liability is assumed resulting from the use of the information contained in this report
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- The research covers Financial Period of 2020-2021



IIFL Home Loan's Guide to **Sustainable Affordable Housing**

Rising need for affordable housing makes it imperative to facilitate eco-friendly construction practices. IIFL Home Finance consciously focuses on opportunities to promote green affordable housing in the country – encouraging dissemination of knowledge and ensuring sustainable build out in the years to come.

Responding to this need, IIFL Home Finance Limited has come together with the noted architect, Ar. Ashok B. Lall, to create a guiding handbook – **Building Green; IIFL Home Loans' Guide to Sustainable Affordable Housing**. This handbook is aimed at providing deeper insights about the design and construction of projects to aid stakeholders achieve the desired green rating.



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REDUCE. REUSE. RECYCLE.

Paper makes up about 28% of solid trash in landfills and one ton of paper takes up about 3.3 cubic yards of landfill space, according to the EPA. Recycling paper and cardboard saves space in landfills for trash that cannot be recycled and saving space in landfills reduces the need to build more landfills.