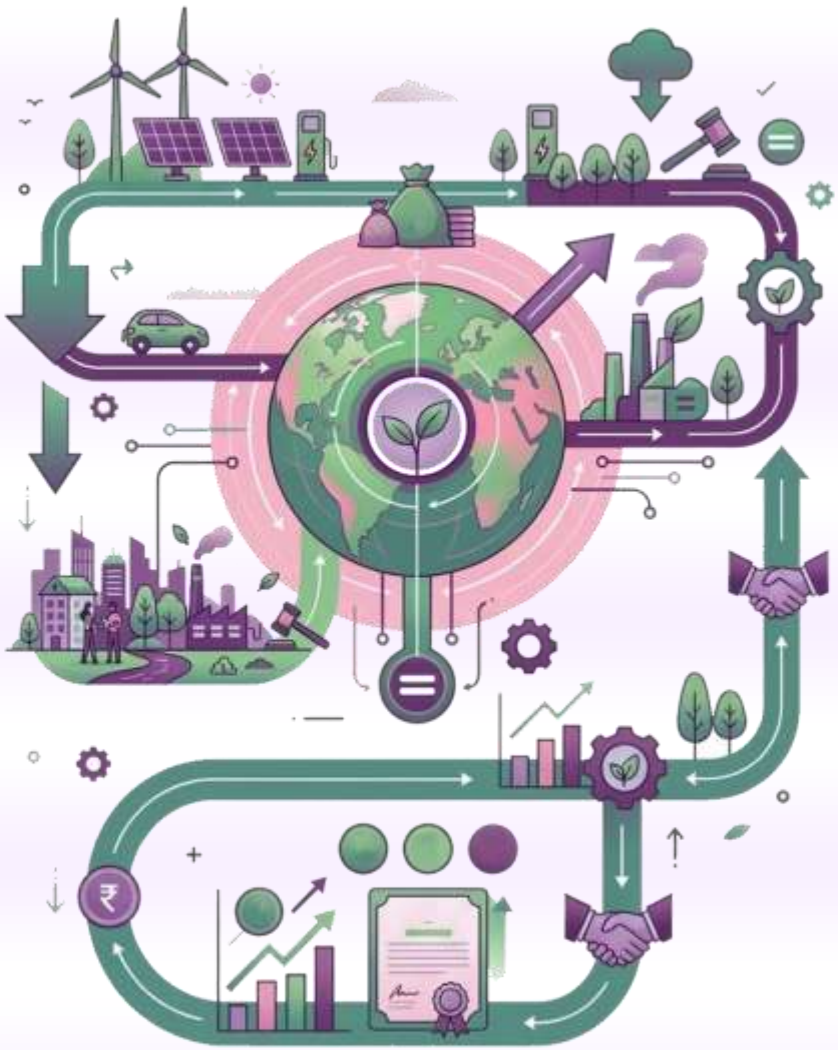
SUSTAINABLE FINANCE FRAMEWORK



CAPRI GLOBAL CAPITAL LTD.

Contents

Executive Summary

The sustainable finance framework referred to as "The Framework" outlines Capri Global's approach to integrating environmental and social considerations into our sustainable lending activities. It serves as a guiding document for issuing sustainable finance instruments aligned with international standards and frameworks namely International Capital Market Association's (ICMA) Green Bond Principles and Social Bond Principles.

The framework introduces the organization, its product portfolio, sustainability strategy and gives an insight into their sustainability objectives highlighting its strategic focus towards *climate resilience, inclusive housing, sustainable infrastructure,* and *financial empowerment*.

Key components of the framework include the following:

- Sustainable Finance Framework Governance Overview
- Use of Proceeds:
  - Eligibility Criteria (Green and Social)
- Project Evaluation and Selection
  - Methodology
  - Governance
  - Roles and responsibilities
- Management of Proceeds
- Reporting and Disclosure
- Annex

Framework at a glance

Instruments covered	Green, Social, and Sustainability Bonds/Loans
Core Alignment standards and frameworks	ICMA Principles (2021)
Governance	E&S Steering Committee – Management Level Subset: Sustainable Finance Working Group (Execution)
Assurance	Annual External Verification on Allocation and impact

1. Introduction

Capri Global Capital Limited ("Capri Global" or "Company") is a Reserve Bank of India regulated non-banking financial company (NBFC) serving individuals and businesses across India under the Capri Loans brand. The Company provides completely digital, accessible financing solutions with a focus on underserved segments and inclusive growth.

Sustainable finance plays a pivotal role in aligning funds with long-term Environmental, Social, and Governance (ESG) goals. Capri Global has developed its Sustainable Finance Framework (SFF) to support its commitment to financial inclusion in underserved and priority sectors, deepen infrastructure development, and contribute towards a climate resilient society.

Capri Global has a strong market presence in tier 3 and 4 cities, uniquely positioning it to implement the sustainable finance framework. Serving a customer base that is predominantly new to credit and low-income, the Company plays a critical role in deepening financial inclusion. This grassroots reach enables the company to channel funds towards underserved communities and sectors, aligning both their own ESG goals and national development priorities.

The proceeds can be allocated to four social UoP categories of infrastructure development and employment generation; supporting and enabling micro, small and medium-sized enterprises (MSMEs) and women entrepreneurship; access to education and training; and access to affordable housing. The proceeds can also be allocated to gold loans benefiting the female borrowers as well as under-served and underbanked borrowers.

Through its Gold Loan portfolio, Capri Global supports farming households, small shop owners and salaried families who rely on quick and predictable credit during critical cashflow gaps. For agriculture-linked households, the product enables timely spending on sowing, feed, veterinary needs and seasonal requirements, while for MSMEs it provides rapid working capital for inventory purchases, festive-season stocking and supplier payments. The product also serves as an essential lifeline during emergencies such as healthcare or sudden household expenses where speed and clarity matter most. With a strong presence across underserved rural and semi-urban markets and a customer-first auction policy centred on fairness, transparent bidding and surplus refunds, Capri Global enhances financial access for communities that depend on reliable short-term liquidity.

Through their lending product in the MSME Sector, Capri Global has cultivated a deep and targeted engagement with **Priority Sectors** across their portfolio. This reflects it's alignment with **Reserve Bank of India's Priority Sector Lending (PSL) guidelines** (RBI/FIDD/2024-25/128). The guidelines mandates banks to direct credit toward sectors critical for socio-economic development. The revised PSL guidelines effective April 2025 have expanded the scope of eligible categories, including **renewable energy, affordable housing, and social infrastructure**, which are central to Capri's lending portfolio.

Capri Global powers the dream of home ownership for families across cities through its Affordable Housing loans under PMAY-U 2.0. The scheme opens doors for EWS, LIG and MIG households to move into secure pucca homes with financial ease, backed by defined eligibility norms and interest-subsidy support. Capri Global's tailored approach helps customers choose the right home, meet documentation needs with confidence and access benefits designed to improve comfort and long-term wellbeing. By supporting families who do not own a pucca house and are seeking their first home, Capri Global plays a key role in strengthening inclusive housing and enabling upward mobility in urban communities.

In parallel, Capri Global's construction finance portfolio supports the upstream side of the housing ecosystem by enabling developers to deliver compliant, climate-ready and community-centric projects. This creates a robust supply pipeline for affordable units and accelerates infrastructure development across emerging urban clusters. By anchoring both home-loan access and responsible project financing, Capri Global contributes to long-term stability, asset creation and resilient growth in the affordable housing landscape.

1.1 About the Framework

Objective: Capri Global's Sustainable Financing Framework has been established to enable the Company and its subsidiaries (Capri Global Broking Pvt. Ltd., Capri Global Capital Markets Private Ltd., Capri Global Housing Finance Ltd, Capri Loans Car Platform Pvt. Ltd, Capri Global Insurance Brokers Private Limited) to issue Sustainable Financing Instruments including green, social, and sustainability bonds / loans; private/public placements; and other debt instruments in both onshore and offshore markets.

Scope: The Framework applies to the origination, labeling, and ongoing management of eligible green, social, and sustainability financings, as well as related risk, compliance, and reporting practices across the portfolio.

This document outlines the key principles and guidelines of Capri Global's Sustainable Finance Framework (the Framework), detailing the company's approach to the four core pillars of sustainable financing and its alignment with international standard "International Capital Market Association's (ICMA) Green Bond Principles and Social Bond Principles" listed below:

- Use of proceeds
- Project selection and evaluation
- Management of proceeds
- Reporting

The framework describes in detail Capri Global's environmental and social objectives, sustainable finance governance arrangements; eligibility criteria and exclusions for financial products; processes for evaluation and selection of projects; management of proceeds; monitoring, tracking, data, and impact measurement. It also lays out the outline and requirements for disclosure and reporting; external review and assurance; and training and continuous improvement.

The framework will be implemented in two phases, where in **Phase 1** internal processes, training and project selection and evaluation will be carried out, followed by **Phase 2** where the framework and its impact report will be prepared for external issuance. The "Implementation note (separate doc)" covers this in further detail.

Sustainability Objectives

CAPRI GLOBAL is focused on channeling its investments into key strategic initiatives that promote *climate resilience, affordable housing, sustainable infrastructure,* and *financial empowerment*. These thematic priorities form the foundation of Capri Global's Sustainable Finance Framework and align itself with the company's existing suite of financial products including housing finance, construction finance, Gold Loan Finance, MSME finance, solar finance, and microloans secured by property.

CAPRI GLOBAL's sustainability objectives, as outlined below, have been developed in coherence and alignment with the **UN Sustainable Development Goals (SDGs) (listed below)** and its key strategic sustainability initiatives. The framework has been designed to guide the allocation of proceeds from green, social, and sustainability-linked instruments toward making responsible investments.

Table 1: Broader - Sustainability Objectives of Capri Global

	Financial inclusion through accessible mortgage and renovation financing for underserved groups
 	Affordable Housing, Climate resilient housing.
	Sustainable infrastructure development

1.2 Our Product portfolio

Table 2: Product portfolio as of 31st March 2025

Business Segment	Product	Description
Housing Finance		Enabling affordable and sustainable homeownership.
Gold Loan		Offering short-tenor, small-ticket credit backed by gold to increase access for underserved communities.

MSME: Empowering small and medium enterprises with working capital and growth funding.	Solar Finance	Promoting renewable energy adoption through financing of solar projects and distributed solutions.
	Small Business Loan	Financing micro entrepreneurs to build resilient and sustainable enterprises
	Micro LAP	Advancing financial inclusion for low- to middle-income customers through small-ticket, secured loans.
Construction Finance		Supporting responsible residential and commercial real-estate development.

2. Sustainability Strategy

Capri Global Capital Limited (Capri Global) incorporates ESG considerations into its strategy, credit decisions, risk management, and operations. Sustainability is embedded in its business model and product design to support long-term value and responsible growth. The ESG policy outlines governance for sustainability, supported by defined policies, controls, and ongoing employee training. It also includes **exclusion criteria**, **risk assessment protocols**, and **impact monitoring mechanisms** to ensure that financial activities contribute positively to society and the environment

A dedicated ESG department leads the enterprise ESG strategy and action plan with clear KPIs aligned to the UN SDGs and NGRBC principles. It also conducts gap assessments against leading reporting and rating frameworks, and ensures implementation through robust policies (e.g., Code of Conduct, Whistle Blower, AML/KYC, Fair Practices). CAPRI GLOBAL identifies emerging ESG and climate-related risks and opportunities, strengthens data and controls for reliable disclosures, and maintains proactive engagement with employees, investors, regulators, and communities.

3. Sustainable Finance Framework Governance

The governance of ESG and climate matters is overseen by the Board and executive management and executed through a multi-disciplinary committee, i.e. ***ESG Steering Committee*** chaired by the Managing Director. The Committee sets ESG strategic directions, integrates ESG into functions, oversees compliance and reports relevant to sustainability, it is empowered to obtain internal information and external advice, meets at least once a year and reviews its own effectiveness. (ESG Steering Committee)

To complement the ESG Steering Committee and ensure effective implementation of the Sustainable Finance Framework, Capri global will establish a **Sustainable Finance Working Group (SFWG)** as a subset to the **ESG Steering Committee**. This group will be responsible for making transaction-level decisions, including validating eligible products, ensuring the implementation of exclusion criteria and eligibility criteria, assessing environmental and social risks, and reviewing impact KPIs on a quarterly basis. As *custodians of the framework*, the Sustainable Finance Working Group will play a critical role in maintaining its integrity and alignment with Capri Global's sustainability objectives.

The Sustainable Finance Working Group will be chaired by Managing Director, ensuring strong oversight and integration with financial decision making.

The table below outlines the members and their respective roles and responsibilities of the ESG Steering committee as well as the Sustainable Finance Working Group.

Table 3: Roles and responsibilities between ESG Steering Committee and Sustainable Finance Working Group

	ESG Steering Committee (Executive Management Level)	Sustainable Finance Working Group
Members	• Managing Director • Principal ESG • Lead ESG	• Managing Director • Principal and Lead – ESG and Impact Investments

	• Admin Head • CRO • IT head • CHRO	• CFO and Treasury head • Director Strategy • Chief Risk Officer
Strategic ESG direction	Sets overall organizational ESG strategy, vision and priorities for Capri Global	N/A
Implementation oversight	Monitors progress of ESG initiatives semi-annually	Oversees implementation of Sustainable Finance Framework at transaction level
Policy and framework alignment	Ensures ESG integration across business functions	Applies exclusion criteria and validates alignment of products with the framework
Decision Making level	Strategic and enterprise-wide	Transaction-level (e.g., loan eligibility, impact KPIs)
Impact monitoring	Reviews overall ESG performance and reporting	Reviews impact KPIs quarterly under the Sustainable Financing Framework
Governance and reporting	Reports to Board; empowered to seek internal/external advice	Provides periodic updates to the Board via Company Secretariat
Frequency of meetings	Bi- annually	Quarterly KPI reviews, Bi-annually as required

The Sustainable Finance Working Group's roles and responsibilities will include:

- Reviewing, selecting and validating eligibility criteria and their alignment with Capri global's financial products (as stated in the Sustainable Financing Framework; Section: "Use of proceeds")
- Validating Impact KPIs, allocation of proceeds, unallocated proceeds for annual reporting and investor reporting.
- Reviewing and updating the Sustainable Financing framework on a periodic basis to reflect any changes with regards to the eligibility criteria, or Capri

global's sustainability strategies and initiatives. The periodicity shall be decided in consensus with the ESG Steering committee.
- The committee will be chaired by the group's sustainability head, will be governed by the Chief Financial Officer.
- Will be responsible for incorporating ESG requirements as a part of product policy and disbursement process documents.

Further details of activities involved in the Sustainable Finance Working Groups' roles and responsibilities have been provided in the "Implementation note (separate doc) Section – Governance Overview"

The product eligibility criteria, if updated, will be presented to the ESG Steering Committee for approval. The SFWG will convene twice annually and when otherwise considered necessary. The Sustainable Finance Working Group with the guidance of treasury, will try to allocate a part of the proceeds for new financing and re-financing of eligible financial products.

4. Use of Proceeds

The Sustainable Finance Framework (SFF) of Capri global establishes a set of eligibility criteria that serve as the foundational benchmark for determining the appropriate use of sustainable finance proceeds. These criteria are rooted in Capri global commitment to advancing sustainability objectives and are closely aligned with the Green and Social Objectives outlined in section "*1.1 About the Framework: Sustainability Objectives*" section of this document. The criteria are instrumental in setting clear standards for the deployment of funds raised under the framework, ensuring alignment with capri global overarching sustainability goals.

Under this framework, the net proceeds or an equivalent amount mobilized through sustainable financial instruments shall be exclusively allocated to finance or refinance, either in full or in part, projects that meet the defined eligibility criteria.

The framework is designed to support financial products that promote:

- Financial inclusion for underserved and vulnerable populations
- Climate resilience through environmentally sustainable initiatives
- Sustainable infrastructure that contributes to long-term environmental and social well-being

To ensure clarity and alignment with global best practices, the eligibility criteria have been categorized into two distinct segments:

4.1 Green Eligibility Criteria – targeting environmental sustainability themes

1. Energy Efficiency

Financing activities that promote the development and implementation of products or technologies that reduce energy use or recover energy by integrating advanced energy-saving measures, such as LED lighting, smart thermostats, and solar water heating systems. On a best effort basis, Capri will strive to select eligible projects which enable energy savings of at least 30%.

Financing activities for MSMEs and SMEs that demonstrably improve energy efficiency, reduce carbon, adopt green technologies or transition to clean energy. Eligible energy efficient investment activities include but are not limited to,

- BEE-rated energy-efficient machinery,
- rooftop solar installations for captive consumption,
- waste heat recovery systems,
- building efficiency upgrades
- commercial electric vehicles (EVs). This would be required to be certified by a BEE-certified energy auditor to show a minimum quantifiable energy consumption reduction.
- Businesses engaged in the research, development, manufacturing, or deployment of energy efficient infrastructure smart grids roads with integrated sensors, Purchase of high-efficiency equipment (e.g., motors, LED lighting, insulation) that is certified or rated above a standard efficiency baseline.

2. Green Buildings

Projects that achieve or are pre-certified under a recognized Green Building standard (e.g., LEED, BREEAM, EDGE (IFC)) to qualify for financing.

Projects that enhance urban green spaces or develop sustainble community infrastructure (such as IGBC/GRIHA- Certified buildings, public transport hubs, or multi- use community centres), subject to compliance with local urban planning by-laws, environmental approval from state pollution control boards or the Ministry of Environment, forest and climate change (MoEFCC), and green building certification requirement.

Projects for construction where the developer has obtained, or commits to obtaining within the construction lifecycle, a recognized Green Building Certification and committed to a) use of sustainable material such as recycled steel, reclaimed wood or low-carbon material such bamboo, earth-based construction. b) adoption of construction and demolition waste management plan to divert non-hazardous construction.

Projects for construction or purchase of homes that a minimum verifiable level (i.e. IGBC Silver/Gold, or BEE 4/5-star rating) of recognized green building certification.

3. Circular Economy adapted products, production technologies and processes

Financing CapEx activities for the adoption of verified Industry 4.0 technologies (e.g., IoT, AI, or automation) where the investment is specifically dedicated to achieving sustainable industrialization. for example,

- Installing IoT enabled smart meters and sensors across equipment
- Deploying AI based maintenance system
- Research on advanced automation or automating production through automation and enhancing overall efficiency
- Adapting smart logistics and supply chain systems though AI.

Support in financing activities for startups and SME's developing innovative technological solutions addressing urban challenges, including smart city application circular economy models, waste-to-resource technologies, and urban mobility innovations.

Financing activities that involve (CapEx) dedicated to investments that demonstrably target resource-efficient operations and sustainable material management. Investment in technology or equipment that enables the business to reduce, reuse, or recycle a significant portion of its operational waste

Financing activities that increase the proportion of sustainably certified (such as using FSC-certified or PEFC-certified timber, RMA-certified, RMI-validated for electronics, batteries, or jewelry production) , ethically sourced (Sourcing certified organic cotton (GOTS, OCS), Switching to Fairtrade-certified raw materials), or low-carbon materials (recycled aluminum, green steel, low-carbon cement or fly-ash blended cement) in their core products.

Support in financing for activities such as the development or scaling of new products (such as consumer goods - electronics, furniture, home goods, apparel and textiles, packaging and consumer goods, etc.) that are designed for durability, repairability, and/or recyclability, and are committed to meeting a recognized third-party eco-label or certification such as EPEAT, TCO Certified, EU Ecolabel, FSC, GOTS, Fairtrade, Blue Angel, Cradle to Cradle, Carbon Trust, or equivalent recognized sustainability labels..

4. Climate Change Adaption

Support in financing activities that develop climate-resilient and environmentally sustainable infrastructure, including adaptation measures such as flood-proofing, efficient water management, and renewable integration.

5. Climate Change Mitigation

Support in financing activities where the proceeds are used for climate change mitigation activities - such as solar pump acquisition, efficient irrigation for agriculture, organic seeds and fertilizers.

6. Pollution Prevention and Control

Support businesses in activities that contribute to preventing Air pollution and purchasing (installing) greenhouse gas mitigation equipment (e.g., flue gas desulfurization, selective catalytic reduction, fabric filters, carbon capture).

7. Renewable Energy

Financing activities that include - installation, upgrade, integration and compliance of rooftop, community, agricultural and utility scale solar systems such as installation of solar panels on residential buildings, setting up solar panels for shared community use, procurement and installation of solar water pumps, etc.

8. Sustainable Water and Wastewater management

Financing activities that support increase in the quantity/quality of potable water supply, through construction or expansion of water treatment plants, Installation or renewal of water distribution networks, Borewell development and groundwater recharge, Water quality monitoring and testing systems.

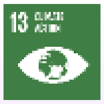
Financing activities that support an increase in the percentage of safely treated wastewater/sewage through Construction or expansion of sewage treatment plants (STPs), Upgrading existing sewage treatment facilities, Treated wastewater reuse systems, Sewer network rehabilitation and expansion etc.

Financing activities that support an improvement in water-use efficiency and contribute to reduction in water loss through activities such as installation of smart meters, efficient water irrigation (Drip irrigation, Micro-sprinklers, Soil moisture sensors, Automated irrigation systems), Closed-loop cooling systems Water recycling within production lines, Reduction of process-water intensity etc.

Support in financing activities having rainwater harvesting / water management system registered at local authorities schemes such as JAL Jeevan Mission at state/district level.

Financing activities that adopt innovative water-efficient technologies and practices in business operations such as, but not limited to:
- Industrial water recycling and Zero Liquid Discharge (ZLD) systems,
- Installation of water-efficient industrial machinery (High-efficiency washers, coolers, boilers, compressors),
- Rainwater harvesting and stormwater management systems,

- Smart water management technologies (IoT-enabled sensors for consumption monitoring, Real-time analytics to optimize water use, Predictive maintenance of water infrastructure)

ENVIRONMENTAL OBJECTIVES		
Topic	**SDG Mapping**	**Objectives**
Climate resilience		1. Contribute to climate resilience and climate change mitigation. 2. Reduce greenhouse gas emissions. 3. Encourage resource-efficient and sustainable housing practices.
Sustainable Construction and infrastructure development		1. Avoid projects in environmentally sensitive areas and minimize biodiversity impacts. 2. Use-low carbon material and energy-efficient designs. 3. Implement resource-efficient, sustainable materials and climate adaptive construction methods.
Pollution and resource use		1. Minimize pollution and optimize resources use in construction. 2. Promote sustainable material sourcing and minimizing waste.
Community and Business Practices		1. Ensure funded businesses comply with environmental, health and safety standards. 2. Raise awareness on positive environmental practices. 3. Use fund for resource-efficient MSMEs or climate adaptation

4.2 Social Eligibility Criteria – addressing social impact themes

1. **Infrastructure development and employment generation**

	Financing activities focused on developing essential infrastructure, economically empowering community infrastructure supporting local employment generations. *For e.g. Community Road repairs or upgrading local access roads, Housing retrofits undertaken with local labor, Restoration of community assets, such as Anganwadi, panchayat buildings, or health sub-centers, Eco-tourism infrastructure (trails, community guesthouses, nature-based tourism sites) that provides long-term jobs.*
	Financing activities involving construction or renovation of educational institutions including schools, colleges and training centers, that are duly recognized by competent education authorities such as UDISE, AICTE/UGC or NSDC.
	Construction businesses that actively employ and train women in technical and administrative roles such as such as the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) programme, a flagship skill-development scheme by the government of India aimed at equipping youth with industry-relevant skills to improve employability and livelihoods*
	Upgrading access to local roads, housing retrofits, restoration of community buildings and eco-tourism infrastructure that provides employment opportunities
	Financing projects that reduce poverty and create sustainable jobs by supporting construction initiatives that employ low- and middle-income group[10].

**Pradhan mantri Kaushal vikas yojana*

2. **Supporting and enabling MSME[7]s and women entrepreneurship**

	Financing activities that enable projects that support MSMEs in generating local employment, improving livelihoods and empowering marginalised groups, including women, minorities and rural entrepreneurs.
	Empower underserved segments by extending access to affordable credit, especially to first-generation entrepreneurs, micro-enterprises, and women-led businesses across Tier II, III, and rural locations The target population also includes women entrepreneurs accessing microloans for business purposes, gold-backed loans, or loans for skilling or healthcare.
	Financing activities via business loan against residential, commercial or industrial properties, Micro LAP wherein the Borrower should be a Indian citizen aged between 21 and 65 years. In addition, the Borrower must own some type of residential, commercial, or industrial property to use as collateral in lieu of the loan.
	Other eligible MSMEs and SMEs are those that contribute to sustainable urban solutions and circular economy initiatives, including activities that enhance energy efficiency.
	Target Gold-backed loans to women entrepreneurs, small business owners, salaries workers etc. to help for business expansion, seasonal working capital and emergencies Empowering women is pivotal to achieving inclusive and sustainable development. Our Sustainable Livelihood Initiatives are designed to uplift women particularly from

rural, unbanked, and under-banked communities by enhancing their access to financial services, market opportunities, and self-reliant livelihoods.

Financing to women-owned MSMEs and female entrepreneurs, to reduce segment under penetration and support localized economic development.

**Prime Minister's Employment Generation Programme*

***Stand-Up India Scheme*

3. **Access to education and training**

Project that enables access to quality education for underserved and marginalized[11] students including financing for tuition, coaching, and skill development programs.

MSMEs[7]/SME[4]s provide educational services or producing educational materials, that makes education more accessible and affordable.

Finance activities of educational institutions for technological upgrades, including digital classrooms, laboratories, and educational software adoption, aimed at improving learning outcomes.

**Atal Innovation Mission (Atal Tinkering labs)*

4. **Financial Inclusion and Financial literacy**

Financing activities that facilitate financial inclusion for marginalized[11] and low-income groups[10], ensuring access to affordable credit and financial services for underserved populations (SC[2], ST[2], OBC[9], EWS[1]), Minorities, Tribes and Women & Girls from disadvantaged backgrounds.

Financing initiatives that enhance digital financial literacy and inclusive usage among under-served and disadvantaged communities.

Eligible projects may also include gold backed lending, where loans are extended against household gold assets, enabling access to formal credit through secured, asset backed products.

Gold backed loans under this category may support short term liquidity needs, working capital requirements or emergency financing for households, micro entrepreneurs and self-employed individuals, particularly in semi urban and rural markets.

Eligible activities under this category may include financial services provided to first-time borrowers, informal sector workers and micro entrepreneurs who may lack formal credit histories.

5. **Access to Affordable Housing**

Financing affordable and low-income housing to low-and middle-income groups (Low Income Group (3-6 Lakhs)[Annexure1] and Middle-Income Group (6-18 Lakhs)[Annexure1] with units meeting PMAY* size or cost limits.

Financing activities for women-owned or women led home purchase that improves access to affordable housing, particularly under PMAY.**

	Support initiatives that make home ownership a reality for semi-urban customers with middle to lower income groups lacking formal income proof
	Financing the activities for affordable housing in urban and semi-urban areas for target population as mentioned including solutions for renovarions, extensions, etc that incorporate green building standards (e.g., a minimum of LEED Silver, IGBC Gold, or GRIHA 4-Star certification) to enhance sustainable living conditions.
	Financing activities that build or improve sustainable urban infrastructure for target population (low-income and middle-income groups)[Annexure1] such as, water and sanitation facilities, waste management.

**PMAY-Urban 2.0*
***PMAY 2.0 (Women Ownership Mandate)*

SOCIAL OBJECTIVES		
Topic	**SDG Mapping**	**Objectives**
Affordable housing and Socio-economic Advancement	 	1. Increase access to quality, affordable housing for low- and middle-income segments. 2. Support mortgages and renovation for low-income earners. 3. Ensure equitable access to housing for marginalized and vulnerable groups. 4. Support socio-economic empowerment by providing equitable access to resources and opportunities.
Access to essential services		1. Improve access to essential services like health, education, sanitation, affordable energy 2. Facilitate access to finance and protect against debt traps. 3. Provide safe, quick credit using property or gold as collateral.

Sustainable Development & Resilience		1. Build sustainable and resilient infrastructure, especially in post-disaster scenarios. 2. Expand access to clean, affordable energy in underserved areas. 3. Promote gender equity and empower women in energy sectors.
Labour rights and fair conditions		1. Promote safe and equitable working conditions in the construction and housing sectors. 2. Protecting labour rights and workplace safety 3. Promote fair labour standards throughout the value chain.

These categories are mapped against relevant Sustainable Development Goals (SDGs), thereby reinforcing Capri global alignment with international sustainability standards.

These eligibility criteria form the basis for the project selection and evaluation process. The eligibility criteria are a set of guidelines that have been transformed into a usable format of questionnaire depending on the nature of financial product (*Refer to Implementation Note*).

Each criterion is mapped to the specific financial products to which it applies, ensuring transparency and consistency in application. An indicative list of impact KPIs has been listed (Please refer to *Implementation note (separate doc): Operationalization of Eligibility Criteria*) to capture the impact if the criteria were fulfilled through documentation.

During the project selection and evaluation process, the intended use of proceeds by borrowers is assessed against the relevant questionnaire to determine whether the proposed loan qualifies sustainable finance tagging. This ensures that all funded projects contribute meaningfully to Capri global's sustainability agenda and deliver measurable environmental and/or social benefits.

Target Populations

The target population represents the groups that Capri global financial products are designed to support, with the aim of generating long-term positive impact. These populations form the basis for defining the social eligibility criteria and help ensure that the framework remains focused on inclusive and sustainable development outcomes.

The target populations and areas highlighted in this context include, but are not limited to:

1. *Economically disadvantaged groups*
2. *Scheduled Castes and Scheduled Tribes*
3. *Person with disabilities*
4. *Small and medium-sized enterprises (SMEs)*
5. *Farmers and agricultural borrowers*
6. *Displaced or resettled communities*
7. *Micro entrepreneurs MSME*
8. *Households facing energy poverty*
9. *Other Backward Class*
10. *Low Income Group*
11. *Marginalized Group*

Detailed definitions are provided in Annexure 1 – Target Population Definitions.

4.3 Exclusion List

Exclusion Criteria

The exclusion criteria drafted by Capri Global align with broader principles of responsible and sustainable lending. The eligible financial products for the sustainable financing framework exclude the type of activities listed in the International Finance Corporation ("IFC") Exclusion List (2007) including the exclusion list shared in Annex 1. The exclusion list ensures that funds will not be employed to support activities and/or purposes for all project and corporate loans falling under the jurisdiction of the Exclusion Criteria; ESG Lending Policy.

Operationalization of the exclusion list

During the very first step of the loan journey, i.e. customer onboarding process, the borrower's stated loan purpose will be digitally cross-checked against the exclusion list. A pre-configured checklist of flagged industries (see Annex 1) will ensure early-stage screening and prevent financing of ineligible activities.

Operationalization of exclusion list throughout the loan journey ensures that all transactions under the Sustainable Finance Framework are aligned with Capri global's

ESG commitments and do not support activities that undermine environmental, social, or governance objectives.

A detailed operationalization and implementation guidance on the project selection process and evaluation has been included in the “Implementation note (separate doc)”

Exclusion List

- The organization will not finance new coal-fired power plants or coal mining, large-scale oil extraction projects, or businesses primarily dependent on thermal coal
- Creation and dissemination of pornographic material
- Manufacture and promotion of prohibited drugs
- Involvement in narcotics trade
- Independent manufacturing and promotion of gutkha and tobacco
- Engagement in the trade of banned wildlife-related products
- Participation in polluting industries, Businesses that contribute significantly to environmental pollution, especially those without proper clearance from pollution control authorities or lacking effective effluent treatment plants. Unless units have obtained clearance from pollution control authorities and have implemented effluent treatment plants.
- Establishment of new units consuming/producing Ozone Depleting Substances (ODS) such as chlorofluorocarbon (CFC), Halons, and units manufacturing aerosol products using CFCs.
- Operation of standalone casinos, gambling, or betting in any form
- Any business engaged in activities, production or trade deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans.
- Companies involved in the production or trade in weapons and ammunition
- Businesses engaged in production or trade in alcoholic beverages (excluding beer and wine) due to concerns related to public health and social issues
- Entities dealing in production or trade in radioactive materials can have significant environmental and health implications. This exemption does not extend to the acquisition of medical equipment, quality control (measurement) equipment, or any equipment where the radioactive source is deemed inconsequential and/or sufficiently shielded.

- Businesses involved production or trade in un-bonded asbestos fibers which are known for their adverse health effects. This exception does not cover the buying and utilization of bonded asbestos cement sheets when the asbestos content is below 20%
- Drift net fishing in the marine environment using nets exceeding 2.5 km in length which can have detrimental effects on marine ecosystems
- Production or trade of wildlife or related products under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Production or activities involving harmful or exploitative forms of forced labour /harmful child labour.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals.
- Indigenous People's Land Rights – Projects impinging on Indigenous lands without consent
- Logging/Forestry – Unsustainable logging and forestry products

5.Projects Selection Process and Evaluation

As an NBFC focused on underserved and lower-income segments, with a majority of investments in Priority Sector Lending, Capri global evaluates loans using a structured approach that considers environmental and social (E&S) risks, geographic and sectoral sensitivities, and the Borrower's capacity to manage risks.

Capri Global will evaluate projects based on product category and the sector of end-use of finances. The criteria for evaluation will be based on the following metrics:

4. Project profile: type, location, scale, and environmental/social sensitivity
5. Impact sector: Education, Healthcare, Agriculture, Construction etc.
6. Borrower capability: capacity, systems, and commitment to manage E&S risks
7. Implementation readiness: capability of any implementing entity to meet CAPRI GLOBAL requirements
8. Eligibility screening: alignment with Capri global exclusion criteria, and eligibility criteria

5.1. Methodology Overview

The project selection and evaluation process proceeds through several key stages:

1. **Initial Screening:** At the customer onboarding stage, projects are reviewed against Capri global's exclusion policy and initial eligibility criteria. Based on the responses, loans receive an initial sustainable finance tag.
2. **Credit Underwriting:** Eligible projects proceed to the credit underwriting stage, where borrowers provide documents to establish the purpose of funds. This stage entails a thorough review for final sustainable finance tagging.
3. **Post-Sanction Verification:** Post-loan sanction, additional documentation is collected to validate the use of proceeds and ensure alignment with sustainability objectives.

Different approaches are used for various loan types. Gold loans are assessed for their end-use in key sustainable sectors, while housing and construction finance are evaluated based on their loan purposes. MSME loans undergo initial and final tagging to ensure alignment with the sustainable finance framework

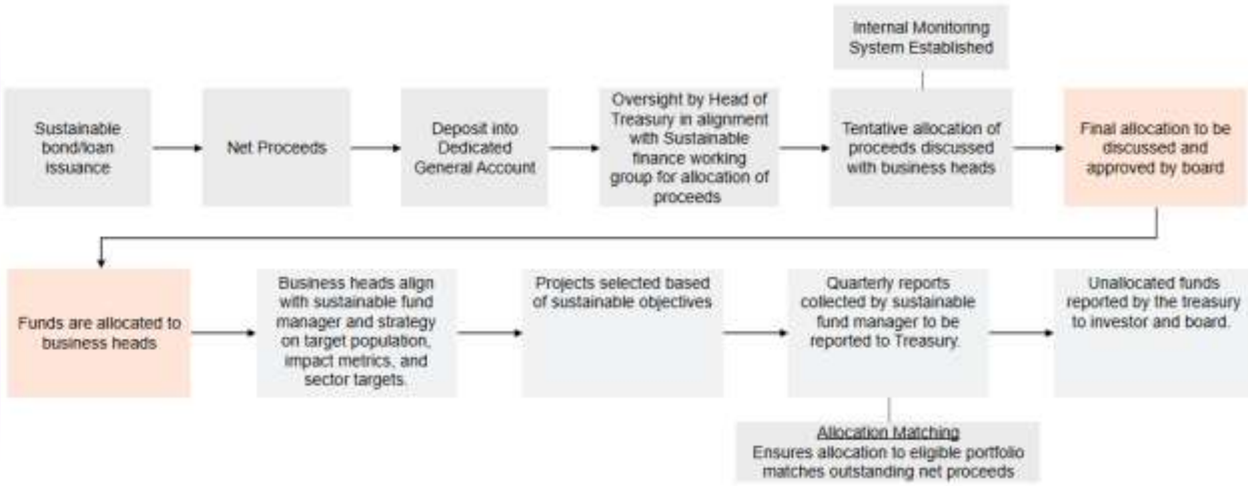
Capri global project selection and evaluation process are governed by a cross-departmental Sustainable Finance Working Group (SFWG). This group oversees the alignment of financial products with sustainable objectives and ensures efficient processing of eligible projects. The process includes standard due diligence such as KYC checks and ESG appraisals, streamlining projects that align with sustainability goals for sustainable finance tagging.

Roles and Responsibilities: The process involves several stages, each managed by specific teams within the organization:

- **Customer Onboarding:** Handled by Product Sales and Business Development teams responsible for initial lead identification and eligibility communication.
- **Pre-Screening:** Conducted by the Credit and Product teams, which include ESG assessments.
- **Loan Creation and Disbursal:** Managed by Credit, Product, and Operations teams, ensuring compliance and tagging throughout the loan lifecycle.
- **Post-Disbursement Monitoring:** Risk, Audit, and Product/Credit teams oversee end-use tracking and impact reporting to ensure funds are used for stated environmental and social purposes.

Capri Global aims to uphold stringent evaluation standards, promoting accountability and accelerating sustainable capital deployment to priority sectors, aligning with the company's sustainability objectives.

6. Management of Proceeds



Net proceeds from each Sustainable Bond or Loan issuance will be deposited into a **separate dedicated general account**. These proceeds will be earmarked for allocation to the **Eligible Sustainable Loan Portfolio**, managed collaboratively by the **Sustainable Finance Working Group** and overseen by the **Head of Treasury**.

Business heads will work in alignment with the Sustainable Finance working group to identify and select projects that meet the company's **sustainable objectives**. The SFWG will collect **quarterly reports** from business heads to support ongoing monitoring and reporting to Treasury.

To ensure full and timely allocation, the sustainable finance working group will maintain alignment between the **allocated portfolio** and the **outstanding net proceeds**, adjusting for loan repayments and new disbursements. Additional eligible loans will be added as needed.

An **internal monitoring system** will be established to track and record the allocation of proceeds. Tentative allocations will be discussed with **business heads**, followed by **final approval from the board**, ensuring transparency and governance throughout the process.

Any **unallocated proceeds** will be reported to investors and the board and may be temporarily held in **cash or cash-equivalent instruments**, in accordance with the company’s treasury and investment policy that does not conflict in any manner with Capri global sustainability objectives. This ensures responsible liquidity management while awaiting deployment of eligible projects.

To prevent double-counting, internal monitoring systems will be established and maintained. This is necessary to track and record the allocation of all net proceeds. A **dedicated internal register** will be created to facilitate the monitoring and reporting of issued Sustainable Bonds/Loans and the allocation of funds to the eligible portfolio. This register will ensure that the same capital investment is not listed twice in the allocation of net proceeds.

All potential investments that qualify for the sustainable finance framework eligibility criteria go through the “Project Selection and Evaluation Process” mentioned in the section above. This ensures that the sustainability tagged funds go through the standard credit screening process while incorporating an additional layer for screening alignment with environmental and social criteria.

The Company commits to **allocating all proceeds received from Sustainable Loans/Bonds within 24 months following issuance**. This period will allow for efficient and deliberate deployment. Any unallocated proceeds may be temporarily deployed at the company’s discretion in cash or cash equivalent instruments, in accordance with the company's treasury and investment policy. This temporary use of funds ensures liquidity and responsible management while awaiting allocation to eligible projects.

- Types of Funding transactions: Green,
- social,
- sustainability-linked bonds/loans, and
- thematic lending.

Transactions are tracked in sub-accounts and regularly reconciled.

7. Reporting and Disclosure

Based on the issuance of the bond and requirement of the investor, we will provide investors with a sustainable bond/loan “Impact Report” and an “Allocation Report” annually. The reports would include allocation details of the amount equivalent to the net proceeds as well as the unallocated funds. The impact report will capture the information on the positive sustainable (Social/Environmental) impact.

Allocation Reporting

We will report on the issuance of its inaugural sustainable bond/loan one year after and on an annual basis thereafter until full allocation:

- The list of eligible sustainable loan products financed or refinanced during the preceding agreed timeframe (subject to confidentiality disclosures)
- Proportion of net proceeds used for new financing vs re-financing if any.
- The aggregated amount of allocation of net proceeds to eligible Sustainable loans,
- The balance of unallocated proceeds.

We will report on the social and environmental impacts resulting from the eligible sustainable loans. This is subject to confidentiality agreements, competitive considerations, or a large number of underlying projects limiting the amount of detail that can be made available, the information may be presented on an aggregated portfolio basis. Treasury along with the SFWG will also be responsible for monitoring the allocations and preparing reports for board and public disclosure based on board's approval. The frequency of reconciliation for sustainable funds will be bi-annual.

Impact Reporting

We will provide the following Sustainable Finance product reporting on an annual basis on our website on an annual basis. The impact reporting will have the following items but not limited to:

- Summary of all sustainable finance products and their eligibility criteria
- Outstanding amount of sustainable financed funds
- Total allocation and distribution of sustainable financed net proceeds in each product category
- Impact analysis and KPIs based on eligibility criteria and sustainable objective alignment.
- Case studies on utilization of funds by the borrower in environmental and social categories.
- List of sample evidences collected for the use of proceeds verification and the methodology used for impact reporting calculations.

External Review

Pre-Issuance: Pre-issuance second party opinion to this framework verifying its credibility, impact and alignment with ICMA Sustainability Principles.

Post-Issuance: An independent external auditor appointed by Capri global will provide on an annual basis limited assurance that an amount equal to Sustainable Finance Funds net proceeds has been allocated to Sustainable finance eligible products. There will be limited external assurance on annual Impact Report based on investor request.

Annexure

Annex 1 - Definitions

1. **Affordable Housing**

Capri will be giving affordable housing loans that adhere to the PMAY Housing Standards. The eligible borrower must fall under the EWS category, and be a first time owner, looking for loan for a house up to carpet area of 60 sqm in metros and 90 sqm in non-metro cities. The value of the house can be up to 45 lakh.

PMAY – U 2.0 Scheme Guidelines:

According the PMAY, affordable house is defined as a house having carpet area up to 60 sqm in Metros and 90 sqm in non-metro with house value of up to ₹45 lakh. Where Carpet Area has been defined as:

“The net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.”

The scheme also specifies in **Section: Eligibility Criteria: 3.4** of the documents as

“*Preference under the Scheme will be given to Widows, single women, Persons with Disabilities, Senior Citizens, Transgenders, persons belonging to Scheduled Castes/ Scheduled Tribes, Minorities and other weaker and vulnerable sections of the society. Special focus will be given to Safai Karmi, Street Vendors identified under PMSVA Nidhi Scheme and different artisans under Pradhan Mantri-Vishwakarma Scheme, Anganwadi workers, building and other construction workers, residents of slums/chawls and other groups identified during operation of PMAY-U 2.0.*”

1.a Interest Subsidy Scheme: A maximum release of interest subsidy of ₹1.80 lakh having maximum NPV of ₹1.50 lakh (at Discount Rate of 8.5%) shall be provided to eligible beneficiaries having a loan tenure of more than five years.

Eligible categories for the ISS scheme include:

Category	Annual Household Income
Economically Weaker Section	Up to 3 Lakh
Lower Income Group	Up to 6 lakhs
Middle Income Group	Up to 9 lakhs

The broad features and eligibility criteria of the Interest Subsidy Scheme are provided in the table below**:**

Parameters	EWS/LIG/MIG
Annual Household Income	Up to 9 lakhs
Interest Subsidy	4.0%
Maximum Housing Loan eligible	₹25 lakh
Maximum House value	₹35 lakh
Maximum carpet area (up to in Sqm)	120
Maximum benefit of interest subsidy (₹) – Actual release	₹1.80 lakh
Maximum benefit of interest subsidy (₹) - NPV	₹1.50 lakh

1.b Beneficiary Led Construction

Beneficiary Led Construction (BLC) vertical of a housing scheme aimed at providing financial assistance to families from the Economically Weaker Sections (EWS) for constructing new pucca houses (durable dwellings). Key points include:

1. Financial assistance is available to EWS families with land; states/UTs can provide non-transferable land rights to landless beneficiaries to qualify them.
2. Beneficiaries can construct houses between 30sqm and 45sqm following National Building Code (NBC) standards, featuring at least two rooms, a kitchen, and a toilet. Existing house renovation or extensions are not allowed.
3. Applicants must provide land ownership proof and submit applications through urban local bodies (ULBs) or online portals. Implementing agencies will verify data and assess eligibility.
4. Progress must be geo-tagged; ULBs validate the status for fund release. This helps ensure timely monitoring and project completion within 12-18 months.
5. States/UTs can propose projects for slums needing pucca houses, and infrastructure deficits must be addressed, followed by slum delisting post-upgradation.

2. Green Building

Green Buildings are structures that ensure efficient use of natural resources like building materials, water, energy and other resources with appropriate management of waste. Some of its key characteristics include:

- **Energy Efficiency**: Uses features like better insulation, high-quality windows, and renewable energy sources such as solar panels to lower energy consumption
- **Water Conservation**: Systems like rainwater harvesting, and graywater recycling
- Use of sustainable materials: Prioritizes the use of recycled, reclaimed, and sustainably harvested materials
- **Healthier indoor environment** through non-toxic materials, ventilation and natural sunlight.
- **Reduced waste** during construction and throughout building operations
- **Environmental site considerations**: Considers the building’s impact on the surrounding environment through site selection, landscaping with native and water efficient plants.

The building may also be certified with any one of the following certifications, i.e. LEED, GRIHA and EDGE IGBC Silver/Gold, or BEE 4/5-star rating

Target Population - Definitions

Target Population Category	Definition
1.Economically Weaker Section (EWS) **Govt. of India: Link**	Affordable house is defined as a house having carpet area up to 60 sqm in Metros and 90 sqm in non-metro with house value of up to ₹45 lakh. A Individual belonging to EWSs who are not covered under the scheme of reservation for SC's, ST's, and OBCs. and individual's family up to₹3 lakh per annum, and the family must not own certain assets (e.g., more than 5 acres of agricultural land, a residential flat of 1000 sq. ft. or more).
2.Scheduled Castes (SCs) & Scheduled Tribes (STs) **Govt. of India**	Socially and educationally, backward communities that are facing historical discrimination. These groups are officially designated in the Constitution to receive special provisions for their protection and advancement. The President, after consultation with the Governor of a state, specifies these communities by a public notification. Article 341, 342
3.Persons with Disabilities (PwDs) **Govt. of India**	A person with a long-term physical, mental, intellectual, or sensory impairment which, in interaction with various barriers, may hinder their full and effective participation in society on an equal basis with others. Persons with Disabilities Act, 2016 also defines "benchmark disability" and lists 21 specific disabilities. Persons with Disabilities Act, 2016
4.Small and Medium-Sized Enterprises (SMEs)	Enterprises are engaged in the production, manufacturing, or service sectors. They are defined based on their investment in plants, machinery, or equipment and their annual turnover. SMEs are recognized as crucial drivers of employment and economic development.

	Micro: Investment in Plant and Machinery or Equipment: Not more than Rs. 2.5 cr and Annual Turnover not more than Rs. 10 cr Small: Investment in Plant and Machinery or Equipment: Not more than Rs. 25 crore and Annual Turnover not more than Rs. 100 cr Medium: Investment in Plant and Machinery or Equipment: Not more than Rs. 125 crore and Annual Turnover not more than Rs. 500 cr Link
5.Farmers and Agricultural Borrowers **Reserve Bank of India**	Individuals engaged in agricultural activities and allied sectors, including those with small or marginal landholdings. This group is targeted by policies aimed at ensuring food security, promoting sustainable agricultural practices, and providing financial stability in rural areas. **Reserve Bank of India (RBI) guidelines** on Priority Sector Lending (PSL) classify and define specific categories of agricultural loans and borrowers.
6.Displaced or Resettled Populations **Ministry of rural development**	Urban and rural populations that have been physically or economically displaced due to development projects, natural disasters, or other reasons, and require support to access safe housing and basic infrastructure **as per National Rehabilitation and Resettlement Policy, 2007** (Ministry of Rural Development) and state-specific policies.
7.Micro-Entrepreneurs **Micro, small and medium enterprises development act 2006**	Individuals, often in rural and peri-urban areas, who operate small-scale businesses with a low capital base. They are a focus for financial interventions to foster local economic growth and provide asset leverage opportunities as per **Microfinance Institutions Network** (MFIN), RBI guidelines on microfinance, and various government schemes like the **Pradhan Mantri Mudra Yojana (PMMY).**
8.Households in Energy-Poor Areas	Households, particularly those led by women, in areas with inadequate access to clean and affordable energy. These populations are targeted for interventions aimed at

Ministry of New and Renewable Energy (MNRE)	addressing energy inequities, promoting sustainable energy solutions, and improving quality of life as per **Ministry of New and Renewable Energy (MNRE)** programs and policies focused on rural electrification and promotion of clean energy.
9.Other Backward Classes(OBC)	The GoI defines OBCs as communities that are **"socially and educationally backward"** but do not fall under the categories of Scheduled Castes (SC) or Scheduled Tribes (ST).
10.Low Income Group	The definition of "Low Income Group" is primarily used by the **Ministry of Housing and Urban Affairs** (e.g., under PMAY-U 2.0) to determine eligibility for affordable housing and interest subsidies. **Category** — **Annual Household Income** **Low Income Group (LIG)** — Above **₹3 lakh** and up to **₹6 lakh**
11.Marginalized group	"Marginalized Group" is an umbrella term rather than a single fixed legal definition. It refers to populations pushed to the "margins" of society, deprived of resources, and excluded from the mainstream. According to the **Ministry of Social Justice and Empowerment**, the primary target "marginalized" groups include: • **Scheduled Castes (SC) & Scheduled Tribes (ST)** • **Other Backward Classes (OBC)** • **De-notified, Nomadic, and Semi-Nomadic Tribes (DNTs)** • **Transgender Persons** • **Persons with Disabilities (Divyangjan)** • **Senior Citizens** (in the context of vulnerability) • **Victims of Substance Abuse and Beggars**

THANK YOU!