

Fusion Finance Limited

(formerly known as Fusion Micro Finance Limited)

ESG POLICY

Content

S. No	Particulars	Page No
1	Preamble	3
2	Objective & Scope	3
3	Applicability	3
4	Policy Statement	3
5	ESG Approach	3 - 4
6	Focus area	4 - 5
7	Governance Structure for ESG Strategy Implementation, Monitoring and Report	5
8	Responsibility and Administration of Policy	5 - 6

Preamble

Fusion Finance Limited ("Company") Environmental, Social, and Governance ("ESG") Policy ("The Policy") describes the Company's commitment to sustainability, including mitigating environmental impacts, addressing relevant social issues and maintaining sound governance procedures.

Objective & Scope

The objective of this policy is to affirm the Company's commitment to achieving long-term sustainable outcomes through the products/services of the Company, customers, employees and in the communities where we operate. The policy outlines the Company's overall intentions and direction concerning environmental and social performance, establishing a framework for setting ESG objectives and targets. Applicable to all operating activities, it articulates sustainability commitments and expectations from employees and suppliers associated with the Company.

The ESG policy highlights the Company's dedication to integrating Environmental, Social, and Governance factors into its operations, risk management, and investment strategies. Rooted in strong corporate governance and ESG-driven practices, this approach enables the Company to operate responsibly, sustainably, and make a positive impact on stakeholders as a responsible financial institution.

Applicability

The policy shall be applicable to employees, customers, vendors and other related stakeholders who are dealing with the Company and its operations.

Policy Statement

The Company is committed to achieving long-term sustainable outcomes through its services and engagement with the broad stakeholders, across the Company's operations.

The following principles guide the approach to the sustainability of the Company:

- Incorporate ESG factors into the strategic decisioning process
- Aim for continuous improvement in ESG initiatives on an annual basis
- Identify ways to advance environmental sustainability and foster inclusive growth through ESG-focused products and services.
- Ensure strong governance by adhering to ethical standards, promoting transparency, and complying with regulations to foster trust among stakeholders

ESG Approach

In line with its evolving sustainability strategy, Fusion Finance is restructuring the existing CSR Committee into the "CSR & ESG Committee." The committee shall be entrusted with the responsibility of identifying and monitoring material ESG risks and opportunities, and of establishing strategic action plans and performance indicators to mitigate potential risks and enhance long-term value for stakeholders.

- Monitor, evaluate, and manage the impacts of existing and emerging environmental and social (E&S) risks on the loan portfolio by implementing a robust Environmental & Social Management System (ESMS)

framework and associated policies, such as corporate social responsibility (CSR), supplier code of conduct, responsible procurement, and business continuity.

- Establish comprehensive workplace policies aimed at cultivating a positive and inclusive organizational culture, with a focus on employee conduct, protection of human rights, equal opportunity, gender diversity, employee well-being, safety, performance management, and equitable compensation.
- Strengthening governance frameworks by formulating and implementing robust policies that uphold business ethics, foster accountability, and ensure operational transparency across all levels of the organization
- Identify material topics to the business operations via stakeholder engagement and mitigate the risks effectively based on the key material topics
- Strengthen ESG-related disclosures to effectively communicate the Company's commitment to sustainability and responsible business practices. The ESG framework shall be reviewed and updated on an annual basis by the CSR & ESG Committee of the Board to ensure alignment with evolving global ESG standards and best practices.

Focus area

The primary objective of this policy is to establish effective ESG oversight by focusing on key priority areas across the three core dimensions of Environmental, Social, and Governance. It aims to ensure the implementation of sound governance practices, supported by a structured monitoring and review mechanism involving senior management and the Board.

Environment

The Company focused on ensuring energy management, fostering sustainable energy practices, complying with relevant legal regulations, and embedding sustainability and climate risk considerations into all processes across the lifecycle.

Climate change has heightened concerns about environmental challenges and the potential financial repercussions for businesses. As sustainable solutions become integral to investment decisions, the Company acknowledges its relatively lower direct environmental footprint as a service industry compared to manufacturing sectors. The main focus areas are:

- Adherence to IFC Exclusion List
- Promotion of Paperless operations / activity
- Green/ Sustainable Finance initiatives and related environmentally friendly initiatives
- Reduction in E-Waste and other relevant areas

Social

Social Responsibility lies at the heart of the Company's business culture and strategy, emphasizing its role in fostering a sustainable society. By educating and empowering stakeholders to collaborate on sustainability initiatives, the Company demonstrates its commitment to inclusion, diversity, and equality as integral aspects of its operations. These principles are increasingly recognized for their ability to provide competitive advantages while attracting attention from various stakeholders. Moreover, businesses with inclusive and diverse work ethics

and practices are positioned to achieve significant commercial benefits, as they positively impact employees, local communities, and society at large. The main areas of consideration are:

- Employee Well Being
- Health & Safety
- Data Privacy & Security
- Community Relations

Governance

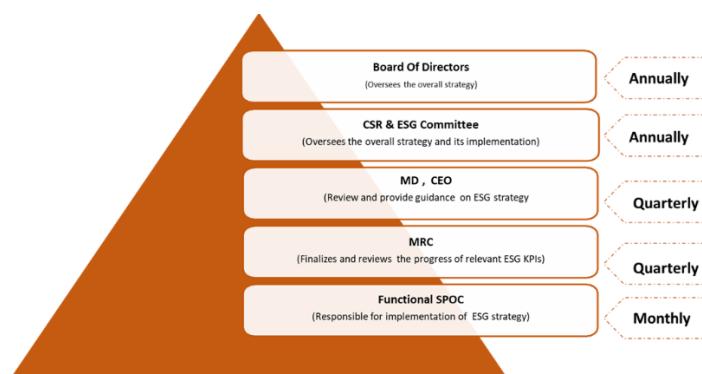
The Company has established comprehensive guidelines aimed at promoting exemplary conduct, fostering innovation, and effectively managing risks within a well-defined regulatory framework. Core focus areas include Health and Safety, Fraud Prevention, Anti-Corruption, and Environmental Protection.

In its pursuit of long-term sustainability, the Company is committed to adopting an integrated approach that addresses all relevant ESG factors. This includes the implementation of robust corporate governance structures that clearly define the roles and responsibilities of management. The governance framework is further reinforced by strong corporate values, clearly articulated accountability mechanisms, and ethical business practices—ensuring alignment with the principles of sustainability and responsible corporate citizenship

This relates to the following areas:

- ESG oversight
- Transparency in compliance & disclosure
- Business continuity
- Business Ethics and integrity

Governance Structure for ESG Strategy Implementation, Monitoring and Report



Responsibility and Administration of Policy

The Board holds overall responsibility for the ESG Policy, while all employees are accountable for adhering to it in their roles. Senior management plays a key role in supporting the implementation of decision-making processes aligned with this policy. This policy shall be communicated to all its stakeholders and is publicly accessible on the Company's website.

Reporting and Disclosures

The Company is committed to enhancing transparency on ESG and non-financial parameters through both statutory and voluntary reporting. It will conduct an annual review and assessment of its ESG performance to ensure continuous improvement in practices and metrics. These disclosures and performance evaluations will be incorporated into the Company's statutory and/or voluntary reporting frameworks.

Effect and Review

This policy will be effective from the date of Board approval. It will be reviewed once in years, or as and when significant changes occur, to ensure its continuing suitability, adequacy, and effectiveness.