

# ESAF Small Finance Bank Scores High in ESG Rating Under SEBI Framework

Category: Banking

written by International Khabar | October 25, 2024



**ESAF Small Finance Bank Ltd.** has achieved an impressive score of 68.1 in an ESG RATING conducted by CARE ESG RATING, based on the SEBI-approved framework. By significantly ahead of the industry average of 51.8, the bank has demonstrated that its environmental, social and governance practices are set at a higher standard than the industry norm. Ever since its establishment, the Bank has embraced the concept of ESG at its core.

In the social pillar, the Bank received an industry-best score of 76.9%, evidencing its commitment to societal development as a Social Bank. By excelling in areas such as community support and development, human rights, product safety and quality, and data privacy and security, the Bank achieved the industry best score in social pillar. Furthermore, the Bank's corporate social responsibility contribution exceeded the government-

mandated requirement of 2% of a company's average net profits over the preceding three financial years, by approving a contribution of up to 5%. Additionally, the fact that 92% of the Bank's asset book falls under Priority Sector Lending (PSL) worked in its favour.

In terms of the governance pillar, the Bank attained a score of 73% due to its business ethics, board governance and disclosure practices aligning with leading governance practices. Additionally, the Bank has demonstrated a clear ESG roadmap by advancing Sustainable Development Goal initiatives, fostering local sustainable economic growth, ensuring food security, promoting energy security, and aligning with net-zero targets through its commitment to green finance and environmental consciousness.

Upon receiving the report, **Kadambelil Paul Thomas, the Managing Director and Chief Executive Officer of ESAF Small Finance Bank**, commented, *"Our vision is to become the best social bank in the country, and this rating underscores the fact that we are heading in the right direction. I would like to thank all the internal and external stakeholders, especially SEBI, for developing such a broad framework aligned with the vision of the Central Government."*

*"ESG principles have been embedded in ESAFs social banking strategy, with the triple bottom line approach of People, Planet, and Prosperity as our guiding principle,"* **Shri K. Paul Thomas** added.

**Shri Rohit Inamdar, CEO of CARE ESG RATING Ltd.** stated, *"This was the first ratings by any listed company in India after SEBI approved the framework came in force in July 2024. Our goal is to empower businesses to lead with purpose and responsibility, and we are happy to note that ESAF is moving in the right direction towards its vision."*