

CareEdge-ESG Conducts Annual ESG Rating Surveillance

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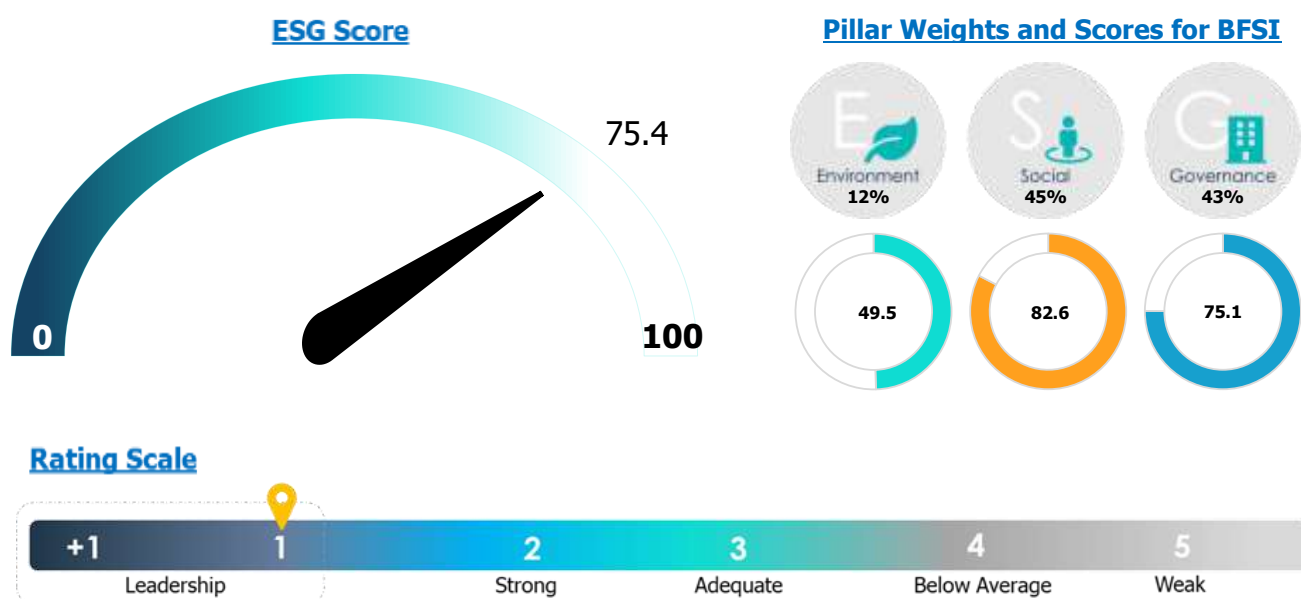


CARE ESG Ratings Limited (CareEdge-ESG) completes Annual ESG Rating Surveillance for ESAF Small Finance Bank

CARE ESG Ratings Limited (CareEdge-ESG), a Securities & Exchange Board of India (SEBI)-registered ESG Rating Provider (ERP) and a wholly owned subsidiary of CARE Ratings Limited, has completed the annual surveillance ESG rating for ESAF Small Finance Bank Limited (ESAF).

ESAF, a scheduled Small Finance Bank serving predominantly rural and semi-urban customers, has been upgraded to **CareEdge-ESG 1¹** with an improved ESG score of **75.4**, significantly higher than its previous rating of CareEdge-ESG 2¹ with a score of 68.1. The bank's upgraded ESG rating reflects its continued strong performance in managing ESG risks and opportunities through robust disclosures, comprehensive board-approved policies, and consistent implementation across operations. Please follow the [link](#) for the detailed ESG rating rationale of ESAF.

The rating reflects ESAF's sustained ESG stewardship, with a strong focus on people, planet, and prosperity, and its continued legacy of serving under-resourced communities through inclusive banking practices. The rating factors include the bank's leadership position in the customer service framework, inclusive policies for value chain partners, a sharp focus on financial inclusion and sustainability, impacts on lives across rural and semi-urban areas, and an ISO-certified cybersecurity framework. The bank has allocated 80% of its advances to the priority sector, fostering local economic growth and leading to a positive social impact.



¹ For CareEdge ESG Rating scale and definitions, refer to www.careedgeesg.com

CareEdge-ESG's ratings are determined through a comprehensive analysis of the environmental, social, and governance risks and opportunities associated with a company. A composite score is calculated based on the company's performance across key indicators spanning the three pillars of ESG. For the BFSI sector, CareEdge ESG's methodology comprises about 250 indicators across 18 themes. In the BFSI sector, the governance and social pillars carry greater weight, accounting for 88%. In comparison, the environment pillar is assigned 12% because of its minimal impact on emissions, energy, and waste management.

ESG performance is dynamic and can change significantly due to policy enhancements, operational improvements, emerging risks, regulatory developments, or shifts in stakeholder expectations. Conducting annual ESG rating surveillance ensures that the company's ESG performance remains current, credible, and aligned with evolving standards. It captures year-on-year improvements in disclosures, risk management and sustainability practices, while highlighting areas that need strengthening. This process enhances transparency for stakeholders and helps companies to identify areas for improvement, motivating them to design sustainable transitions and fostering responsible business practices.

Saikat Roy, CEO – CARE ESG Ratings, commented, "Our annual surveillance exercise provides a clear and independent view of how financial institutions are advancing on their ESG journey. ESAF's improved ESG performance highlights its dedication to long-term sustainability and operational commitment to sustainable banking. As ESG performance increasingly shapes institutional resilience, stakeholder trust, and long-term value, our assessments provide credible insights that help banks benchmark progress and enhance transparency. Through this effort, CareEdge-ESG is committed to empowering the stakeholders with reliable assessments that drive meaningful impact."

Nikunj Dube, CRO – CARE ESG Ratings, commented, "With the completion of the annual ESG rating surveillance for ESAF Small Finance Bank, CareEdge-ESG upholds its commitment to promote sustainable practices in the financial sector through rigorous, transparent, and impartial ESG assessments that enable clear and accountable progress tracking for all stakeholders. This surveillance exercise offers a data-backed review of the bank's significant progress in its social initiatives, as evidenced by stronger customer protection and enhanced data privacy, as well as notable improvements in governance, including stronger board-level oversight of ESG activities. Compared to the previous year, these developments reflect the continued strengthening of ESAF's overall ESG framework. The upgraded ESG rating offers a credible benchmark against industry peers and supports the enhancement of its long-term ESG strategy."

About CARE ESG Ratings Limited

CareEdge-ESG is a category I ERP, registered with SEBI and a wholly owned subsidiary of CARE Ratings Limited. With over thirty years of experience as an Indian credit rating agency, CARE Ratings' move to expand into ESG ratings through its subsidiary would help to enhance investor confidence while promoting accountability and

transparency in businesses. Through our comprehensive and nuanced ESG assessments, CareEdge-ESG enables stakeholders to make informed decisions regarding sustainability, thereby fostering positive transformation and enhancing stakeholder trust.

For more information, visit www.careedgeesg.com | click on  to browse CareEdge-ESG's LinkedIn profile

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About Us:

CareEdge is a knowledge based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE ESG Ratings Limited (CareEdge-ESG) is one of the India's pioneer ESG rating provider fostering sustainability with ESG insights. With an aim of being a catalyst of change for a sustainable future with the most credible ESG assessments, CareEdge-ESG provides a 360-degree appraisal for the ESG performance benchmarking cum transition enabling ESG risk mitigation and enhanced decision-making capabilities for all stakeholders.

Disclaimer:

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