ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) CODE OF CONDUCT AND COVENANTS

SECTION 1: OVERVIEW

1.1. Purpose

Maldives Finance and Leasing Company Pvt Ltd (MFLC) is committed to conducting its operations in a responsible, ethical, environmentally sustainable and socially inclusive manner.
As part of MFLC's Environmental and Social Management System (ESMS), this Code of Conduct and ESMS Covenants establishes the minimum environmental, social, labour, health and safety, integrity, governance and ethical standards expected from employers, vendors, suppliers, contractors, consultants, service providers and other third parties registered with or engaged by MFLC.

This Code shall support and operate in conjunction with MFLC's:

- ESMS Policy
- Environmental, Social, Governance (ESG) / Sustainability policies and frameworks
- Gender Equality Policy
- Grievance Redress Mechanism
- ESMS Exclusion List
- Employer ESMS Screening Framework
- Vendor / Contractor ESMS Screening Framework
- Environmental and Social Due Diligence (ESDD) process
- Environmental and Social Action Plan (ESAP) process
- Applicable contractual, procurement, credit, operational and compliance requirements

The purpose of this Code is to establish a consistent minimum standard while allowing MFLC to apply enhanced requirements proportionate to the environmental and social risk of a particular relationship.

1.2. Scope

This Code applies, as relevant, to:

- Employers registered under MFLC salary-deduction arrangements
- Vendors
- Suppliers
- Contractors
- Consultants
- Service providers
- Sole proprietors
- Subcontractors undertaking MFLC-related activities
- Parties receiving financing proceeds on behalf of MFLC borrowers
- Any other third party registered with, engaged by or entering into a contractual relationship with MFLC

Where MFLC disburses approved loan or lease proceeds directly to a vendor or supplier on behalf of a borrower, such payment does not by itself constitute financing of the vendor's underlying business.

The vendor shall nevertheless remain subject to applicable ESMS registration, integrity and contractual requirements.

For employers participating in salary-deduction arrangements, the ESMS assessment shall principally relate to the employer's eligibility as a salary-deduction and remittance counterparty, including labour, employee-protection, integrity and compliance considerations.

1.3. General ESMS Covenant

All parties covered by this Code shall, throughout the period of their registration, engagement or contractual relationship with MFLC:

1. Comply with this Code and applicable MFLC ESMS requirements.
2. Comply with applicable laws, regulations, permits, licences and approvals.
3. Avoid activities prohibited under MFLC's ESMS Exclusion List.
4. Identify, manage and mitigate material environmental and social risks arising from their activities.
5. Cooperate with reasonable ESMS screening, ESDD, ESAP and monitoring requirements imposed by MFLC.
6. Notify MFLC of material environmental, social, labour, safety, integrity or regulatory events relevant to the relationship.
7. Implement corrective actions reasonably required by MFLC where material deficiencies are identified.

Compliance with this Code may be incorporated into contracts, employer arrangements, supplier registrations, purchase arrangements, facility-related documentation or other agreements as an ongoing covenant.

SECTION 2: LEGAL, INTEGRITY AND GOVERNANCE REQUIREMENTS

2.1. Compliance with Laws and Regulations

All parties shall:

- Comply with applicable laws, regulations, permits, licences and statutory requirements.
- Maintain valid registrations and approvals required for their operations.
- Comply with applicable tax, labour, employment, health and safety, environmental, privacy and other regulatory obligations.
- Not knowingly conduct activities without required regulatory approval.
- Promptly notify MFLC of any material legal, regulatory, licensing or enforcement action that may affect their suitability to remain registered or engaged with MFLC.

Covenant: The third party represents and undertakes that it shall maintain all material licences, registrations and approvals required to perform its obligations throughout the term of its relationship with MFLC.

2.2. Business Integrity and Ethical Conduct

Third parties shall conduct business honestly, ethically and transparently.

Third parties shall not:

- Engage in bribery, corruption, fraud, theft, money laundering, terrorist financing or other unlawful activity.
- Knowingly facilitate unlawful transactions.
- Falsify documentation.
- Provide materially misleading information to MFLC.
- Improperly influence MFLC employees, representatives or decision-makers.

Third parties shall:

- Avoid or disclose material conflicts of interest.
- Maintain reasonable and accurate records relating to services, goods or transactions involving MFLC.
- Cooperate with lawful reviews, audits, investigations and information requests.
- Comply with applicable MFLC integrity, anti-bribery and conflict-of-interest requirements.

Covenant: Any material fraud, corruption, bribery, sanctions or integrity concern may constitute grounds for suspension, enhanced review or termination of the relationship.

2.3. MFLC ESMS Exclusion List

Third parties shall not knowingly undertake, support or facilitate activities prohibited under MFLC's ESMS Exclusion List where such activities are relevant to the MFLC relationship.

Third parties may be required to declare compliance with the Exclusion List during registration, onboarding, renewal, ESMS screening, ESDD or contractual review.

Covenant: A material breach of MFLC's Exclusion List shall constitute an ESMS escalation event and may result in refusal, suspension or termination of the relationship.

SECTION 3: LABOUR, HUMAN RIGHTS AND EMPLOYEE PROTECTION

3.1. Labour and Human Rights

MFLC expects all third parties to respect applicable labour standards and internationally recognised human-rights principles relevant to their activities.

- Not employing child labour.
- Not engaging in forced labour, bonded labour, involuntary labour or human trafficking.
- Complying with applicable employment and labour laws.
- Maintaining fair and respectful working conditions.
- Taking reasonable measures to prevent harassment, intimidation, abuse and retaliation.
- Avoiding unlawful discrimination.
- Maintaining employment arrangements appropriate to applicable legal requirements.

Covenant: Where MFLC identifies a material labour or human-rights concern through ESMS screening, ESDD, complaints, public information or monitoring, the third party shall provide reasonable clarification and implement corrective action where required.

3.2. Gender Equality, Inclusion and Protection

- Promote equal opportunity and fair treatment.
- Respect the dignity and rights of employees and stakeholders.
- Take reasonable measures to prevent discrimination.
- Take reasonable measures to prevent gender-based violence, sexual exploitation and abuse, and sexual harassment.
- Protect individuals raising genuine concerns from retaliation.
- Foster respectful and inclusive working environments.

MFLC may require specific corrective actions where material gender or inclusion risks are identified.

3.3. Employer Salary-Deduction Arrangements

Employers registered under MFLC salary-deduction arrangements shall, where applicable:

- Maintain lawful and established employment arrangements.
- Process salary deductions only where the employee has provided appropriate authorization.
- Deduct only amounts duly authorized in connection with the relevant MFLC facility.
- Remit deductions to MFLC in accordance with agreed arrangements.
- Maintain reasonably identifiable records of such deductions and remittances.
- Notify MFLC of material employment-status changes affecting the salary-deduction arrangement, subject to applicable legal requirements.
- Not make unauthorized deductions relating to MFLC facilities.
- Provide a reasonable avenue for employees to raise payroll or deduction concerns.
- Cooperate with MFLC in resolving material salary-deduction discrepancies.

Covenant: Employee consent for MFLC deductions shall be governed through the employee's loan or facility documentation, while the employer shall remain responsible for administering deductions and remittances in accordance with its agreement with MFLC. Where weaknesses are identified, MFLC may require corrective measures through an ESAP or other documented action plan.

SECTION 4: OCCUPATIONAL HEALTH, SAFETY AND SOCIAL RESPONSIBILITY

4.1. Occupational Health and Safety

Third parties shall maintain health and safety arrangements appropriate to the nature and risk of their operations.

- Comply with applicable occupational health and safety requirements.
- Take reasonable measures to prevent workplace accidents and injuries.
- Provide appropriate protective equipment where required by the nature of the work.
- Establish reasonable safety procedures for higher-risk activities.
- Maintain emergency response arrangements where appropriate.
- Report serious incidents relevant to the MFLC relationship.

Covenant: MFLC may require enhanced health and safety controls, evidence of corrective action or additional monitoring where ESDD identifies material occupational health and safety risk.

4.2. Community Health and Safety

- Avoid or mitigate adverse public-health and safety impacts.
- Manage traffic, access, noise, waste, nuisance and other operational impacts.
- Avoid unreasonable disruption to surrounding communities.
- Protect vulnerable persons where material impacts are foreseeable.
- Cooperate with MFLC in addressing material community complaints.

SECTION 5: ENVIRONMENTAL RESPONSIBILITY

5.1. Environmental Responsibility

- Comply with applicable environmental laws and regulations.
- Maintain applicable environmental permits or approvals.
- Take reasonable measures to manage environmental impacts.
- Manage waste responsibly.
- Minimise pollution, contamination and environmental harm.
- Manage hazardous substances appropriately where relevant.
- Implement reasonable controls for environmentally sensitive activities.
- Support environmentally responsible business practices proportionate to the nature and scale of operations.

This section shall be applied proportionately. Low-risk office-based or professional service providers shall not be expected to maintain the same environmental controls as construction, industrial, marine, waste-management, fuel, engineering or other higher-risk activities.

Covenant: Where MFLC identifies a material environmental issue through screening or ESDD, the third party shall implement agreed mitigation or corrective measures within the timeframe specified by MFLC.

5.2. Environmental Permits and Approvals

Where a permit, licence or environmental approval is legally required for the relevant activity, the third party shall maintain such approval in force.

- Required by law.
- Material to the activity.
- Identified during ESMS screening.
- Required as an ESAP action.

Additional documentation should not be requested where the activity is low risk, and no specific permit requirement applies.

SECTION 6: GRIEVANCES AND INCIDENT MANAGEMENT

6.1. Grievance and Complaints

Third parties shall cooperate with MFLC's Grievance Redress Mechanism where applicable.

- Not retaliate against persons raising concerns in good faith.
- Cooperate with fair investigation and resolution of grievances.
- Cooperate with MFLC regarding environmental, social, labour, safety, integrity, gender or community-related complaints.
- Where appropriate to their nature and size, maintain reasonable channels for employees, workers or stakeholders to raise concerns.

For employers, payroll or salary-deduction complaints should be capable of being raised through an appropriate HR, payroll, management or grievance channel.

6.2. Environmental and Social Incident Notification

Third parties shall notify MFLC within a reasonable timeframe upon becoming aware of a material incident relevant to the MFLC relationship, including:

- Serious environmental incidents.
- Serious workplace injuries or fatalities.
- Significant labour-law violations.
- Material community safety incidents.
- Regulatory enforcement action.
- Material fraud, corruption or integrity incidents.
- Significant reputational matters.
- Material grievances associated with activities undertaken for MFLC.

Where necessary, MFLC may require an incident explanation, corrective action, an ESAP update, enhanced monitoring or escalation to relevant management or governance committees.

SECTION 7: ESMS SCREENING, ESDD AND ESAP

7.1. ESMS Screening

- All covered relationships may be subject to MFLC's applicable ESMS screening process.
- Credit Customers / Borrowers
- Assessment shall focus on environmental and social risks arising from the financed activity.
- Registered Employers
- Assessment shall focus on integrity, labour, employee protection and salary-deduction arrangements.
- Vendors / Contractors / Suppliers
- Assessment shall focus on exclusion-list compliance, nature of goods/services, environmental and social risks, labour and safety practices, integrity and applicable contractual controls.
- MFLC shall apply the screening process proportionately and shall, where possible, use information already obtained during onboarding, registration, credit assessment or contracting.

7.2. Environmental and Social Due Diligence – ESDD

MFLC may undertake enhanced ESDD where initial ESMS screening identifies:

- Moderate or High risk.
- A specific environmental or social concern.
- Insufficient information to conclude the assessment.
- A material regulatory, labour or safety issue.
- A potential requirement for corrective action.
- The need for enhanced contractual controls.
- Any other circumstance requiring further assessment.

Third parties shall cooperate with reasonable ESDD requests.

Covenant: ESDD shall be risk-based and proportionate. Third parties shall not be required to provide unnecessary documentation unrelated to an identified risk.

7.3. Environmental and Social Action Plan – ESAP

Where ESDD identifies a manageable environmental or social issue requiring mitigation, MFLC may require an Environmental and Social Action Plan.

The ESAP may specify:

- The identified issue or risk.
- Required corrective or mitigation action.
- Responsible party.
- Target completion date.
- Evidence required.
- Monitoring frequency.
- Completion status.

Covenant: Where an ESAP is agreed or imposed as a condition of engagement, the third party shall implement the agreed actions within the specified timeframe, provide reasonable evidence of completion, notify MFLC of material delay, cooperate with proportionate monitoring, and maintain implemented controls where they are ongoing requirements. Failure to implement a material ESAP action may constitute non-compliance under this Code.

7.4. Typical ESAP Actions

a) Environmental

- Obtain or renew applicable permits.
- Improve waste management arrangements.
- Correct inappropriate discharge or pollution practices.
- Improve handling of hazardous materials.
- Mitigate construction or installation impacts.
- Implement incident reporting.

b) Labour and Working Conditions

- Address material labour-law gaps.
- Regularise employment arrangements.
- Establish or improve grievance channels.

- Address employee-protection weaknesses.
- Correct forced labour, child labour or exploitation concerns.

c) Occupational Health and Safety

- Provide appropriate PPE.
- Introduce basic safety procedures.
- Correct unsafe work practices.
- Provide relevant safety training.
- Implement incident reporting.

d) Employer Arrangements

- Strengthen employee authorization controls.
- Clarify remittance timelines.
- Correct deduction practices.
- Improve employment-status notification.
- Establish dispute-resolution processes.

e) Vendor / Contractor

- Incorporate ESMS covenants.
- Obtain required licences or permits.
- Correct safety or labour deficiencies.
- Strengthen incident notification.
- Provide additional compliance evidence.
- Apply enhanced monitoring.
- Suspend higher-risk activities pending corrective action.

SECTION 8: CONTRACTUAL ESMS COVENANTS

8.1. Contractual Incorporation

MFLC may incorporate this Code, in whole or in part, into:

- Supplier registration terms.
- Employer salary-deduction arrangements.
- Vendor agreements.
- Service agreements.
- Procurement contracts.
- Consultant agreements.
- Contractor agreements.
- Facility-related documentation.
- Other contractual instruments.

Where incorporated, compliance with this Code shall constitute an ongoing contractual obligation.

8.2. Minimum ESMS Covenants

a) Legal Compliance

Comply with all material laws, regulations, licences, permits and approvals applicable to the relationship.

b) Exclusion List Compliance

Not undertake or facilitate prohibited activities relevant to the MFLC relationship.

c) Labour and Human Rights

Prohibit child labour, forced labour and human trafficking and comply with applicable labour requirements.

d) Health and Safety

Maintain workplace health and safety measures appropriate to the activities undertaken.

e) Environmental Compliance

Comply with material environmental obligations and maintain applicable environmental approvals.

f) Incident Notification

Notify MFLC of material incidents or breaches relevant to the relationship.

g) Information Rights

Provide information reasonably requested by MFLC to assess compliance with material ESMS obligations.

h) Corrective Actions

Implement reasonable corrective actions or agreed ESAP requirements within specified timelines.

i) Monitoring

Cooperate with proportionate monitoring, including documentary review, relationship review or site verification where warranted by the risk.

j) Suspension and Termination

Permit MFLC to suspend, restrict or terminate the relationship where material non-compliance is serious, unresolved or inconsistent with MFLC's ESMS risk appetite.

8.3. Additional Covenants for Moderate or Higher-Risk Relationships

Where ESDD identifies Category B or higher-risk considerations, MFLC may require enhanced contractual provisions including:

- Specific ESAP incorporation.
- Periodic compliance reporting.
- Periodic permit confirmation.
- Enhanced incident reporting.
- Milestone-based corrective actions.
- Restrictions on subcontracting.
- Specific environmental or safety controls.
- Additional monitoring rights.
- Escalation requirements.
- Conditions precedent to disbursement, onboarding, renewal or continuation.

SECTION 9: SUBCONTRACTORS

9.1. Subcontractor Requirements

Where a vendor or contractor uses subcontractors in performing services relating to MFLC, the vendor or contractor shall remain responsible for ensuring that material obligations relevant to the subcontracted activity are communicated to and complied with by such subcontractors.

For low-risk subcontracting, no additional documentation shall generally be required. Where subcontracting involves higher-risk activities, MFLC may require reasonable confirmation of applicable labour, safety and ESMS requirements.

SECTION 10: INFORMATION, MONITORING AND RECORDS

10.1. Information Requests, Due Diligence and Monitoring

MFLC may request information reasonably necessary for:

- Registration and onboarding.
- ESMS screening.
- ESDD.
- ESAP monitoring.
- Periodic review.
- Regulatory or accreditation requirements.
- Internal audit.
- Compliance review.
- Investigation of a material incident or complaint.

Information requests shall be proportionate to the identified risk.

10.2. Record Keeping

Third parties shall maintain records reasonably necessary to demonstrate compliance with legal, environmental, social, labour, health and safety and integrity obligations relevant to their operations. MFLC may request such information where reasonably necessary for ESMS screening, ESDD, ESAP monitoring, audit or review. Third parties are not expected to create excessive records solely for MFLC where such records are not proportionate to the nature of the activity.

10.3. Monitoring

Monitoring may be conducted through:

- Normal relationship review.
- Contract renewal.
- Vendor re-registration.
- Employer arrangement review.
- Documentary follow-up.
- ESAP status review.
- Incident-triggered review.
- Regulatory or adverse-information review.
- Site visit where risk warrants.
- Management / ESMS Committee review.

The frequency and level of monitoring shall be proportionate to the environmental and social risk classification.

SECTION 11: NON-COMPLIANCE, CORRECTIVE ACTION AND ESCALATION

11.1. Non-Compliance

Failure to comply with this Code, an agreed ESAP or applicable ESMS covenant may result in one or more of the following:

- Request for clarification.
- Request for supporting evidence.
- Corrective action.

- Establishment or amendment of an ESAP.
- Enhanced monitoring.
- Contractual conditions.
- Temporary suspension.
- Restriction of new engagements.
- Suspension from MFLC's approved vendor or employer arrangements.
- Removal from the approved database.
- Withholding or deferring new engagements.
- Escalation to senior management or relevant committees.
- Termination of the engagement where appropriate.

MFLC shall apply a proportionate, risk-based approach.

11.2. Material Breach

The following may constitute a material ESMS breach:

- Involvement in an Exclusion List activity.
- Serious child labour forced labour or trafficking concern.
- Material fraud or corruption.
- Deliberate concealment of a material environmental or social incident.
- Serious workplace fatality or safety breach arising from material negligence.
- Material regulatory breach relevant to the relationship.
- Failure to implement a critical ESAP action.
- Repeated material non-compliance.
- Unauthorized employee salary deductions.
- Refusal to remedy a serious identified deficiency.
- Provision of materially false information during ESMS screening or ESDD.

Material breaches shall be escalated for appropriate decision.

11.3. Corrective Action Period

Where non-compliance is considered remediable, MFLC may provide a reasonable corrective-action period. The period shall take into consideration severity, urgency, complexity of remediation, impact on employees/communities/environment, and the third party's willingness and capacity to rectify the issue. Critical risks may require immediate action.

SECTION 12: RISK CLASSIFICATION

12.1. Category C – Low Risk

- Standard ESMS requirements apply.
- No formal ESAP is normally required.
- Standard contractual controls are generally sufficient.
- Monitoring may occur through normal relationship review.

12.2. Category B – Moderate Risk

- ESDD may be completed.
- Proportionate ESAP actions may be required.

- Specific contractual covenants may be added.
- Monitoring may be enhanced.
- The relationship may proceed subject to conditions.

12.3. Category A – High / Unacceptable Risk

- Enhanced ESDD shall be undertaken.
- Specialist review may be required.
- Detailed ESAP may be required.
- Senior management or ESMS Committee escalation shall be undertaken.
- Board-level review may be undertaken where required by policy.
- The relationship may be declined, suspended or terminated where the risk cannot be satisfactorily mitigated.

Activities inconsistent with MFLC's ESMS Exclusion List shall not be approved merely through an ESAP.

SECTION 13: DECLARATION AND ACKNOWLEDGEMENT

13.1. Third-Party Declaration

Where required by MFLC, the third party shall acknowledge that:

- It has read and understood the applicable requirements of this Code.
- Information provided to MFLC for ESMS purposes is materially accurate to the best of its knowledge.
- It will comply with applicable legal and ESMS requirements.
- It will notify MFLC of material changes relevant to its ESMS risk profile.
- It will cooperate with proportionate screening, ESDD and monitoring requirements.
- It will implement agreed corrective actions or ESAP requirements.

Name of Entity: _____

Authorized Representative: _____

Designation: _____

Signature: _____

Date: _____

13.2. Updates

MFLC may revise this Code from time to time to reflect changes in legal, regulatory, ESMS, ESG, sustainability, gender, climate, governance, operational, accreditation or risk-management requirements.

The latest version adopted by MFLC shall apply to relevant employers, vendors, suppliers, contractors, consultants, service providers and other third parties in accordance with applicable contractual or registration arrangements.

ANNEX 1 – STANDARD ESMS COVENANT FOR CONTRACTS

Environmental and Social Compliance Covenant

The Counterparty shall comply with applicable environmental, social, labour, occupational health and safety, integrity and regulatory requirements relevant to its activities and shall not knowingly undertake activities prohibited under MFLC's applicable ESMS Exclusion List.

The Counterparty shall cooperate with reasonable environmental and social screening, due diligence and monitoring requirements of MFLC and, where material environmental or social risks are identified, shall implement reasonable corrective or mitigation actions, including any Environmental and Social Action Plan agreed with MFLC.

The Counterparty shall notify MFLC within a reasonable timeframe of any material environmental, labour, occupational health and safety, regulatory, integrity or community-related incident relevant to the relationship.

MFLC may request reasonable supporting information relating to material ESMS matters and may impose corrective actions, enhanced monitoring, suspension or termination where material non-compliance is identified and remains unresolved.

ANNEX 2 – ENHANCED ESMS COVENANT FOR CATEGORY B RELATIONSHIPS

The Counterparty shall implement the Environmental and Social Action Plan agreed with MFLC within the prescribed timelines and shall provide reasonable evidence of completion.

The Counterparty shall notify MFLC of any material delay or circumstance affecting implementation of the ESAP.

MFLC may review progress against the ESAP through documentary review, relationship monitoring or site verification where reasonably required.

Failure to implement a material ESAP obligation within the agreed timeframe, without satisfactory explanation or corrective measures, may result in escalation, enhanced monitoring, suspension or termination in accordance with the applicable agreement and MFLC's ESMS requirements.

ANNEX 3 – EMPLOYER SALARY-DEDUCTION ESMS COVENANT

Under the salary-deduction arrangement, the Employer shall process deductions relating to MFLC facilities only in accordance with employee authorization and the agreed arrangements with MFLC.

The Employer shall not knowingly deduct amounts beyond those duly authorized and shall remit deductions to MFLC in accordance with the agreed process.

The Employer shall maintain reasonable arrangements for addressing payroll or deduction-related concerns and shall cooperate with MFLC in resolving material discrepancies.

The Employer shall notify MFLC of material circumstances affecting its ability to administer the salary-deduction arrangement and shall comply with applicable labour, integrity and ESMS requirements relevant to the relationship.

ANNEX 4 – VENDOR / CONTRACTOR ESMS COVENANT

The Vendor / Contractor shall comply with applicable legal, environmental, labour, health and safety and integrity requirements relevant to the goods, services or works provided.

Where the activities involve material environmental, safety or community risks, the Vendor / Contractor shall maintain reasonable mitigation measures appropriate to the nature of the activity.

The Vendor / Contractor shall comply with MFLC's applicable ESMS Exclusion List and shall notify MFLC of material environmental, safety, regulatory or integrity incidents relevant to the engagement.

Where MFLC identifies a manageable ESMS deficiency, the Vendor / Contractor shall implement reasonable corrective actions or ESAP requirements within the agreed timeframe.
MFLC may suspend or terminate the engagement where a material ESMS breach is serious, unresolved or outside MFLC's risk appetite.