

Financial Impact of Climate-Related Risks

CA Grameen has identified climate change-related risks through comprehensive climate Risk Assessment in FY 2024-25 (refer [Annual Integrated Report FY 2024-25](#)) that could affect its business operations, revenue, and expenditure. The Company has assessed the potential financial implications of these risks and continues to evaluate appropriate mitigation strategies to address them, ensuring resilience and long-term sustainability. The following risks and their potential financial implications have been identified by the Company:

Risk 1: Lower Productivity of Field Staff

Description:

Extreme heatwaves may disrupt branch and field operations, making commuting and centre meeting visits difficult, thereby reducing productivity. Further, prolonged disruptions may increase employee dissatisfaction and workload. To assess this risk, CA Grameen utilized the World Bank's Climate Change Knowledge Portal (CCKP), a central platform for climate data and resources that provides access to climate, disaster risk, and socio-economic datasets, along with Climate Risk Country Profiles for sector and country-specific analysis. Using CCKP projections under the Representative Concentration Pathway (RCP) 2.6 & the Shared Socioeconomic Pathway (SSP) 1 scenario for the year 2030, which reflects a low greenhouse gas emissions pathway aligned with ambitious mitigation efforts to limit warming below 2°Celsius, CA Grameen evaluated future climate conditions and identified regions where extreme heat is still likely to intensify, resulting in certain branches being classified as critical due to their heightened exposure.

Estimated Financial Implications of the Risk Before Taking Actions: INR 1,04,54,332

Average Estimated Time Frame for Financial Implications of the Risk: 5 years

Risk 2: Extreme weather-related transport disruptions leading to lost in working days

Description:

Extreme weather events like high precipitation may disrupt transportation networks, leading to loss of working days as field staff struggle to access remote areas, causing operational delays and affecting business performance. Using the World Bank's Climate Change Knowledge Portal (CCKP), CA Grameen estimated the financial impact of working days lost due to high precipitation in 2030 under the RCP 2.6 SSP 1 scenario for the year 2030. Through this analysis, CA Grameen identified regions where high precipitation is likely to intensify, resulting in certain branches being classified as critical due to their heightened exposure. A 50 mm rainfall threshold was applied as a benchmark, since rainfall above this level typically causes waterlogging, mobility challenges, and interruptions to outreach, loan activities, and collections, ultimately raising Non-Performing Assets (NPAs) and operational risks. The methodology linked CCKP precipitation projections with branch-level exposure to estimate lost working days and translate them into financial impacts.

Estimated Financial Implications of the Risk Before Taking Actions: INR 3,49,492

Average Estimated Time Frame for Financial Implications of the Risk: 5 years