

## Corporate Social Responsibility (CSR) Policy for “Northern Arc”

### 1 Purpose

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Northern Arc Group (Northern Arc Capital along with its subsidiaries) is committed to upholding the highest standards in terms of management practices and business conduct. In line with this, Northern Arc will also play its role in making a direct contribution to the society as a part of its Corporate Social Responsibility (CSR) agenda. The Group’s mission is to ensure every individual and every enterprise has complete access to financial services. This mission is based on a strategy that envisages three-pillar of the financial system: high quality origination, orderly risk transmission and robust risk aggregation.

Northern Arc believes that “all human beings are created equal” and creates equal opportunities for all its stakeholders and ensures zero discrimination while engaging with any entity on the basis of differential ability, caste, religion, region, nationality, race or gender.

Northern Arc Capital along with its subsidiaries has launched Northern Arc Foundation, a section 8 company which shall focus on building livelihood, skill and vocational development of communities traditionally marginalised by formal systems, enhancing people’s well being through knowledge building and innovation. The foundation will also focus on other charitable and socially beneficial purposes related to education and other training and development initiatives. Northern Arc Capital along with its subsidiaries shall contribute to CSR through the Northern Arc Foundation.

The CSR program of the Company, shall, in implementation of its projects be committed to the Sustainable Development Goals (SDGs) of the United Nations and in its reporting, map the CSR activities of the company with the relevant SDG it intends to achieve.

This Policy shall be applicable to all CSR initiatives undertaken by the Northern Arc Group in pursuance of the requirements of Section 135 and Schedule VII of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (including any statutory modifications, amendments, or re-enactments of any of them for the time being in force).

### 2 Guiding Principles and Applicability

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- Serve – and be seen to serve – society, local and national goals wherever the group operates
- Create a significant and sustained impact on communities
- Provide opportunities for the employees, the customers and partners to contribute to these efforts through volunteering
- Play a significant role in promotion of financial inclusive growth through empowerment of socially and economically weaker sections of society
- Build partnerships and promote financial innovation through incubation of ideas and technology to address societal needs

- Contribute to research that aids in developing a thorough understanding of problems, designing programmes, products and strategies that eventually will help in reduction of financial vulnerability of poor and weaker sections of the society

In accordance with the above, Northern Arc has decided to adopt this CSR policy and mandates the Directors and Employees of the Group to:

- Comply with relevant regulations governing the protection of human rights, occupational health and safety standards and labour, environmental, social and business practices of the jurisdictions in which we conduct business and are mandated with the CSR expenditure obligations as per Section

135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time

- Train its staff adequately to ensure that they are sensitive to environmental and social impact of the operations of the company
- Adopt a responsible and ethical approach to governance including implementation of compliance policies and procedures and on-going monitoring of systems and controls, implementation of rigorous risk monitoring and adhering to the highest standards of conduct
- Take into account environment and social governance criteria during decision making processes. All Performance of all investments will be evaluated taking into account the non-financial aspects (governance, social and environmental) related to partner entities and consider if the investment is ethical.

### **3 Focus Areas**

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Northern Arc Capital's CSR activities shall be focused on the following areas and aligned to Schedule VII of the Companies Act, 2013 :

- i Training and vocational skill development with a focus on marginalized communities
- ii Creating sustainable livelihoods, especially for members of marginalised communities by creating employment opportunities.
- iii Knowledge-building through workshops, seminars, symposiums and other appropriate modes of dissemination especially within people without access to formalised education/ training systems
- iv Support research directly or indirectly in areas related to improving standards of livings with special focus on management and thrift
- v Other charitable and socially beneficial purposes related to improved literacy and livelihoods by imparting formalized education and allied training and development initiatives with the objective of social upliftment of the marginalized and vulnerable sections of the society

### **4 Governance**

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The CSR Committee shall be responsible for the overall supervision and monitoring of the CSR programs run through its primary implementing agency, Northern Arc Foundation – a not for profit company set up under Section 8 of the Companies Act, 2013. The management team of Northern Arc Foundation shall present the project/ program to the CSR Committee of Northern Arc, who will approve the program based on the CSR policy of Northern Arc. The Foundation’s team will also provide quarterly updates to the CSR Committee of Northern Arc.

If considered desirable and if found to be in line with this policy, Schedule VII of the Companies and/ or the SDGs identified, the CSR Committee and Board of Northern Arc may also provide funding to other implementation agencies.

The CSR Committee shall ensure that the Northern Arc Group spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of its CSR Policy.

In the event of any doubts regarding authority for implementation and monitoring of the Foundation, the decision of the CSR Committee of Northern Arc shall be final.

## 5 CSR Committee

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'The Board of Northern Arc Capital Limited has constituted the CSR Committee in accordance with the CSR legislation under the provisions of Section 135 of the Companies Act, 2013.

The Committee will have the responsibility of formulating CSR Policy to be approved by the Board, recommend CSR Programmes, allocate budgets and monitor the implementation and expenditure of funds. The gaps in implementation of the planned CSR Programmes will be reported with necessary corrective actions. The Committee are authorized to take professional support from individuals or organisations having expertise in related fields.

The composition of the CSR Committee shall be as per the extant provisions stated under the Companies Act, 2013 read with Rules thereto. The committee shall be responsible for:

- Formulating and recommending a CSR Policy to the Board
- Regular monitoring and overall supervision of the programs of the implementing agencies including Northern Arc Foundation.
- Recommend to the Board CSR expenditure to be incurred
- Recommend to the Board, modifications to CSR Policy as and when required

## 6 Implementation

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Northern Arc Capital will implement CSR activities through the Northern Arc Foundation.

## **7 Resources**

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Northern Arc Capital shall deploy such resources as maybe required necessary to meet the objectives of Northern Arc Foundation. Surplus, if any, arising out of the CSR projects or programs or a activities shall not form part of the business profit of Northern Arc Capital.

## **8 Geographies and target communities**

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The geographical focus of CSR activities will be where Northern Arc has a significant presence and excluded and underdeveloped districts in the Indian states.

## 9 Monitoring & Review

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Implementation of this policy will be monitored and reviewed periodically by the CSR committee. The CSR Committee will review the policy's effectiveness and implementation on a regular basis and report relevant findings and recommendations to the Board.

The monitoring exercise shall include, *inter alia*, periodic monitoring of the utilization of funds allocated for CSR activities and impact assessments in case of major projects via an impact study or evaluation by external agencies.

For major projects, wherever possible, the funds shall be disbursed on the basis of milestones achieved, i.e, the progress of work.

## 10 Disclosure

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Northern Arc Capital will disclose its Corporate Social Responsibility performance in a transparent manner to all its stake holders and the community at large on a regular basis through adequate information on our annual report and provision of transparent and objective information.