

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

1 Purpose

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.

2 Guiding Principles and Applicability

- Serve – and be seen to serve – society, local and national goals where ever 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 Sec

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

Northern Arc Capital's CSR activities shall be in line with the objectives of Northern Arc Foundation which are as detailed below:

- i Training and skill development for potential employees of financial service providers
- ii Creating sustainable livelihoods in finance, especially for members of marginalised communities by creating employment opportunities.
- iii Knowledge-building especially within people without access to formalised education/ training systems
- iv Support innovation in finance by communities to support themselves.
- v Other charitable and socially beneficial purposes related to education and other training and development initiatives

4 Governance

The President of the Foundation will be responsible for day to day implementation of the programs including those in partnership with government agencies along with training partners.

The Foundation will also have a Governing Council with the following members:

- i One independent director of Northern Arc
- ii One executive director of Northern Arc
- iii One person as may be nominated by the CSR Committee of Northern Arc

The President of the Foundation shall understand the resource requirements on the one hand and training requirement on the other, and formulate a program based on the broad objectives of the Foundation. The program/s will be presented by the President to the Governing Council of the Foundation who will evaluate the program on the following indicative parameters:

- i Viability of the program
- ii Reach of the program to underserved and marginalised communities
- iii Long-term impact of the program

The Governing Council will then approve the program and recommend the same for implementation to the CSR Committee of Northern Arc. The President of the Foundation shall provide periodic updates to the Governing Council on the progress of each of the programs.

The Governing Council will also be responsible for approving and recommending programs pertaining to other socially relevant initiatives proposed by the President of the Foundation to the CSR Committee of Northern Arc.

Once the project/ program is recommended by the Governing Council of the Foundation, the President of the 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 President of the Foundation will also provide quarterly updates to the CSR Committee of Northern Arc. The CSR Committee is responsible for overall supervision and monitoring of the programs of the Northern Arc Foundation.

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

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

- Formulation of CSR Policy which shall be in line with the objectives of Northern Arc Foundation
- Regular monitoring and overall supervision of the programs of 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

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

7 Resources

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 activities shall not form part of the business profit of Northern Arc Capital.

8 Geographies and target communities

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

9 Monitoring & Review

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.

10 Disclosure

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.