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Environmental, Social, and Governance (ESG) Policy

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1. INTRODUCTION

Satin Creditcare Network Limited (“SCNL” or “Company”) is one of India’s largest microfinance institutions, providing collateral-free micro-loans to unbanked and underserved women in rural and semi-urban areas.

The Company believes that integrating Environmental, Social and Governance (“ESG”) principles into its business model is essential to achieving its mission. This ESG commitment drives the Company to create meaningful and sustainable impact on the environment; support clients & employees; and uplift the communities it serves. The Company continuously strives to align its ESG approach with strategic goals and global ESG standards, ensuring growth that is inclusive, responsible and resilient.

The Company’s approach to ESG involves proactively addressing stakeholder concerns, managing risks and pursuing long-term value creation. SCNL is dedicated to building a sustainable and prosperous future for all its stakeholders, reflecting an unwavering commitment to ethical and sustainable business practices.

2. PURPOSE

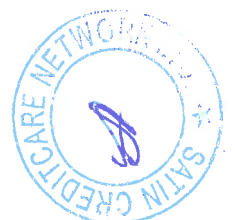
In alignment with its commitment to global ESG standards, SCNL adopted its first board-approved Environmental & Social Policy in 2017 to address SCNL’s commitments regarding the environmental and social dimensions of sustainable development. SCNL strives to avoid adverse impacts on its employees, communities and the environment, or if avoidance is not possible, to reduce, mitigate or compensate for the impacts, as appropriate. Through this policy, SCNL reinforces its commitment to ESG principles, thereby strengthening its ESG vision and focus. This policy provides a guiding framework to comprehend, manage and advance the Company’s ESG initiatives and identify the opportunities and risks.

3. POLICY OVERSIGHT

To ensure robust oversight and strategic direction, the Company proposes to expand the existing CSR Committee to include ESG functions, forming an CSR & ESG Committee (“Committee”) at the board level, chaired by an independent & non-executive director. The Committee comprises of three members, two of whom are independent & non-executive directors.

The Committee will be dedicated to identifying risks and opportunities across various ESG dimensions and developing strategic plans & objectives to mitigate these risks and leverage opportunities. The Committee will be primarily responsible for:

- **Resource Efficiency:** Providing strategic direction for operational resource efficiencies through continuous improvement in areas of emissions, energy, paper, water and waste management.
- **Environmental & Social Management:** Overseeing the tracking, evaluation and management of Environmental and Social (“E&S”) risks associated with the loan portfolio. To advise on the implementation of a comprehensive Environmental & Social Management System, E&S risk mitigation, supplier code of conduct, responsible procurement and business continuity from a sustainability standpoint, tailored to the microfinance sector.
- **Workplace Policies:** Ensuring the development and enforcement of robust workplace policies focused on employee code of conduct, human rights, equal employment opportunities, gender diversity and inclusivity, employee well-being & safety and fair remuneration practices to enhance organizational culture to ensure a positive work environment.



- **Corporate Governance:** Promoting the adoption of strong corporate governance and a culture of integrity through comprehensive policies and guidelines on board diversity, anti-bribery, anti-corruption, anti-money laundering, IT/data privacy and security, and whistleblower protection.
- **Stakeholder Engagement and Collaboration:** Encouraging the proactive identification and addressing material issues, risks and opportunities relevant to stakeholders including borrowers, investors, regulators and communities. Ensuring that stakeholder feedback is integrated into the Company's core business strategies to enhance responsiveness and accountability. Promoting engagement with external stakeholders to stay informed about the best practices and regulatory changes to enhance the relevance and effectiveness of the Company's ESG strategies.
- **Carbon Accounting and Net Zero Target:** Supporting the development and implementation of a comprehensive carbon accounting framework to accurately measure and report greenhouse gas emissions. Encourage setting and pursuing of ambitious net zero targets aligned with global climate goals and providing advice on a decarbonization strategy suitable for the Company.
- **Disclosure Improvement:** Providing advice on the continuous enhancement of the quality and transparency of ESG disclosures to effectively communicate the Company's ESG commitments and performance to stakeholders. Ensuring that disclosures meet industry best practices and regulatory requirements.
- **Training and Capacity Building:** Encouraging ongoing training and capacity-building programs for employees and management on ESG principles and practices. Ensuring that the workforce is well-equipped to understand and implement the Company's ESG policies effectively.
- **Monitoring and Reporting:** Establishing robust mechanisms for the regular monitoring, reporting and auditing of ESG performance. Ensuring that performance is measured against established targets and benchmarks to maintain transparency, accountability and continuous improvement.
- **Innovation and Technology:** Advocating for the integration of innovative technologies and practices to improve ESG performance. Emphasizing the adoption of renewable energy sources and digital solutions for efficient resource management.

The ESG policy framework will act as a comprehensive guide for all of the Company's ESG activities and initiatives. This framework will be reviewed and updated annually by the Board of Directors of the Company. This approach ensures that the Company consistently upholds global ESG standards and continually improves its disclosure practices.



4. ESG APPROACH

4.1. ENVIRONMENT

SCNL recognizes the importance of implementing sound environmental practices throughout its operations and will continue to integrate sustainable environmental practices into its daily office-based activities by:

- Seeking to minimize adverse environmental impacts from operations;
- Working towards continuously improving our environmental performance.

Key Focus Areas

4.1.1 CLIMATE CHANGE STRATEGY

A. ENERGY & EMISSIONS MANAGEMENT

SCNL is committed to responsible energy management and towards reducing its environmental impact. The Company measures and discloses its greenhouse gas (“GHG”) emissions annually as part of its strategy to combat climate change and transition to a low-carbon economy. SCNL is dedicated to optimizing energy use across its operations, endorsing the adoption of sustainable energy solutions, cultivating an energy-conscious culture within the company and working with stakeholders to advance energy-efficient practices.

The Company aims to reduce its carbon footprint through initiatives focused on energy monitoring and reduction of usage and will be establishing a comprehensive decarbonization roadmap. This roadmap will include setting ambitious net zero goals and targets for emission reduction to guide our transition towards a more sustainable and climate-resilient future. The Company’s initiatives will include:

- Upgrading existing high-energy-consuming devices and equipment to enhance performance while reducing electricity usage.
- Prioritizing two-wheelers over four-wheelers for field operations.
- Employing ozone-friendly refrigerants for cooling.
- Streamlining business and field operations to reduce energy usage intensity.
- Evaluating and utilizing alternative and renewable energy sources wherever economically feasible.
- Raising awareness among staff about the importance of energy conservation and encouraging proactive energy-saving practices.

SCNL will continue to embody sustainability with its green building architecture and energy-saving features. The solar panels installed at the Company’s Head Office significantly reduce reliance on conventional energy sources and lead to substantial cost savings. Additionally, the utilization of radiant cooling technology helps the Company save on air conditioning equipment and electricity expenses.



B. WASTE MANAGEMENT

SCNL acknowledges the critical role of responsible waste management in fostering environmental sustainability. The Company is committed to ensuring that all waste is disposed off responsibly, utilizing approved and authorized waste contractors & recyclers in accordance with regulations and industry best practices. The Company will try to minimize waste generation at source and facilitate repair, reuse and recycling over the disposal of wastes, where it is cost-effective. The Company will actively engage in raising environmental awareness to foster and reinforce waste reduction as well as promote reuse and recycling.

The Company partners with certified e-waste handlers for the environmentally friendly disposal of e-waste, receiving disposal certificates from vendors as confirmation. E-waste recycling is conducted by these vendors across all Company offices. As a responsible organization, SCNL has already minimized paper usage across all operations and has adopted electronic document management and other digital tools to go paperless. The Company has steadily increased the use of tablets for fieldwork to onboard new clients and manage end-to-end processing, achieving a nearly 100% paperless environment across its branches. Additionally, printing and photocopying activities within office locations will be monitored and regulated to further reduce paper wastage.

As part of its ongoing sustainability initiatives, SCNL abstains from the use of single-use plastic water bottles for its employees & guests and will continue to work towards minimizing plastic use across all operations, including in promotional and outreach activities.

C. WATER MANAGEMENT

SCNL is committed to responsible water management practices to ensure sustainable use and conservation of this vital resource. The Company recognizes the significance of efficient water usage and aims to sustain the implementation of measures that minimize water consumption across its operations.

The Company will continue to adopt strategies to monitor and optimize water usage, incorporating water-saving technologies and practices, where applicable. This includes installing water-efficient fixtures and systems in office facilities and implementing measures to detect and address leaks promptly. Additionally, the Company recycles water through a sewage treatment plant (STP) for reuse in gardening and sanitation purposes.

In addition, SCNL will promote water conservation awareness among employees, encouraging practices that reduce water waste and support efficient usage. The Company will also persist in exploring opportunities for water recycling and reuse within its operations to further minimize its environmental impact.

4.1.2 ENVIRONMENTAL AND SOCIAL RISK IN LENDING

Assessing ESG factors helps identify risks related to climate change, resource scarcity, labor policies, board mismanagement and more. Integrating ESG considerations into credit decision-making aims to measure a Company's resilience to long-term, industry-specific ESG risks, aiding financial institutions in making well-informed decisions when evaluating borrowers.

Climate risks are categorized into physical risks and transition risks. SCNL may face physical climate risks when severe weather events such as floods, fires and hurricanes, lead to borrowers' lower income levels and asset devaluation. This can increase loan default rates, resulting in higher credit risk (Expected Credit Loss) and reduced profitability.



As a financial organization, SCNL's direct carbon emissions are negligible. However, the Company is exposed to environmental risks through its lending operations. Lending small ticket sizes under JLG model for income generation purposes exposes the Company to some physical ESG risks. Natural environmental calamities can temporarily challenge borrowers' income levels and affect collection efficiency, leading to higher default rates.

As a responsible corporate entity with a long-term vision, SCNL has incorporated ESG risks into its Risk Framework:

- **Direct ESG Risk:** Challenges in making decisions about venturing into new areas as part of the credit risk assessment process and continuously during future growth planning.
- **Indirect ESG Risk:** The dependency of the local economy on specific industries. Regulatory changes impacting these industries can affect the overall economy and residents' earning capacity, potentially lowering collection efficiency and increasing default rates in the Company's portfolio.

4.1.3 EXCLUSION LIST

As a responsible corporate, the Company has prohibited investment in activities which hampers environmental or social factors. As per the SCNL's Exclusion List, the Company will not finance the following projects:

- i. Production or activities involving harmful or exploitative forms of forced labor¹ or child labor².
- ii. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans such as (a) specific hazardous pharmaceuticals³, pesticides and herbicides⁴, (b) ozone-depleting substances⁵, (c) PCBs (polychlorinated biphenyls⁶) and other hazardous chemicals,⁷ (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wildlife Fauna and Flora⁸ (CITES) and (e) transboundary trade in waste or waste products⁹, unless compliant with the Basel Convention and the underlying regulations.
- iii. Production or trade in weapons and munitions, including paramilitary materials;

¹ Forced labor means all work or services not voluntarily performed, that is extracted from individuals under threat of force or penalty as defined by ILO conventions.

² Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Fundamental Human Rights Conventions (Minimum Age Convention No. 138, Art. 2) (www.ilo.org). In such cases the higher age shall apply.

³ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

⁴ A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>

⁵ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁶ A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

⁷ A list of hazardous chemicals is available at <http://www.pic.int>.

⁸ A list is available at <http://www.cites.org>.

⁹ As defined by the Basel Convention; see <http://www.basel.int>.



- iv. Production or trade in alcoholic beverages excluding beer and wine;¹⁰
- v. Production of or trade in tobacco¹⁰;
- vi. Gambling, casinos and equivalent enterprises;¹⁰
- vii. Production of or trade in radioactive materials,¹¹¹¹ including nuclear reactors and components thereof;
- viii. Production of, trade in, or use of unbounded asbestos fibers;¹²
- ix. Destruction of High Conservation Value areas¹².
- x. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests.
- xi. Unsustainable Marine and coastal fishing practices, such as large-scale pelagic drift net fishing, and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.
- xii. Production or trade in wood or other forestry products from unmanaged forests.
- xiii. Production, trade, storage, or transport of hazardous chemicals, or usage of hazardous chemicals
- xiv. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous People, without full documented consent of such people.
- xv. Activities that will trigger direct or indirect impacts on Indigenous Peoples' (IP's) dignity, human rights, livelihood systems, culture or impact the territories or natural or cultural resources that IP's own, use, occupy, or claim as an ancestral domain or asset.
- xvi. Activities that will entail physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.
- xvii. Pornography and/or Prostitution.
- xviii. Racist and/or anti-democratic media
- xix. Coal prospection, exploration, mining or processing
- xx. Oil exploration or production
- xxi. Standalone fossil gas exploration and/or production¹³
- xxii. Transport and related infrastructure primarily¹⁴ used for coal for power generation
- xxiii. Crude Oil Pipelines
- xxiv. Oil Refineries
- xxv. Construction of new or refurbishment of any existing coal-fired power plant (including dual)
- xxvi. Construction of new or refurbishment of any existing HFO-only or diesel-only power plant producing energy for the public grid and leading to an increase of absolute CO2 emissions¹⁵

¹⁰ This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

¹⁰ This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

¹¹ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which SCNL considers the radioactive source to be trivial and adequately shielded.

¹² This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

¹² High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

¹³ Gas extraction from limnically active lakes is excepted from this exclusion.

¹⁴ "Primarily" means more than 50% of the infrastructure's handled tonnage.

¹⁵ I.e. where energy efficiency measures do not compensate any capacity or load factor increase.



xxvii. Any business with planned expansion of captive coal used for power and/or heat generation¹⁶

4.2. SOCIAL

SCNL is dedicated to advancing its social impact through a comprehensive approach that fosters community development, employee well-being and ethical practices. By embedding social responsibility into every facet of its operations, the Company aims to positively influence the communities it serves, support its workforce and uphold high standards of integrity and inclusivity.

KEY FOCUS AREAS

4.2.1. WORKPLACE AND EMPLOYMENT PRACTICES

A. HUMAN RIGHTS

SCNL is dedicated to safeguarding the rights of all its employees and fostering a work environment characterized by respect and dignity. The Company is committed to adhering to international human rights standards including the United Nations Guiding Principles on Business and Human Rights and relevant conventions set forth by the International Labour Organisation (“ILO”). SCNL’s human rights framework prioritizes equality, diversity and inclusion, ensuring that all employees are treated fairly and without discrimination. The Company is resolute in preventing any human rights infringements throughout its operations and value chain. To support these principles, SCNL provides comprehensive training and raise awareness on human rights issues among its workforce. The Company expects all its business partners to adhere to all applicable regulations including human rights.

The Company has an internal mechanism in place to redress grievances related to Human Rights issues. The employee grievance redressal mechanism, “*Atoot Bandhan*”, is designed for swift resolution and effective communication, ensuring accessibility and ease of reporting. These grievances are promptly addressed in real-time or formally registered and escalated to the relevant department for further action.

B. EMPLOYEE HEALTH AND WELL-BEING

SCNL is committed to ensuring a safe and supportive work environment by providing comprehensive occupational health and safety measures. The Company adopts a holistic HR approach, encompassing initiatives focused on talent acquisition, diversity, learning and development, employee recognition and well-being. Employee health, safety and sustainability remain the priorities for SCNL and the Company offers extensive healthcare benefits including life and accidental insurance, medical cover and conducts regular health check-ups for all employees. The Company extends life insurance and EDLI benefits in the event of death of its employees. Additionally, the Company provides the Satin Sahyog Policy, aimed at providing support to the families of employees who have lost their lives while on duty. SCNL’s focus is on fostering employee well-being and maintaining a healthy work-life balance, thereby supporting both the physical and mental health of its workforce.

The Company has established a robust health and safety management system and is committed to continuously enhancing employee health and well-being through initiatives such as providing daycare

¹⁶ This does not apply to coal used to initiate chemical reactions (e.g. metallurgical coal mixed with iron ore to produce iron and steel) or as an ingredient mixed with other materials, given the lack of feasible and commercially viable alternatives.



facilities, offering emergency ambulance services, conducting workshops for physical and mental well-being, and facilitating regular health check-ups.

C. NON-DISCRIMINATION AND GENDER DIVERSITY

SCNL is dedicated to fostering a workplace that champions equal opportunity, diversity, and inclusion. The Company embraces a non-discriminatory approach, ensuring that all hiring is conducted impartially and that employees are treated fairly regardless of gender, age, race, sexual orientation, caste, color, religion, disability, language, or ethnic origin. SCNL actively seeks to attract and retain a diverse workforce, recognizing that a variety of perspectives enriches the workplace and drives innovation. By cultivating an environment of respect and fairness, the Company aims to provide equal opportunities for growth and advancement while addressing and removing barriers that may hinder diversity and inclusion.

The Company has a comprehensive Gender Action Plan, which will be continuously strengthened to further promote gender equality, support diverse career paths for all employees and ensure a more inclusive workplace environment. It remains committed to advancing diversity and empowerment through ongoing efforts such as diversity training, mentorship programs, and flexible work arrangements. Additionally, the Company has introduced Satin Ease Leave, a menstrual leave policy designed to support the diverse needs of female employees, fostering a culture of inclusion, equality, and respect.

The Company has established a comprehensive policy to safeguard employees from sexual harassment in the workplace. In alignment with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, the Company adopted a revised Sexual Harassment Policy on August 14, 2017, which is integrated into its HR framework. This policy is designed to effectively prohibit, prevent, and address any instances of sexual harassment at work.

SCNL believes that every employee deserves a harassment-free environment, and the Company is committed to taking swift and appropriate actions to uphold this standard.

D. REMUNERATION AND CAREER PROGRESSION

SCNL is committed to fostering a culture of equitable remuneration and career progression for all employees. The Company ensures that compensation practices are fair, competitive and based on merit, performance and market standards. SCNL provides ample opportunities for professional growth and development, empowering employees to reach their full potential. Structured efforts are being made to enhance gender diversity within the Company, with specific targets set to increase the representation of women across all levels. The Company will continue to prioritize these initiatives, ensuring a diverse and inclusive workplace that supports the career advancement of all employees.

At SCNL, career development and appraisal align individual growth with organizational goals through a structured process that includes setting performance objectives, ongoing feedback and formal appraisals. The process supports career advancement via job rotations, cross-functional projects, and targeted training, leading to promotions and salary increases based on performance and potential evaluations.

E. TRAINING AND DEVELOPMENT

SCNL is committed to fostering the growth and development of all its employees. The Company provides comprehensive induction and refresher training to equip employees with the necessary skills, integrate them into the organizational culture and promote internal growth opportunities. By incorporating ESG aspects into regular training sessions, SCNL keeps employees informed about the



latest ESG developments and ensures ongoing compliance with ESG standards. Additionally, SCNL's performance management system promotes continuous improvement, while its talent development programs focus on identifying and nurturing future leaders. Career progression is guided by meritocracy, supported by transparent evaluations and recognition programs that reward exceptional performance.

4.2.2. CUSTOMER FOCUS AND ENGAGEMENT

SCNL places a strong emphasis on financial inclusion and the overall development of the communities the Company serves. The Company's customer-centric approach is tailored to meet the unique needs of its clients, ensuring that services are accessible, fair and responsible. This commitment is reflected in adherence to the Client Protection Principles, which guide the Company in practicing ethical business conduct, including transparent pricing, a strict code of conduct, non-coercive recovery methods, an efficient customer grievance mechanism and active community engagement. Recognizing that the quality of its products and services is essential for sustained growth, the Company regularly reviews service standards and actively seeks feedback from customers to enhance their experience and satisfaction. The Company conducts regular client satisfaction surveys and client exit surveys to gather insights for continuous improvement and undergoes a third party social and impact assessment periodically.

In its operations, SCNL handles significant amounts of customer data, which it manages with the utmost care and security. The Company is committed to safeguarding the privacy and security of customer information by adhering to stringent data privacy and cyber-security policies. SCNL continuously implements robust measures to protect personal and financial data.

4.2.3. COMMUNITY IMPACT AND SUPPORT

SCNL consistently strive to make a positive difference in the lives of marginalized communities in the country by driving need-based programs and interventions. The Company comprehensive approach is structured around overall sustainable development and includes the following key areas -

- Implementing welfare initiatives for the community at large, with a focus on maximizing benefits for the poorer sections of society.
- Contributing to the broader society through social and cultural development, providing education and training, and raising social awareness, particularly targeting the economically disadvantaged to aid in their development and income generation, thereby reducing employment related liabilities.
- Protecting and safeguarding the environment while maintaining ecological balance.

SCNL prioritizes the empowerment of women in the areas of education, health and self-employment. Additionally, the Company supports clients to uplift their standard of living by enhancing their financial skills.

Beyond its core financial services, SCNL is dedicated to making a meaningful impact on the communities it serves. The Company's commitment extends beyond merely providing credit; it aims to be a catalyst for community development and empowerment. By actively engaging with local populations, SCNL seeks to create job opportunities and foster economic growth within the communities it operates. The Company prioritizes hiring individuals from these communities, thereby supporting local employment and providing career advancement opportunities.

SCNL is committed to advancing socio-economic awareness among its clients through ongoing and impactful field initiatives. The Company has been actively organizing and facilitating educational programs on crucial subjects including health management, nutrition, financial literacy, and sanitation. These programs are effectively delivered through interactions with loan officers during community meetings, ensuring that essential



information reaches and benefits our customers. SCNL will continue to uphold and expand these efforts, reinforcing its dedication to empowering clients with valuable knowledge and resources.

Further, SCNL will ensure that affected communities are appropriately engaged on issues that affect them through:

- Prior disclosure of relevant information in a timely and culturally appropriate manner;
- Effective and ongoing consultation with affected communities; and
- Implementation of an effective community grievance redressal mechanism.

4.3. GOVERNANCE

4.3.1. GOOD GOVERNANCE PRACTICES

SCNL is unwavering in its commitment to uphold the highest ethical standards, integrity and policy oversight practices. The Company's framework is designed to ensure robust compliance with regulatory requirements and the continuous enhancement of our standards.

The Company's corporate framework aligns with the Corporate Governance guidelines outlined by the Reserve Bank of India ("RBI") and also adheres the other applicable laws viz. Companies Act, 2013, the regulations and guidelines issued by Securities and Exchange Board of India ("SEBI"). It also complies with the RBI Master Directions, including the Non-Banking Financial Company – Scale Based Regulation Directions, 2023, the Regulatory Framework for Microfinance Loans Directions, 2022, the Information Technology Governance, Risk, Controls and Assurance Practices, 2023, and the Outsourcing of Information Technology Services, 2023. Additionally, the framework adheres to IND-AS (Indian Accounting Standards) and Secretarial Standards.

SCNL consistently adopts and adheres to best-in-class practices, benchmarking itself against global standards to ensure transparency, accountability, and efficiency in all operations.

In conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI Master Directions & Circulars, the Company's Board of Directors, composes of a diverse mix of executive & non-executive directors including independent directors, which provides strategic oversight and ensures that practices are aligned with the highest standards. The Board plays a crucial role in steering the Company's initiatives, evaluating performance and overseeing compliance, risk management, information security and social & environmental responsibilities. Regular board meetings and stringent internal controls help maintain a robust structure that adapts to evolving regulatory and market demands.

SCNL values stakeholder engagement and is dedicated to maintaining open and transparent communication with all stakeholders. The Company is committed to continuous improvement by regularly reviewing and enhancing its governance practices to meet the highest standards of corporate responsibility and ethical conduct.

Committees of the Board

- Audit Committee;
- Risk Management Committee;
- Stakeholders Relationship Committee;
- Corporate Social Responsibility Committee;



- Nomination and Remuneration Committee;
- Asset Liability Management Committee;
- IT Strategy Committee;
- Working Committee; and
- NCD Public Issuance Committee.

4.3.2. WORK ETHICS AND CODE OF CONDUCT

SCNL is dedicated to maintaining the highest standards of work ethics and professional conduct. Employees are expected to adhere to the Company's Code of Conduct, demonstrating integrity in all actions, avoiding conflicts of interest and complying with relevant laws and Company's policies. The employees are expected to avoid misuse or misappropriation of the Company's assets and ensure highest levels of confidentiality with respect to customer information, unpublished price sensitive information and promote fair dealing within and outside the Company. SCNL has implemented comprehensive policies designed to prevent and address any breaches of conduct, including clear procedures for reporting violations and measures for disciplinary action when necessary. The Company's Code of Conduct applies to all of the Company's employees' interactions with one another, as well as with customers, regulators, investors, and other government agencies.

As per Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has also adopted the Code of Conduct for all its Board Members and Senior Management Personnel.

4.3.3. PROCUREMENT PRACTICES & SUPPLIER CODE OF CONDUCT

SCNL's procurement practices shall ensure fair and impartial assessment of all potential vendors and suppliers, ensuring access to environmentally friendly and energy efficient products and encouraging local sourcing wherever possible.

All suppliers are expected to adhere to relevant laws, regulations and industry standards within their operating regions. SCNL mandates that suppliers comply with recognized ESG principles including respect for human rights, prohibition of forced and child labor and adherence to local employment and labor laws. Furthermore, the company requires suppliers to conduct their business with integrity, following anti-corruption and anti-bribery laws and complying with all national and international trade regulations and antitrust laws.

4.3.4. TRANSPARENCY & ACCOUNTABILITY TO STAKEHOLDERS

Pursuant to Section 177(9) of the Companies Act, 2013 read with rules made thereunder, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company, during its Board meeting on February 9, 2015, adopted a Whistle Blower Policy/Vigil Mechanism. This policy is applicable to Directors and employees for reporting concerns about unethical behavior, actual or suspected fraud, or violations of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors/employees who avail the mechanism. The Company fully complies with display regulations, ensuring transparency in all aspects of its loan products.

The Company's customer grievance redressal mechanism, "*Sparsh*", ensures the prompt and courteous resolution of client queries through effective coordination with relevant departments. All customer grievances are managed by a dedicated grievance redressal team, ensuring timely and efficient responses. Additionally, the Company maintains multiple communication channels for stakeholders



and investors, including investor meetings and calls, investor grievance channels, the annual general meeting and the Company's website, to facilitate transparency and engagement.

4.3.5. ESG DISCLOSURES & REPORTS

SCNL is dedicated to maintaining high standards of transparency and disclosure. The Company annually publishes its Business Responsibility and Sustainability Report ("**BRSR**") to showcase its performance against the principles outlined in the National Voluntary Guidelines by the Ministry of Corporate Affairs ("**MCA**"). SCNL publishes its BRSR since the financial year 2020-21, in compliance with the National Guidelines on Responsible Business Conduct (NGRBC). In addition, the Company, in its annual report publishes updates on Corporate Governance and Corporate Social Responsibility. Pursuant to amendment in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company will continue to submit annually a BRSR to the Stock Exchanges.

SCNL published its Integrated Annual Report since the financial year 2019-20, which measures performance and strategy in accordance with the six capitals defined by the International Integrated Reporting Council (IIRC). This report also aligns with the United Nations Sustainable Development Goals (UN SDGs) and maps various disclosures to the Global Reporting Initiative (GRI) standards. SCNL has effectively integrated ESG principles into its business model, adopting sustainable business practices that emphasize both financial and non-financial commitments. The Company is committed to aligning its business strategy, performance, and governance to create long-term sustainable value for all stakeholders, and will continue to strengthen ESG disclosures in accordance with global standards.



5. ANNEXURE

POLICIES IN PLACE¹

- Diversity, Equity and Inclusion Policy
- Health and Safety Policy
- Anti-Bribery and Anti-Corruption Policy
- Whistle Blower Policy
- Policy on Grievance Redressal Mechanism
- CSR Policy
- Fair Practices Code
- Internal Guidelines on Corporate Governance
- SCNL's Code of Conduct
- Code of Conduct for Board Of Directors
- Anti-Money Laundering Policy
- Nomination and Remuneration Policy
- Cyber Security Policy
- Zero Tolerance Policy
- IT Governance Policies
- Data Privacy Policy
- POSH Policy
- Workers' Accommodation Policy

¹ These policies are non-exhaustive.

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