

## **Code of Conduct**

1. Northern Arc Capital is committed to its mission of providing efficient and reliable access to debt capital for the financially excluded. In pursuit of its mission, Northern Arc Capital follows a core set of values and belief including but not limited to the following:
  - Adhere to ethical norms and professional standards in all dealings with investors, employees, customers, suppliers, financial institutions and government.
  - Treat our people with respect and fairness; provide opportunities to learn, contribute and advance; recognize and reward initiative, innovativeness and creativity.
  - Maintain an organizational climate conducive to trust, open communication and team spirit.
  - Manage business environment effectively for harnessing opportunities to grow in a manner that is consistent with its values and beliefs.
2. Northern Arc Capital's management practices and business conduct must follow the highest standards and shall be in accordance with the laws of the land.
3. Towards this end this Code of Conduct proposes to set out the standards of conduct expected from representatives and employees of Northern Arc Capital (such representative and employees are hereinafter referred to as "Employees").

### **Regulatory compliance**

4. Employees of Northern Arc Capital, in their business conduct, shall comply with all applicable laws, regulations, internal policies and this Code, in letter and spirit. If the ethical and professional standards of applicable laws and regulations are below that of internal policies and this Code, then the standards of the internal policies and this Code shall prevail. In case of any doubt related to compliance with the law or standards (including those contained in internal policies or this Code), employees are required to approach the Chief Legal Counsel for clarification.
5. Directors of Northern Arc Capital ("Directors") shall comply with applicable laws and regulations applicable to their directorships.

### **Equal opportunities employer**

6. Employees shall discharge their responsibilities without regard to the race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability of the people they work with or meet in the course of their employment.
7. Employees shall promote diversity and equality in the workplace, as well as compliance with all local labour laws, while encouraging the adoption of international best practices.

8. Employees of Northern Arc Capital shall treat everyone, including their colleagues, with dignity and in accordance with the policy of maintaining a work environment free of all forms of harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner consistent with applicable laws, the provisions of this Code, respect for the right to privacy and the right to be heard. Professional merit, including compliance with this Code and all other policies, shall guide all decision-making, including in all performance management.

## **Safety and work environment**

9. Northern Arc Capital will provide a healthy and safe work environment for its employees. The company will not discriminate against any employee infected with HIV/ AIDS or any other diseases or infection as long as it does not pose a threat to co-workers, with regard to promotions, training, and other privileges, and no employee shall discriminate a colleague on such basis.

Any act by a third party (i.e. other than an Employee), which would have been a violation of this Code had it been committed by an Employee, must immediately be brought to the notice of the chief executive or the Chief Legal Counsel.

10. Failure to comply with the Sexual Harassment Policy is deemed to be a violation of this Code.

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11. Employees shall prevent the wasteful use of resources and shall strive for economic, social and environmental sustainability.

## **Public representation of the company and the group**

12. Employees shall honour the information requirements of the public and its stakeholders. In all its public appearances, with respect to disclosing company and business information to public constituencies and stakeholders such as the media, the financial community, employees, shareholders, agents, investors, clients, exchanges, regulators, brokers, rating agencies and arrangers, Northern Arc Capital shall be represented only by the chief executive or such other person(s) as may be designated by the chief executive, subject to such restrictions as the chief executive deems fit. No other employee is entitled to publicly represent Northern Arc Capital.

13. Non-public interaction with third parties by employees in the course of their work must also strictly comply with the Code and other policies.

## **Ethical conduct**

14. Every employee of Northern Arc Capital, including full-time directors and the chief executive, shall deal on behalf of the company with professionalism, honesty and integrity, while conforming to high ethical standards. Such conduct shall be fair and transparent. In case of any doubt about the ethical implications of a given situation, employees are required to approach the Chief Legal Counsel for clarification.

15. Every employee of Northern Arc Capital shall preserve the human rights of every individual and stakeholder (including persons covered by the mission), and shall strive to honour all professional commitments.

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### **Financial reporting and records**

17. Employees entrusted with preparation and maintenance of accounts shall do so fairly and accurately and in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards (including Indian Accounting Standards), laws (including laws relating to money laundering) and regulations that apply.

18. Internal accounting and audit procedures shall reflect, fairly and accurately, all of the company's business transactions and disposition of assets, and shall have internal controls to provide assurance to the company's board and shareholders that the transactions are accurate and legitimate. All required information shall be made available to company auditors, other parties authorised by the Chief Executive and government agencies acting under the authority of law.

19. Any wilful, material misrepresentation of and / or misinformation on the financial accounts and reports, by any employee, shall be regarded as a violation of the Code, apart from inviting appropriate civil or criminal action under the relevant laws. No employee shall make, authorise, abet or collude in an improper payment, unlawful commission or bribing.

### **Gifts and donations**

20. Northern Arc Capital and Employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favours for the conduct of its business.

21. However, Employees may, with full disclosure, accept and offer nominal gifts, provided such gifts are customarily given or are of a commemorative nature and the value of such gift does not exceed Rs. 2500/-. However, alcohol, cash, gold and financial instruments may not be accepted as gifts. Northern Arc Capital may also devise specific additional rules and regulations on gifts and entertainment, to be used for the guidance of its employees.

### **Third party representation**

22. Employees may not authorise third parties to represent Northern Arc Capital without the written permission of the chief executive or in terms of a power of attorney duly executed by Northern Arc Capital.

23. An employee may not disclose information belonging to Northern Arc Capital, its investors or its clients to any third parties except in the circumstances and in the manner approved by relevant policies or by the chief executive.

### **Use of the IFMR brand**

24. The use of the “IFMR” name and trademark or the name or trademark of any entity or organisation, shall be governed by the instructions, if any, of the copyright holder. Employees using any such name or trademark must familiarise themselves with the relevant instructions.

### **Political non-alignment**

25. In the course of their official duties Employees shall be committed to and support the constitution and governance systems of all jurisdictions in which Northern Arc Capital conducts/may conduct any business.

26. Northern Arc Capital shall not support any specific political party or candidate for political office. However, nothing contained herein shall restrict the right of Employees to do so in their personal capacity. Employees must be aware that involvement with political parties, activities and candidates may, in some cases, result in a conflict of interest between the political position of the employee and Northern Arc Capital’s mission. Where there is a potential for conflict of interest the employee must disclose this to Northern Arc Capital.

### **Group policies**

27. Northern Arc Capital may recommend to its board of directors the adoption of policies and guidelines periodically formulated by IFMR Trust or appropriate modifications thereof. Further, the chief executive may, from time to time, issue specific policies for specific conduct (such policies must be placed before the board within 3 months of issuance). Such policies and guidelines shall be binding on Employees.

### **Concurrent employment**

28. Employees shall not, unless otherwise expressly permitted by an applicable policy or in writing by the chief executive, accept employment or a position of responsibility (such as a consultant or a director) with any other company, nor provide freelance services to anyone, with or without remuneration.

### **Conflict of interest**

29. An employee of Northern Arc Capital shall always act in the interest of the company, and ensure that any business, professional association, personal association or activity of such

employee does not involve a conflict of interest with the operations of the company and his / her role therein.

30.1 The above shall not apply to (whether for remuneration or otherwise):

a) Memberships / positions of responsibility in educational / professional bodies, wherein such association will benefit the employee / Northern Arc Capital.

b) Nominations / memberships in government committees / bodies or organisations.

c) Exceptional circumstances, as determined by the competent authority.

30.2 Competent authority, in the case of all other employees, shall be the chief executive, who in turn shall report such exceptional cases to the board of directors on a quarterly basis.

30.3 A conflict of interest, actual or potential, may arise where, directly or indirectly when:

i) An employee of Northern Arc Capital personally engages in a business, relationship or activity with anyone who is party to a transaction with any IFMR group entity.

ii) An employee or to any of his / her relatives (use of the term “relatives” in this code shall have the meaning ascribed to it in Section 6 the Companies Act, 1956) is in a position to derive any benefit (other than benefit arising to such employee directly out of employment with Northern Arc Capital in accordance with the other policies of Northern Arc Capital) by making or influencing decisions in the course of employment with Northern Arc Capital relating to any transaction.

31. An indicative list of actual or potential conflicts are listed in the Conflict of Interest Policy which all employees of the company are urged to read and follow carefully.

32. **Employees are obliged to take reasonable steps to identify if they (by themselves or through their relatives) are subject to any actual or potential conflict of interest.** Adequate and full disclosure of all actual or potential conflict of interest shall be made by Employees to the Information Officer or the Chief Legal Counsel in accordance with the Conflict of Interest Policy and the matter will be dealt with as specified in that policy.

34. If an Employee fails to make the required disclosure and the chief executive otherwise becomes aware of an instance of conflict of interest that ought to have been disclosed by the Employee, suitable disciplinary action may be taken against such Employee.

## **Securities transactions and confidential information**

35.1 An Employee and the relatives of such Employee shall not derive any benefit or permit others to derive any benefit (other than benefit arising directly out of employment with Northern Arc Capital in accordance with the other policies of Northern Arc Capital), from access to and possession of information about the company or group or its clients that is not

in the public domain and, thus, constitutes unpublished insider information (whether price-sensitive or not).

36.2 Such insider information might include (without limitation) the following:

- Acquisition and divestiture of businesses or business units.
- Financial information such as profits, earnings and dividends.
- Announcement of new product introductions or developments.
- Asset revaluations.
- Investment decisions / plans.
- Restructuring plans.
- Borrowings and finance.

37. An employee of Northern Arc Capital shall also respect and observe the confidentiality of information pertaining to other companies, their patents, intellectual property rights, trademarks and inventions.

### **Protecting company assets**

38. The assets of Northern Arc Capital shall not be misused; they shall be employed primarily and judiciously for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment, systems, facilities, materials and resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and stakeholders.<sup>39</sup> All employees shall comply with the record retention and IT Policy in force from time to time.

### **Public Affairs**

40. The involvement of an Employee or chief executive in public affairs shall be with express approval from the chief executive or Board respectively, subject to such involvement having no adverse impact on the business affairs of the Northern Arc Capital.

### **Integrity of data furnished**

41. Every Employee shall ensure, at all times, the integrity of data or information furnished by him/her to the company or to any person in the course of his employment. The Employee shall take reasonable steps to ensure the accuracy of such information and shall be entirely responsible in ensuring that the confidentiality of all data is maintained and in no circumstance is such data transferred to any outside person/party other than as permitted by policy or with the approval of the chief executive.

### **Reporting concerns**

42. Every Employee is obliged to promptly report to the chief executive when she/he becomes aware of any actual or possible violation of the Code or an event of misconduct, act of misdemeanour or any act not in the company's interest. Such reporting shall be made for activities of lenders, clients and investors as well.

43. Any Employee can choose to make a protected & confidential disclosure to a Director (it is clarified that this includes independent Directors) or Chief Legal Counsel (who shall be accountable to the board of directors for communication of such disclosure to the board of directors). The company shall ensure protection of the whistle-blower and any attempts to intimidate such whistle-blowers in relation to such whistle-blowing shall be treated as a serious violation of the Code. It may be noted that a frivolous "protected & confidential disclosure" may itself be a violation of this Code.

### **Investigation and disciplinary procedure**

44. Breach of other applicable policies may be construed as breach of this Code, depending on the facts of the case. Action taken under this Code may be in addition to the action, if any, taken under other policies. Compliance with this Code does not exonerate an employee from compliance with any other Policy and vice versa.

45. Any investigation and disciplinary proceedings relating to a violation of this Code shall be carried out under the directions of the chief executive (in consultation with the Chief Legal Counsel on matters relating to procedure to be followed, including the principles of natural justice). In the case of an investigation against the chief executive, the investigation shall be carried out under the directions of the Board. In the case of an investigation against the Chief Legal Counsel the chief executive may refer matters relating to procedure to external legal counsel approved by the Board.

Note:

The CoC does not provide a full, comprehensive and complete explanation of all the rules that employees are bound to follow. Employees have a continuing obligation to familiarise themselves with all applicable laws, company policies, procedures and work rules.

This version of the CoC is effective from 21<sup>st</sup> October 2013.

Whistle Blower:

All employees must take responsibility to be a "whistle-blower" in case of violations of this Code, or any misconduct/ misdemeanour, in the interest of Northern Arc Capital. Any Employee can choose to make a protected & confidential disclosure to the Chairperson of the Audit Committee, who shall be responsible for taking suitable action (who shall also be accountable to the board of directors for communication of such disclosure to the board of directors).

Procedure for “protected and confidential disclosure”:

- All employees are eligible to make protected and confidential disclosures under the policy in relation to matters concerning the company.
- All protected and confidential disclosures should be addressed to the Chairperson of the Audit Committee of the Company for investigation.
- If a protected and confidential disclosure (preferably in writing), is made to a person other than the Chairperson of the Audit Committee, the same must be forwarded to the Chairperson of the Audit Committee for appropriate action.
- The whistle blower must disclose his/ her identity to the Chairperson. Anonymous disclosures will also be entertained.
- On receipt of such disclosures investigation will be conducted under the supervision and oversight of the Audit Committee. External investigators may also be engaged depending on the discretion of the Audit Committee.
- During the investigation, the identity of the whistle-blower will be kept confidential to the extent possible.
- The Audit Committee will endeavour to complete the investigation within 45 days of receiving the disclosure.
- If based on the investigation it is discovered that an unethical or illegal act has been committed, the Chairperson of the Audit Committee shall inform the Board on corrective action to be taken. The Board shall after due consideration of the recommendations of the Audit Committee, recommend such/ other corrective action required to be taken to the management of the Company.

Protection of whistle-blowers:

The company shall ensure protection of the whistle-blower and any attempts to intimidate such whistle-blowers in relation to such whistle-blowing shall be treated as a serious violation of the Code. It may be noted that a frivolous “protected & confidential disclosure” may itself be a violation of this Code.