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Corporate Social Responsibility (CSR) Policy

1. Preamble

CSR covers the entire process by which the organization approaches, defines and develops its relationship with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate strategies and projects. This CSR is not a charity or mere donations, but a way of going beyond business as well, creating shared value and contributing to social and environmental good.

2. Purpose

Midland Microfin Limited is committed to identify and supporting programmes aimed at:-

- Developing and advancing the community and in particular, those at the bottom of the pyramid who are unequally endowed/enable and also
- Reducing negative, impact of its operations on the environment.
- This policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.
- This CSR policy would function as a self-regulation mechanism for the Company's CSR activities and enable adherence to laws, ethical standards and international practices in this regards.

*Note: Certified copy of Corporate Social Responsibility Policy of the company updated and adopted by the Board of Directors of the company in the Board Meeting held on August 28, 2018.



3. Policy Statement/Vision

The Company's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions, the Company seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth; development. At the core of this is its commitment to reach out to marginalized communities through its Sustainable Livelihood Initiatives.

The Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations.

4. Scope

This policy will apply to all projects/programs undertaken as part of the Company's Corporate Social Responsibility activities and will be developed, reviewed and updated by reference to relevant codes of corporate governance and international standards or best practices. This policy is also in line with the SCR Rules (Sec. 135 of the Companies Act, 2013).

5. Governance

Overall governance of CSR and approving of the CSR Policy will be the responsibility of the CSR committee of the Board. The CSR Department of the Company will be responsible for administering and executing the policy. As the Company's CSR activities evolve further, the policy may be revised with the approval of the CSR Committee of the Company.

6. CSR Committee

The Company will institute a CSR Committee of the Board consisting of three or more directors including at least one Independent Director. The committee will meet at least once in a year. The following shall be the terms of reference of the committee.

- Formulate and update CSR Policy
- Suggest areas of intervention to the Board of Company
- Approve projects that are in line with the CSR policy
- Put monitoring mechanisms in place to track the progress of each project
- Recommend the CSR expenditure to the Board of Company who will approve it
- Meet at least once a year to review the progress made
- Give directions for the disbursement of funds

7. CSR Budget

The overall amount to be committed to CSR will be approved by the Board as part of the Company's overall annual budget/plan. Within the budgeted amount, specific CSR initiatives/projects will be approved in line with the process approved by CSR Committee of the Board. All projects undertaken by the Company will be approved/ratified by the Company's CSR Committee.

8. Supervision

The Company's CSR activities will be driven by a dedicated CSR team under the guidance and support of senior functionaries, in particular the Managing Director. The CSR Committee and CSR Department would play a significant role in ensuring that the CSR

policy is embedded across the Company's operations and the CSR initiatives are in line with the Policy.

9. Implementation

The Company will undertake CSR projects which are closely linked with the principles of sustainable development and shared value, with the involvement of local institutions and the community at large.

The CSR Department would assist in implementation and monitoring of the CSR projects/initiatives. The actual implementation of various initiatives will be broad based with the involvement of various Company employees/units through the company sponsored NGO 'Midland Foundation' or through outside agencies like NGOs, Trust, Societies, Section-8/ Section 25 Companies. In case of Outside agency being a 'not of profit' organization, the entity should typically have not less than 3 years' experience in implementing projects in the respective area. The implementation partner will also be screened based on the Company's internal screening criteria to ascertain the entity's credibility and its ability to execute the proposed projects.

10. Disbursement

The disbursement of funds will be either in trenched drawdown from or one-time payment depending on the nature and requirement of the project. The terms, conditions and timing of disbursement will be discussed and agreed to with CSR Department and project teams, and will typically form part of the Memorandum of Understanding with the entity implementing the project.

11. Monitoring

The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of the projects / progress / activities proposed to be undertaken by the Company.

The CSR Department would have the responsibility of monitoring approved projects and funds disbursement for such projects. Monitoring mechanisms will include visits, meetings and progress/status reporting by the teams. The Company's CSR activities will be reviewed by the CSR committee. A system will be put in place to maintain a transparent monitoring and reporting mechanism across the stakeholders involved in the CSR activities of the Company, as desired by the CSR Rules (section 135, Companies Act, 2013).

12. Reporting

Significant CSR activities and achievement will be reported as part of the Directors' Report in the Company's Annual Report and also as per any other statutory and regulatory reporting requirements.

13. CSR Programs/Projects

The Company is highly supportive of the involvement of its employees in the CSR initiatives and in community activities/charities of their choice, and will therefore proactively engage with employees and other key stakeholders to solicit their active involvement in the Company's CSR programs.

To provide a focused and structured approach to the program, the Company will focus its support and CSR spends on specific pre-determined causes and areas of intervention as outlined in the

objectives of 'Midland Foundation' and prescribed under the Companies Act, 2013 and relevant rules and notifications issued thereunder. The CSR Department would put up to the committee appropriate details of proposed projects including implementing year, modalities of execution in the area/sector chosen, implementation schedules for the same etc.

The CSR Committee will consider and approve (in line with the guidelines given below) CSR projects/programs to be undertaken during the year.

- a) The Company will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations.
- b) The programs/projects will be within the area as recommended/listed by the CSR Committee and mentioned in the Policy.
- c) The programs/projects will be more particularly specified in the objects of 'Midland Foundation' and as specified under the Companies Act, 2013 and relevant rules made thereunder.
- d) The programs/projects will be implemented within the country and preferably in areas where the Company has its presence.
- e) Programs/ Projects shall not be for the furtherance of Company's business or promotion of products of the company
- f) Programs/Projects that integrate business models with social and environmental priorities and process in order to create shared value will be encouraged.
- g) The Company will consider Programs/Projects closely linked with the principles of sustainable development.
- h) Programs/Projects should not be for the benefit of employees of the company or their family members or those that are

conducted/undertaken exclusively in pursuance of the normal course of business.

- i) Any surplus, generated out of the CSR activities of the Company, will be ploughed back to the CSR activities of the Company.

For and on behalf of
Midland Microfin Limited



Sharon Arora
(Company Secretary)
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