



CORPORATE ENVIRONMENTAL & SOCIAL POLICY

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SONATA FINANCE PRIVATE LIMITED

Regd. Office:- II Floor, CP-1, PG Tower, Kursi Road, Vikas Nagar,
Lucknow- 226026, Uttar Pradesh, India
CIN: - U65921UP1995PTCo35286
Tel. No. 0522 2334900
Website: www.sonataindia.com
Email: info@sonataindia.com



"Corporate Environmental & Social Policy"

Sonata Finance Private Limited ("SONATA") is in the Business of Micro Finance dealing with lending of Micro Loans to marginal sections of the society. Although, SONATA is not in any such business which may have a significant adverse impact on the environment, nevertheless it is committed to educate and promote environment friendly practices by adopting latest pollution control methods, waste minimisation cum utilisation techniques to conserve natural resources, introducing clean and energy efficient techniques and complying with statutory requirement and work proactively to conserve biodiversity, maintaining ecological balance thereby bringing long-term positive impact on the employees and surrounding community to achieve the goal of sustainable development.

This Environmental and Social Policy addresses the company's commitments regarding the environmental and social dimensions of sustainable development. The purpose of this policy is to identify effective social and environmental practices and provide guidance to its staff on undertaking activities in an environmentally responsible manner. SONATA 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.

We will neither advocate maintaining status-quo nor encourage exploitation of natural resources for short term economic objectives. Instead, through sound and sustainable practices, we shall establish a creative partnership between development and environment. Increase in green cover, conservation of scarce resources, control of pollution, promotion of economic progress are important guiding lights we will follow for nurturing such a relationship.

CORPORATE ENVIRONMENTAL POLICY

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

- Operating in an environmentally responsible manner and where practical, reduce energy consumption and wastage of resources;
- Providing an environmentally sound workplace and implement environmentally sound work practices;
- Integrating the interest of the business with environment concern.
- Promoting best Environment Management Practices towards prevention and control of pollution and provide clean environment.
- Combating climate change by educating all stakeholders regarding practices for increasing green cover.
- Developing an environmentally responsible culture across all levels of our organisation and consult, educate, train and motivate staff about their environmental responsibilities.
- Promoting Water Management system by educating all stakeholders regarding prevention of water wastage, harvesting of rain water and artificial recharge for a sustainable water resource.

- Progressively adopting cleaner and energy efficient systems.
- Promoting Conservation of biodiversity and natural resources.
- Regular monitoring to comply with regulatory standards and compliance of statutory requirements.
- Adequate training to employees by creating awareness and measures to protect health of employees.
- Conservation of natural resources like water and wood
- Strive for continual improvement in our environment performance by communicating environmental information to all concerned.
- Encourage employees and their families to take part in environmental activities with their communities, and thereby foster environmental awareness.

CORPORATE SOCIAL POLICY

SONATA will make sure that working conditions in the organisation meet international labour standards and in this regard the company shall ensure the following:

- Adequate employee health and safety measures with proper working conditions (e.g., fire prevention/ventilation for improved air quality/lighting/proper sitting arrangements and on-site. hygiene).
- Proper protocols with regard to safety of staff members against the outspread of COVID-19 virus and any such other epidemic which forces threat to the humanity. It shall be ensured at all times that the staff members are educated for the use of Masks and sanitizers at the work place and also while meeting the clients in center meetings. The staff shall regularly be trained with regard to keeping themselves safe from the virus infection, including the social distancing norms and other protocols which are being issued by the authority from time to time.
- Medical assistance in form of doctors' advice may be extended to the staff members either through the use of technology or any other means.
- There is no forced Labor and employment is freely chosen.
- No child Labor as defined in Minimum Age Convention of International Labor Organization Convention Number 138, shall be employed in any of the offices of the company
- Adequate terms of employment (e.g., working hours/rest breaks/time off/overtime. pay).
- Equal employment opportunities (e.g., no discrimination against gender/ethnic group/age).
- Payment of minimum wage shall be made to all the employees of the company without any discrimination
- Availability of adequate process for employees to voice complaints.
- Avoid or minimize risks to and impact on the health and safety of the local community from its Operations (on account of both routine and non-routine circumstances);

- Ensure that the safeguarding of personnel and property is carried out in a legitimate manner that avoids or minimizes risks to the community's safety and security;
- Ensure that the development process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of indigenous people;
- Respect and preserve the culture, knowledge and practices of citizens;
- Protect cultural heritage from the adverse impacts of its Operations and support its preservation.
- Protect and conserve biodiversity by avoiding habitat destruction or degradation particularly of natural and critical habitat as also protected areas; and ensure access of communities to natural resources on which their livelihood depend;
- to improve their level of awareness, knowledge and skills in project screening and processing;

Prohibition of Child Labour

The company is committed towards the 'No Child or Forced Labour policy' It thus endorses the need for appropriate initiatives to progressively eliminate these abuses. The borrowers of the company shall be educated about the risk and hazards of child labour. The company shall during the course of its interaction with the borrowers, create an awareness for restricting the use of child labour at work place. The risk associated with child labour and repercussions of employment of children shall form part of decision-making process for loan distribution. The JLG group members shall be motivated to highlight any borrower who is employing any child, and accordingly the company shall take steps to stop any financial facility to such borrower

EXCLUSION LIST OF ACTIVITIES

SONATA shall exclude itself from engaging into any activities which are detrimental to the environment. The suggestive list of such activities is as under:

1. Leather industry
2. Tobacco, cigarettes and bidi making industry.
3. Plastic Industries.
4. Alcohol and beverages manufacturing and selling.
5. Chemical, Aerosols and other toxic industries.
6. Chemically harmful pesticides and insecticides.
7. Any other environment hazardous industry.
8. Activities barred by law.
9. Production or trade in explosives, fireworks
10. Production or trade in any product or activity deemed illegal under law or international conventions and agreements.

11. Production or activities involving forced labour¹ or child labour.²
12. Trade in wildlife or wildlife products regulated under CITES.³
13. Drift net fishing in the marine environment using nets in excess of 2.5 km in length and harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats

¹ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

² Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

³ CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora.

14. Destruction⁴ of Critical Habitat⁵ and any forest project under which no sustainable development and managing plan is carried out.
15. Production or use of or trade in hazardous materials such as asbestos fibers and products containing PCBs⁶.
16. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances⁷ and other hazardous substances subject to international phase-outs or bans.
17. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
18. Production or trade in⁸
 - weapons and ammunitions
 - tobacco
 - hard liquor for human consumption.
19. Gambling, casinos and equivalent enterprises.⁹
20. Any business relating to pornography or prostitution.
21. Any activity involving significant altercation, damage or removal of way critical cultural heritage¹⁰
22. Production and distribution of racist or anti-democratic media or media with the intent to discriminate part of the population.

⁴ Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote 10) is lost.

⁵ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

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

⁷ Ozone Depleting Substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODs and their target reduction and phase-out dates.

⁸ Activities excluded when representing more than 10 % of the balance sheet or the financed volume and for Financial Institutions more than 10% of the portfolio volume financing.

⁹ All direct investment in such projects or activities including such projects (a hotel including a casino for instance). Urban development plans that could include such projects in the future are not concerned.

¹⁰ Consists of internationally and nationally recognised historical, social and/or cultural heritage.

23. Exploitation of diamond mines, and commercialisation of diamonds, when the host country has not adhered to the Kimberley¹¹, or other similar international agreements (actual or to be formed), on similar extractive resources.
24. Production of or trade in radioactive material including nuclear reactors and components thereof;
25. Production or trade in wood or other forestry products from unmanaged forests.
26. Activities that will trigger direct or indirect impacts on Indigenous Peoples (IPs) dignity, human rights, livelihood systems, culture or impact the territories or natural or cultural resources that IPs own, use, occupy, or claim as an ancestral domain or asset.
27. Activities that will entail physical displacement (relocation, loss of residential land, or loss of shelter) and economic development (loss of land, access to assets, income sources, or means of livelihood) 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.
28. Any sector or service subject to United Nations, European Union and/or French embargo without limitation.

¹¹ The Kimberley Process Certification Scheme (KPCS), is a certification standard for diamond production that concerns governments; the diamonds are controlled at each stage of the production chain, from extraction through to retail of the finished product. The KPCS was created to prevent and stop conflict diamond trade. It is designed to certify the origin of diamonds from sources which are free of conflict fuelled by diamond production. Member states adhere to adopt national laws on the issue, and to put in place the necessary export and import control mechanisms to implement the KPCS. More than 75 countries involved in the production, commercialisation, and transformation of diamonds participate.