

Avanti Microfinance Private Limited

Terms of Reference - IT Strategy Committee

This Policy was:

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Table of Content	1
1. Purpose / Mission / Objective	1
2. Membership & Meetings	2
3. Authority	2
4. Roles & Responsibilities	2
5. Reporting Requirements	4
6. Review of the Charter	4

1. Purpose / Mission / Objective

The Information Technology (IT) Strategy Committee (hereinafter referred to as “the Committee”) is an executive committee of Avanti Microfinance Private Limited (hereinafter referred to as “the Company”) formed to achieve the following key objectives:

- Facilitating and building an effective IT security framework
- Assist in aligning IT strategy to business strategy/plan
- Approve and periodically review the IT Policy of the Company
- Identify the risks affecting IT and managing it by documenting controls and monitoring
- Ensure timely and effective resolution of IT issues

2. Membership & Meetings

An independent director shall be the chairman of the Committee. Other members shall include the Chief Executive Officer, Chief Operations Officer, Chief Product Officer, Chief Risk Officer and Chief of Partnerships. The Committee may invite any executives as it may consider necessary.

The Information Technology (IT) Strategy Committee should meet at appropriate frequency as and when needed (at least four times in a year). The quorum for the Committee shall be at least three attendees. The Company Secretary will minute the meetings and share the minutes with the Board.

3. Authority

The Committee shall operate under delegated authority from the Board of the Company.

The Committee shall have access to any internal information it may require in order to fulfil its responsibilities. The Committee, at its discretion, may seek advice from external consultants or experts on the various ongoing IT projects of the Company and understand their opinions in order to perform its duties effectively. The Committee may also seek information from any employee for the functioning of the Committee. The Committee may also secure the attendance of outsiders with relevant expertise, if it considers necessary.

4. Roles & Responsibilities

The key responsibilities of the Committee shall be as under:

- Review the IT related strategy and policy and ensure that the same is approved by the Board
- Assist the management in implementing the IT strategy that has been approved by the Board

- Implementation of an IT governance framework covering basic principles of value delivery, IT Risk Management, IT resource management and performance management
- Oversee the creation of a suitable governance structure for IT which will include IT Operations and supplier and resource management, each of which may be headed by suitably experienced and trained senior officials
- Review the investments made into IT infrastructure to sustain the Company's growth
- Ensure the IT risks and controls are documented and covered and risk mitigation and monitoring initiatives are taken
- Work in partnership with other Board committees and Senior Management to provide input, review and amend the aligned corporate and IT strategies.
- Ensure arrangements are present for monitoring the information security condition of the Company, which are documented, agreed with top management and performed regularly
- Ensure that an Information System Audit of the internal systems and processes is conducted once in a year to assess operational risks faced by the company.
- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

The Role of IT Strategy committee in respect of outsourced operations shall include

- Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
- Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
- Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
- Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
- Evaluating the risks and materiality of all prospective outsourcing based on the

framework developed by the Board;

- Periodically reviewing the effectiveness of policies and procedures;
- Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis;
- Ensuring an independent review and audit in accordance with approved policies and procedures;
- Ensuring that contingency plans have been developed and tested adequately;
- Ensuring that business continuity preparedness is not adversely compromised on account of outsourcing. The company will adopt sound business continuity management practices as issued by RBI and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.

5. Reporting Requirements

The following matters are reported to the Committee:

- a) Security incidents and corrective action plans
- b) Trends of security incidents and the long-term strategy to mitigate the risks
- c) Report on the implementation of IT policy
- d) Report on the effectiveness and adequacy of IT governance structure of the Company
- e) Appropriateness of allocation of IT projects of the Company to vendors

The Committee shall submit an annual note to the Risk Management Committee (RMC) about its activities on a periodic basis. The following matters shall be reported to the RMC:

- a) Recommend changes for approval in the IT policy
- b) Security incidents and concerns for resolution
- c) Report on the information security status of the Company
- d) Report on the IT risks associated with new products or processes

6. Review of the Charter

The Committee shall review this Charter as and when required and recommend amendments, if any, to the Board of Directors. The Committee shall also review the attendance and frequency of the meetings on an annual basis.