

Corporate Social Responsibility (CSR) Policy Fullerton India Home Finance Company Limited

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1. INTRODUCTION

Grihashakti, Fullerton India Home Finance Co. Ltd (FIHFC) is a wholly owned subsidiary of Fullerton India Credit Company Limited and offers loans to salaried and self-employed individuals and organizations. With the motto of ***Iraada Hai Toh Raasta Hai***, Grihashakti has always believed in putting its customers and their dreams first.

Like its parent company Fullerton India, FIHFC is also committed to grow in a socially responsible manner, with financial inclusion as its guiding business vision and aims to reach out to the under-banked and unbanked by not just providing them with financial services but also by enabling the communities with services and skills that would help improve their standard and quality of living.

Thus, FIHFC's Corporate Social Responsibility (CSR) initiative aims at having a long-term sustainable impact on the community. The CSR initiatives shall, however, not directly relate to (i) the business of the Company and (ii) welfare of its employees and their families and are independent of the normal conduct.

2. CSR VISION

FIHFC's CSR Vision is to enable sustainable development and inclusive growth across communities through innovative socio-economic interventions, in fulfillment of its role as a socially responsible corporate citizen.

3. CSR OBJECTIVES

FIHFC's CSR Initiative focusses on the three keys aspects of the community's development- Social, Economic and Education. To achieve long-term sustainable impact on the community, FIHFC's CSR objectives are:

- **Improve the social well-being** of the community through
 - Health awareness and intervention programs for community
 - Women- focused health interventions through awareness and implementation of programs enabling adoption of best health practices
- **Advance livelihoods** through
 - Identification of technical expertise for guidance and facilitation of programs
 - Income enhancement through skill development & market linkages
- **Promotion of Education** through
 - Access to quality education for underprivileged children
 - Financial Literacy to unbanked and under banked communities
- **Adoption of sustainable environmental practices** through
 - Promotion and adoption of environmentally sustainable practices

4. SCOPE

The CSR Policy (the “Policy”) shall be applicable to all CSR initiatives and activities undertaken by FIHFC and all its employees for the welfare and sustainable development benefit of different segments of the society at large.

This Policy is in line with the Section 135 of the Companies Act, 2013 (the “Act”) and the rules made thereunder. If the relevant provisions of the Companies Act, 2013 are amended, this Policy should be construed to have adopted such amendment from the effective date of such amendment.

The scope of the Policy has been kept as wide as possible, so as to allow FIHFC to respond to different situations and challenges appropriately and flexibly, subject to the activities or subjects enumerated in Schedule VII of the Companies Act, 2013.

5. CSR COMMITTEE

At FIHFC, the CSR governance structure will be headed by a Board committee, the CSR Committee (the “Committee”), which will be ultimately responsible for overseeing all the CSR activities of the Company. The Committee will report to the Company’s Board of Directors.

RESPONSIBILITIES OF THE COMMITTEE: The responsibilities of the Committee have been codified in the charter approved by the Board, which inter alia include the following:

- To formulate and recommend to the Board the Company’s CSR policy, or any modifications in the policy, which shall indicate the activities to be undertaken by the Company as per the provisions of the Companies Act, 2013 and the rules made thereunder;
- To monitor the implementation of the CSR Policy of the Company from time to time, to review CSR programs, reports on CSR activities, recommend changes or alterations if any;
- To review and recommend the Annual Budget for CSR activities/the amount of total expenditure to be incurred on different CSR activities during the year. To institute a transparent monitoring mechanism for ensuring implementation of the projects/programs/activities proposed to be undertaken by the company and review the amount spent on CSR;
- To review synergy or alignment for various CSR activities along with partners as per the sectors identified by the Company for CSR;
- To review and finalise the Annual CSR Report reflecting fairly the Company’s CSR approach, policies, systems and performance;
- To review and recommend the responsibility statement for inclusion in the board’s report that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company.
- To perform such other functions as may be delegated by the Board and/or mandated by any regulatory provisions;

- To do all such acts, deeds and things as deemed necessary to achieve overall CSR objectives of the Company.

6. GOVERNANCE STRUCTURE

The Committee shall oversee all the CSR activities of FIHFC in coordination with internal teams. All the CSR projects will be implemented in partnership with any eligible trust(s), NGO(s) or other organization(s) as recommended by the Committee, which has been discussed in Para 10 of this Policy.

7. CSR BUDGET AND EXPENDITURE

7.1 BUDGET

The annual budget for FIHFC's CSR initiative shall be recommended by the Committee and approved by the Board of Directors of the Company. The allocation of funds to specific projects/ programs will be as recommended by the Committee to Board of Directors

7.2 EXPENDITURE

All the CSR expenses shall be in accordance and compliance with Section 135 and schedule VII to the Act and notified rules

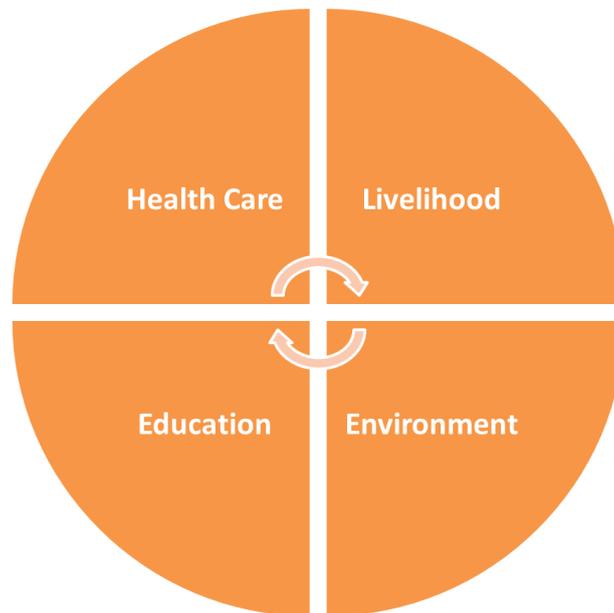
Any direct and/or indirect expenses incurred by the Company in accordance to this Policy for projects or programs relating to CSR activities shall construe as CSR expenditure.

Any surplus in case it is generated from CSR projects shall not form part of the business profits of the company and these funds further will be used in development of the CSR projects. Accordingly, any income arising from CSR Programmes will be used for CSR Projects only.

In any financial year in which the Company could not spend 2% of its average net profits, the Company may carry forward such unspent amount with intent to spend the same in any future year subject to the provision of the Act.

8. CSR FOCUS AREAS

FIHFC CSR FOCUS AREAS



Notwithstanding the listing of the Priority Projects, the Committee may accept CSR Projects not falling within the areas above, at its discretion.

9. IMPLEMENTATION PROCESS

- FIHFC's CSR projects and programs will be undertaken based on the recommendation of the Committee, which shall either be based on its own discretion, or based on recommendations by any stakeholder as mentioned above. The Committee will accord priority to projects in the areas covered by CSR Focus Areas.
- FIHFC's CSR programs will be implemented through eligible trust(s), NGO(s) or other organization(s) (hereinafter collectively referred to as "Specialised Agencies"), provided such Specialised Agencies are eligible for carrying out the CSR project. The Company will select its partners after appropriate due diligence and through a partner evaluation matrix.
- Employee volunteering in execution, monitoring and evaluation of CSR programs is one of the key pillars for FIHFC's implementation strategy.
- The time period/duration of each program shall be fixed by the Committee, will depending on its nature, extent of coverage and the intended impact of the program.
- The Company if required will enter into partnerships with the government, civil society, social enterprises and communities to create multiplier effect of its social projects.
- Baseline survey and needs assessment would be undertaken for all the new projects.

10. CARRYING OUT OF CSR ACTIVITIES THROUGH EXTERNAL SPECIALIZED AGENCIES

In case the Committee decides to execute a CSR project through an external Specialized Agency, it would adhere to the guiding principles for identifying the Specialized Agency as per the CSR Partner Evaluation Matrix:

1. The Agency must be eligible for carrying the CSR Project, and must have track record in carrying similar project for a period to the satisfaction of the Committee, but not less than 3 years. Subject to the above, any director of the Company may be associated/ affiliated as a trustee, governing body member or in any other manner with the Agency, provided that no personal benefit, directly or indirectly, should flow from such Agency to any such director.
2. The committee shall provide specific Project agenda, targets, target spending, accomplishments, manner of execution, etc. to the Specialized Agency
3. The disbursement of funds to the Specialized Agency must be done on a progressive basis so as to align with the funding needs of the Project, and to permit the evaluation of the activity carried so far.
4. The Agency must provide periodic reports, to the satisfaction of the Committee, about execution of the Project.

11. MONITORING & REPORTING

11. 1 MONITORING & EVALUATION

The Committee shall institute a well-defined monitoring and evaluation mechanism through the CSR team to ensure that each CSR programme fulfils the following:

- Clear objectives developed out of the societal needs that are determined through baseline studies and research
- Clear targets, timelines and measureable parameters, wherever possible
- A progress monitoring and reporting framework that is aligned with the requirements of the Act and the CSR Rules.
- The CSR team would have the responsibility of monitoring approved projects and funds disbursements for such projects. Monitoring mechanism would include visits, meeting and regular project status reports to the Committee.
- The Committee shall periodically monitor and evaluate the performance of the projects and achievement of targets including the spending thereon.
- Where the Committee has failed to spend the allocated amount or failed to meet the timeline for execution of its projects, the Committee shall furnish to the Board of Directors the reasons for the same.

11. 2 REPORTING

The CSR team will share regular reports with the Committee on the CSR projects undertaken and will also ensure annual CSR reporting in the format prescribed under the CSR rules and form part of the Company's Board Report, which will also be uploaded on the Company's website.

12. AMENDMENT/MODIFICATION

Based on changing requirements of the target beneficiaries, relevant modification(s), would be made in the Policy from time to time, subject to the approval of the CSR Committee/Board.