

FEDBANK FINANCIAL SERVICES LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

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1. CSR Statement

Reaching out to people who need assistance is part of the values passed down by our parent company's founder Shri K P Hormis. The objective we intend to achieve through our CSR program aims at developing communities and environment sustainability and to create a protected future for the generations to come. Our activities are to cover a wide gamut of services such as Health, Education, Women empowerment, Environment sustainability and other activities as permitted under The Companies Act, 2013, all aimed at creating a meaningful difference in the society where we live and operate in.

In tune with the Companies Act, 2013, read with regulatory requirements in the Companies (Corporate Social Responsibility Policy) Rules, 2014, the following points need to be observed while undertaking the CSR activities:

1. Company's CSR corpus is to include i) at least 2% of the average net profit of the immediate three preceding financial years; ii) any income arising from CSR activity; and iii) surplus funds or unspent CSR funds.
2. The CSR Policy will cover the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the expenditure incurred thereon, excluding activities undertaken in pursuance of normal course of business of the Company.
3. The CSR Committee of the Board shall institute a transparent monitoring mechanism for implementing the projects/ programmes /activities proposed to be undertaken by the Company.
4. The Company shall disclose the contents of the CSR Policy in its website and publish it in its Annual Report.
5. In case the Company fails to spend the mandatory required amount earmarked, the Board shall, in its report under Section 134 of the Act, specify the reason for not spending the amount.
6. CSR projects/ programmes will focus on integrating business models with social and environmental priorities and processes in order to create shared value.
7. The Company will ensure that the surplus if any arising out of the CSR activity will not form part of the business profits of the Company.

2. Vision

i. To identify and implement CSR projects aimed at uplifting the weaker sections of the social strata and to support the needy and elderly people.

- ii. To empower children, youth and women through skill building programs.
- iii. To be involved in activities that can build a sustainable environment for future generations.

3. CSR Committee

CSR Committee of the Board

i) Every company having a net worth of Rupees Five Hundred Crores or more, or a turnover of Rupees One Thousand Crores or more or a net profit of Rupees Five Crores or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors, out of which at least one Director shall be an independent Director.

ii) The following shall be the terms of reference of the Committee:

1. to formulate and recommend to the Board a Corporate Social Responsibility ("CSR") Policy which shall indicate the activities to be undertaken by the Company in areas or subject specified in Schedule VII of the Companies Act 2013,
2. to recommend the amount of expenditure to be incurred on the CSR Activities in line with the Schedule VII of the Companies Act, 2013,
3. to monitor CSR policy of the Company from time to time.
4. to institute a transparent monitoring mechanism for implementation of the CSR activities or projects or programs of the Company.
5. to perform such other duties and functions as the Board may require the CSR committee to undertake to promote the CSR activities of the Company or as may be required under applicable laws.

iii) The Company is to spend in every financial year at least 2% of the average net profits of the Company made during the three immediately preceding financial years in pursuance of its CSR policy. Where the company fails to spend such amount, the Board shall in its report specify the reasons for not spending the amount unless the unspent amount relates to any ongoing project referred to in sub-section (6) of S. 135 of the Companies Act, 2013, transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of six months of the expiry of the financial year.

Provided also that if the company spends an amount in excess of the requirements, it may set off such excess amount against the requirement to spend under the Companies Act, 2013 for such number of succeeding financial years and in such manner, as may be prescribed.

Further, Any amount remaining unspent pursuant to any ongoing project undertaken by the Company in pursuance of its CSR Policy, shall be transferred within a period of 30 days from

the end of the financial to a special account opened by the Company in that behalf, for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of thirty days from the date of completion of the third financial year.

CSR Committee of Executives

It is recommended that a Committee consisting of senior executives may be constituted and delegated with powers for sanctioning CSR projects and activities as may be thought fit by the CSR Committee.

The Committee of Executives shall consist of the following:

1. MD & CEO
2. CRO
3. CFO
4. CHRO

CSR Cell for monitoring/implementation

It is recommended that the CSR Committee of the Board may form a CSR Cell. The CSR Cell would be responsible for implementation, monitoring and administrative functions related to CSR activities. The CSR Cell shall be housed in HR Department and will be headed by the Head - HR.

4. Geographical Coverage

The Company with its presence pan India will be extending its CSR activities across all geographies irrespective whether the companies' branch is operational or not, provided that the Company shall give preference to the local area(s) around where it operates. This will be applicable to any project undertaken by the company.

5. Identification of CSR Projects

i. Scope of projects

The Companies Act, 2013 specifies that at least 2% of the average net profits of the immediately preceding three financial years has to be allocated for CSR activities. Being in the service sector and having a footprint across the country, the core focus of our CSR projects (which are connected to the Companies Act 2013) would revolve around social

development programs. The other critical areas where we would get involved are in the field of environment protection, empowerment of women, promoting education including special education and employment, training to promote rural sports, nationally recognized sports, setting up public libraries, contribution to the Prime Ministers National Relief Fund or any other fund set up by the Central Government for socio- economic development, etc.

ii. Identification of Projects

The CSR Committee of the Board will decide on a theme which can vary from year to year to have a meaningful focus on CSR initiatives. Based on the theme, suitable projects shall be identified and approved by the CSR Committee of the Board. Any required assistance for identification of projects may be taken up through professional agencies appointed for the purpose from time to time. The final decision rests with the CSR Committee of the Board for approving or rejecting a particular proposal to be taken up for implementation.

All projects will be identified in a participatory manner so as to understand the needs of the community. The approved projects will receive necessary funding out of the CSR Corpus drawn up every year as approved by the CSR Committee of the Board. A CSR Budget will be allocated to such activities based on the projects so identified and approved.

6. Implementation of Projects and modalities of execution

i. Implementation through employee involvement

The company perceives CSR programs as an avenue for employee engagement and development and will devise schemes like voluntary day off which will help employees contribute to CSR programs.

ii. Association with NGO's, Trusts, etc.

Wherever the CSR Committee feels that the assistance of a registered society or registered trust is required for implementing identified projects, such assistance will be taken for effective implementation, with its approval, provided such organizations have an established track record of at least three years in carrying on activities in related areas. The projects or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and monitoring and reporting mechanism should be specified.

7. Monitoring of the projects

At regular interval, the report shall be submitted to the CSR Committee of the Board through the CSR Cell outlining the status of the CSR projects initiated, completed as well as breakup of the funds utilized for the purpose.

8. CSR Projects and Programmes

The focus sectors and the general projects where the company will deploy CSR funds and efforts will be as per the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, an illustrative list of which is given in the table below. The Projects and Programmes will be implemented by participation of the employees of the company.

Sectors	Projects and Programmes	% of CSR Expenditure
<p>A) Promotion of Education</p> <p>Employment enhancing vocational training</p> <p>Social development & Skill Building</p>	<ul style="list-style-type: none"> ✓ Distribution of scholarships to eligible students belonging to the weaker sections of the social strata ✓ Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and differently abled and livelihood enhancement projects ✓ Skill building workshops for farmers and people engaged in small scale industries ✓ Conduct of national level essay, quiz competition on Banking & Finance at school or college levels for elevating financial knowledge. ✓ Financial literacy programs at select educational institutions/SHG's through employee involvement ✓ Sponsoring brilliant students to the institutions of excellence for higher studies/research ✓ Support to schools/educational institutions/ other institutions by way of providing books, other needy articles or required infrastructure for carrying out their education in a better way ✓ Support to students who belong to the economically weaker sections of the society but with good merit for continuing education ✓ Educational projects aimed at up-liftment of mentally retarded/ physically challenged students 	<p>*</p>

B) Healthcare	<ul style="list-style-type: none"> ✓ Eradicating hunger and poverty, malnutrition, promoting preventive health care and sanitation and making available safe drinking water. ✓ Contributing to cancer research, treatment of weaker sections suffering from serious ailments. ✓ Sponsoring trauma care units including ambulances, counseling centers, dialysis centers, etc. ✓ Partnering with public health services to provide amenities inlarge Government hospitals to help the poor. ✓ Small housing projects for people living in slums under unhygienic conditions. 	*
C) Gender Equality and Empowering Women	<ul style="list-style-type: none"> ✓ Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups. ✓ Rehabilitation homes. ✓ Self-defense workshops for women. ✓ Self-employment training programs for women. 	
D) Environmental sustainability	<ul style="list-style-type: none"> ✓ Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of air, water and soil. ✓ Clean drive campaigns through employee involvement ✓ Subsidizing purchase of Bio-treatment plants for poorer sections of the society ✓ Awareness programs on conservation of nature and natural resources through employee involvement. ✓ Renewable energy/Energy conservation Campaigns afforestation programs. ✓ Disaster Relief/Support programmes in case of any national emergencies/natural calamities etc. 	

E) Promotion of Sports	✓ Training to promote rural sports, nationally recognized sports, Para- Olympic sports, and Olympic sports.	*
F) Contributions to armed forces veterans	✓ Measures for the benefit of armed forces veterans, warwidows and their dependents.	*
G) Contributions to Funds	<ul style="list-style-type: none"> ✓ Contribution to the Prime Ministers National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and funds for the welfare of the Scheduled castes, the scheduled tribes, other backward classes, minorities and women. ✓ Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government. 	*
H) Protection of National heritage, art and culture	✓ Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts	*
I) Rural Development Projects	<ul style="list-style-type: none"> ✓ Tribal welfare activities ✓ Solar lamps in tribal areas 	*

*Up to 50% of the total amount to be spent in a year or any such amount to be fixed by the CSR Committee of the Board

9. Financials

For CSR activities, the company will earmark at least 2% of the average net profits for the immediately preceding three financial years as the budget for the financial year as mandated in the Companies Act, 2013. The CSR Committee of the Board can fix the maximum amount which can be expended for CSR purposes. The funds so allocated every year shall move into a CSR corpus fund from where planned expenses will be made. It shall be endeavour of the company to fully utilize the budget allocated every year for CSR programs as per policy; however any leftover amount for the year will move into a CSR corpus fund which will be used for next year's CSR activities. The surplus arising out of CSR activity will not be part of business profit of the company. The CSR corpus fund shall be accounted separately and the fund shall essentially comprise of three elements as under:

1. At least 2% of the average net profit for immediately preceding three financial year's allocated as CSR budget every year;

2. Any income arising from CSR activity; and
3. Surplus funds or unspent CSR funds- (Left over funds)

10. Conclusion

Through the new CSR rules, the Government aims at reaching and supporting a wider section of people that require timely help and assistance. As an organization committed to the Nation's cause, our Company through our CSR programs intends to actively partner in the nation building process.