



Corporate Social Responsibility Policy

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ॐ सर्वे भवन्तु सुखिनः । सर्वे सन्तु निरामयाः ।
सर्वे भद्राणि पश्यन्तु । मा कश्चिद्दुःखभाग्भवेत् ।

ॐ शान्तिः शान्तिः शान्तिः ॥

Om, May All become Happy
May All be Free from Illness
May All See what is Auspicious
May no one suffer
- Upanishads

1. Preamble

IIFL Group is a leading financial services conglomerate in India. The Group has come a long way since its humble beginnings as Probit Research and Services Private Limited (which provided research on the Indian economy, businesses and corporates) in 1995. Over the past 25 years, the Group has diversified into several promising segments within the financial services sector. These include lending (IIFL Finance), retail and institutional broking (IIFL Securities), private wealth management (IIFL Wealth) and low-cost broking (5paisa.com).

Every company is guided by the IIFL Group's vision to become the most respected brand in the financial services space in India. Playing an active role in undertaking sustainable development of its communities is crucial to realize this vision.

2. Purpose

The key purpose of this policy is to:

- Define the broad development areas that IIFL Foundation shall undertake
- Outline the governance structure for management of CSR activities of IIFL Foundation
- Serve as a guiding document to help identify, execute and monitor CSR projects
- Explain the manner in which the surpluses from the CSR projects will be treated

3. Policy Statement

IIFL Foundation's CSR Policy and projects are steered by the same values that guide the business of all Group companies. It can be summarized in one acronym – FIT, which stands for:

- Fairness: To everybody - government, stakeholders, customers, employees and society.
- Integrity: Honesty. we never compromise on it.
- Transparency: We are transparent about whatever we do.

4. Scope of CSR Policy

This Policy applies to all CSR projects undertaken by IIFL Foundation and fulfils all the requirements of Section 135 of the companies Act 2013. IIFL Foundation shall ensure all these activities are in line with Schedule VII of the Companies Act 2013. The Policy will be periodically reviewed and updated in line with relevant codes of legislation, international standards and best practices followed globally.

5. IIFL Foundation

IIFL Foundation was constituted under Section 8 of the Companies Act, 2013, to act as the umbrella organization for managing and implementing all CSR projects of IIFL and its Group companies. The Foundation partners with implementation agencies that best fit the Group’s values and priorities. The Foundation is working towards achieving its vision ‘to eradicate girl child illiteracy and inspire them for higher education’. IIFL Foundation has registered with the Central Government by filing the form CSR-1 and has received its CSR Registration Number of CSR00002470.

6. Key Focus Areas

The CSR projects at IIFL Foundation are clubbed under the heading HELP (Health, Education, Livelihood and Poverty alleviation).

Focus area	Approach	Initiatives and projects
6.1 Health	IIFL Foundation’s primary focus is on promoting preventive healthcare, undertaking healthcare initiatives and supporting medical research institutions. The objective is to enhance healthcare access, especially to the disadvantaged and underprivileged sections.	<ul style="list-style-type: none"> • Aarogya • COVID-19 prevention • Mega health camps • Distribution of oxygen concentrators • Donating Ventilator
6.2 Education	IIFL Foundation believes that a literate population can catapult India towards realizing its demographic dividend. Education is one of the key focus areas for CSR for the foundation. The focus is on providing education to out-of-school girls, setting up and upgrading educational facilities and supporting institutes for higher education. Special focus shall be levied over promotion of education in rural areas and among female population to enhance literacy rate of girls.	<ul style="list-style-type: none"> • Sakhiyon Ki Baadi • Volunteering • Maa Baadi centers • Construction of schools • Mobile schools • Scholarships

6.3 Livelihood	IIFL Foundation has identified the key strengths and limitations of people belonging to its communities. Accordingly, it has identified animal husbandry, women employment and promotion of local art and craft as its key focus areas.	<ul style="list-style-type: none"> • Animal husbandry • Women employment • e-Mela
6.4 Poverty alleviation	Through its NBFC business, IIFL Group has been fulfilling the aspirations of borrowers belonging to all sections of the society, including microfinance borrowers. The Foundation has focused actively on promoting financial literacy among its communities.	<ul style="list-style-type: none"> • Financial literacy • Micro finance

In addition to the above, IIFL Foundation will also continue to make contribution to several schemes of the governments, undertake active disaster relief activities, drive environment sustainability and promote sports. It may also undertake one-time projects based on the needs of the communities.

IIFL Foundation will continue to add more initiatives under each of its focus areas from time to time.

7. Partnering Organizations

IIFL Foundation undertakes its CSR activities in multiple ways such as:

- Utilizing the contributions received by the Foundation
- Working with implementing agencies
- Undertaking collaborative projects with other corporates

The Foundation executes the CSR responsibilities either (i) directly, by executing and implementing programs permitted under Schedule VII and approved by the CSR Committee or (ii) by entering into partnerships with implementing organizations registered in India and having a track record of service, performance, governance and accountability.

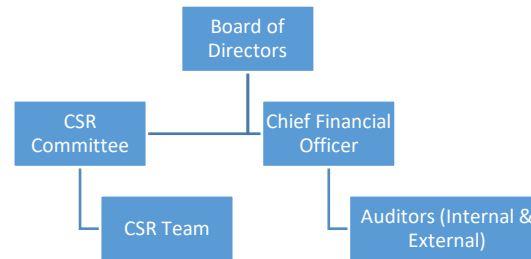
8. Governance Structure

IIFL has constituted a robust and transparent governing mechanism to oversee the implementation of its CSR Policy, in compliance with the requirements of the Section 135 of the Companies Act 2013.

Every Group company follows a CSR governance structure led by the Board of Directors. Every company's Board of Directors are ultimately accountable for the CSR projects undertaken by it.

Every company has constituted a CSR Committee at the Board level. The CSR Committee is supported by the CSR Team, and comprises representatives from the company as well as the Foundation.

CSR governance structure



9. Responsibilities of the Board of Directors

The Board of Directors of each company will be responsible for:

- Nominating a CSR Committee comprising of minimum three Directors
- Approving the CSR policy after taking into account the recommendations made by the CSR committee
- Ensuring that the company shall, in each of the financial year spend at least the amount on CSR initiatives as has been prescribed by the Companies Act, 2013 and the rules made thereunder from time to time.
- Ensuring that primarily the activities as included in CSR Policy of the company are undertaken by the company.
- Monitoring that in every financial year, funds committed by the company for CSR activities are utilized effectively and implementation is regularly reviewed.
- Reporting / providing the details as may be prescribed by the Act and the rules made thereunder.

10. CSR Committee

- Every company has constituted a CSR Committee, established by Resolution of the Board of Directors of the company (The 'Board') and is to be known as the 'CSR Committee'. It shall report to the Board and oversee CSR matters.
- The CSR Committee shall consist of three or more Directors – out of which one will be independent director.
- The CSR Committee may invite any person as they may deem fit to attend meetings of the CSR Committee when required, notwithstanding that they are not members of the CSR Committee.
- Quorum shall be two members personally present at the meeting. A duly convened meeting of the CSR Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the CSR committee.
- The Company Secretary / Assistant Company Secretary shall act as the Secretary of the CSR Committee and shall keep a record of the membership of and the dates of any changes to the membership of the CSR Committee. He / She shall be responsible to record the minutes of the meeting.
- Meetings shall be held at such times as the CSR Committee deems appropriate, and in any event shall be held not less than two times in a financial year.
- CSR Committee will be governed by the Companies Act, 2013 and rules made there under and every company's Articles of Association will be regulating the meetings and proceedings of the Directors.
- Meetings of the CSR Committee shall be convened by the Company Secretary / Assistant Company Secretary at the request of the Chairman or any member thereof.
- CSR activities shall be activities as specified in Schedule VII of the Companies Act, 2013, and as amended by the Ministry of Corporate Affairs from time to time.
- The CSR Committee may at the expense of the company investigate any matter within its terms of reference. It is authorized to seek any information that it requires from any employee in order to perform its duties and all employees are required to cooperate with any requests made by the CSR Committee.
- The CSR Committee may at the expense of the company secure external professional advice and attendance of third parties with relevant experience and expertise at meetings of the CSR Committee, if it considers this necessary.
- The CSR Committee shall have all necessary authority to carry out its duties and responsibilities. Without limitation to the generality of the foregoing, the Committee shall have the authority to engage (including authority to approve fees and other retention terms) and terminate the engagement of any social responsibility consulting firm to provide data or recommendations with respect to CSR projects.
- The company shall provide and make available to the Committee, as it may determine, funds for undertaking CSR activities and to pay compensation to any advisers engaged by the Committee.
- The CSR Committee is empowered to frame, review and modify the criteria / processes for selecting the projects, laying down the criteria for performance evaluation of the projects, selecting the implementation entities / partners and decide on any matter that it may deem pertinent to effectively discharge its responsibilities.
- CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities of the external agencies / NGOs in compliance with the Act and ensure that funds spent on CSR programs are creating the desired impact.

10.1 CSR Team

This team is at the core of all CSR activities at IIFL Foundation. It is responsible for ensuring effective implementation of all CSR projects.

Key responsibilities of the team include:

- Execution of the decisions taken by the CSR Committee
- Identification of the project and the partner
- Conducting due diligence on the partner
- Implementing and assessing impact
- Report periodically to the CSR Committee
- Review progress of projects every quarter

10.2 CSR Advisory Committee

The Advisory Committee constituted by IIFL Foundation shall provide inputs to the CSR team to help them plan and implement CSR projects.

11. Third Party Implementing Bodies

It is the responsibility of the CSR Committee, while the implementation modality of a CSR project/ program is defined, to ensure that the external body that would execute the said project / program is clearly identified. In case the external body is a NGO or an Agency other than an NGO, it shall meet the following criteria:

- Have a permanent office/address in India;
- Be a registered society under Societies' Registration Act or a Section 25 Company (Registered under the Companies Act, 1956) or a Section 8 Company (Registered under the Companies Act, 2013)
- Be registered under CSR 1 certification guidelines
- Have a track record of at least three financial years
- Have verifiable antecedents and verifiable credentials
- Maintains duly audited annual accounts
- Preferably possess a valid Income-tax Exemption Certificate

12. CSR Budget

The total budget for the CSR projects is decided annually in accordance with the goals and priorities of each Group company.

13. Approach for Utilizing the CSR Budget

The CSR Committee decides on the following aspects of utilizing the CSR amount:

- Percentage of total amount to be contributed to the Foundation for undertaking earmarked projects
- Percentage of total amount to be used for directly funding the implementing organizations and/or for collaborative projects with corporates, if any
- Amount to be contributed towards the Corpus of the Foundation
- Any income arising from the contributions received by the Foundation and surplus arising out of the CSR activities will be used for CSR projects only

- Amount to be contributed for building the capacities of the CSR team. Such expenditure, including expenditure on administrative overheads, will be subject to the limits prescribed under the Companies Act, 2013 and CSR Rules.

14. Project Life-Cycle

IIFL Foundation plans, implements, monitors and manages all CSR projects of IIFL Group. The Foundation works closely with the CSR Committee, the CSR team and the CSR Advisory committee to identify projects that are in alignment with the vision and goals of each company.

Following the approval of the Board of every company and the Chief Financial Officer, the CSR team formulates implementation plans for the projects specifying the following:

- I. Activities to be undertaken
- II. Budgets proposed
- III. Time frame of implementation
- IV. Responsibilities and authorities for implementation
- V. Results expected to be achieved post implementation

The IIFL Foundation is responsible for ensuring the smooth execution of all CSR projects undertaken by the Group. The Foundation chooses to implement the projects by itself or ensures that projects are awarded to implementation agency that is a Registered Trust or a Society or a Section 8 Company. Potential partner NGOs must have a clearly explained mission and vision and should be able to provide their latest audit, annual reports and registration forms according to 80G/12A.

14.1 Monitoring

The IIFL Foundation's CSR team monitors the implementation and progress of the approved projects through appropriate mechanisms such as site visits, review meetings and progress reports. Mechanisms to track data and monitor projects are being established to ensure the transparency and efficiency of the implementation process. The projects are evaluated against the milestones defined in the implementation plan of the project. The CSR team presents monitoring reports of the projects to the Board level CSR Committee on a periodic basis.

14.2 Reporting

The Board of every company holds the responsibility that Funds of CSR are utilized for the purposes and in the manner as approved by it and the Chief Financial Officer, certifying its effect.

The CSR Committee of the Board, based on the reports presented by the CSR team, annually publishes report on the CSR projects as a part of the Directors' report. The report discloses information in the format prescribed by the Section 135 of the Companies Act of 2013. The CSR Committee also submits a responsibility statement to the Board that the implementation and monitoring of the CSR Policy is in compliance with the approved CSR Policy of the company.

The CSR Policy and any modifications made thereof, once approved by the Board, are being displayed on the website of the company.

15. Impact Assessment

In pursuance to the subsection (5) of Section 135 of the Act, for an average CSR obligation of ten crore rupees or more, in the three immediately preceding financial years, an impact assessment, through an independent agency, of the CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study, shall be conducted.

16. Treatment of Surpluses

Any surplus generated from the projects undertaken by the Foundation are being tracked and channelized into the CSR corpus of the Foundation. These funds will be further used in development of the CSR projects and will not be added to the normal business profits.

17. Effective Date

The policy is effective from June 2016.

18. Policy Review

- This CSR Policy shall be reviewed once in three years and suitable improvisations be done based on experience.
- The CSR policy shall be subservient to the provisions of the Companies Act, 2013, and Rules made there under, from time to time.

19. Contact

For queries related to CSR policy, please write to us at: csr@iifl.com.