

Corporate Social Responsibility (CSR) Policy

Fullerton India Credit Company Limited

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1. INTRODUCTION

Fullerton India is committed to grow in a socially and environmentally responsible manner. With financial inclusion as our guiding business vision, Fullerton India 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, Fullerton India'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.

2. CSR VISION

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

3. CSR OBJECTIVES

Fullerton India's CSR Initiative focusses on the three keys aspects of the community's development- social, economic and environment. To achieve long-term sustainable impact on the community, Fullerton India's CSR objectives are:

- **Advance livelihoods** through
 - Identification of technical expertise for guidance and facilitation of programs
 - Skill development and capacity building initiatives
 - Income enhancement through market linkages, across value chains
 - Education programs focusing on enhancement of knowledge leading to up-gradation of skills and empowerment

- **Improve the social wellbeing** of the community through
 - Health awareness and intervention programs for community and the under-privileged, with a focus on eye-care and nutrition.
 - Women- focused health interventions through awareness and implementation of programs enabling adoption of best health practices

- Awareness about preventive healthcare, with a focus on hygiene and clean drinking water.
- **Adoption of sustainable environmental practices** through
 - Promotion and adoption of environmentally sustainable practices, such as Organic Farming
 - Awareness and adoption of green technology and alternative energy through programs / interventions

4. SCOPE

The CSR Policy (the “Policy”) shall be applicable to all CSR initiatives and activities undertaken by Fullerton India 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.

5. CSR COMMITTEE

At Fullerton India, 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 monitor the implementation of the CSR Policy of the Company from time to time, to review CSR programs and reports on CSR activities, recommend changes or alterations, if any;
- To review and recommend an Annual Budget for CSR activities and to recommend the amount of expenditure to be incurred on different CSR projects
- To institute a transparent monitoring mechanism for ensuring implementation of the projects/programs proposed to be undertaken by the Company
- To oversee legal and regulatory compliance from a CSR view point

6. GOVERNANCE STRUCTURE

The Committee shall oversee all the CSR activities of Fullerton India with support from the Fullerton India CSR team.

The Fullerton India CSR team would further be actively involved in implementation of projects in accordance with the guiding principles and general policies as devised by the Committee. The Fullerton India CSR team may work singly or in partnership with any eligible trust(s), NGO(s) or other organization(s) as approved by the Committee, which has been discussed in section 10 of this Policy.

The Fullerton India CSR team shall be responsible for implementing and monitoring the projects/activities under the undertaking by the Company and shall periodically report to the Committee regarding the progress of the activities/projects, as detailed in section 11 of this Policy.

7. CSR BUDGET AND EXPENDITURE

7.1 BUDGET

The annual budget for Fullerton India's CSR initiative shall be reviewed by the CSR Committee and recommended to the Board. The allocation of funds to specific projects/ programs within the major heads may be decided by the Committee.

7.2 EXPENDITURE

CSR spending may include spending in kind, that is, application of any of the assets or properties of the Company to a CSR project/program. Where any such property or asset is so utilized by the Company, the lower of its fair value or WDV shall be treated as the monetary amount of the spending.

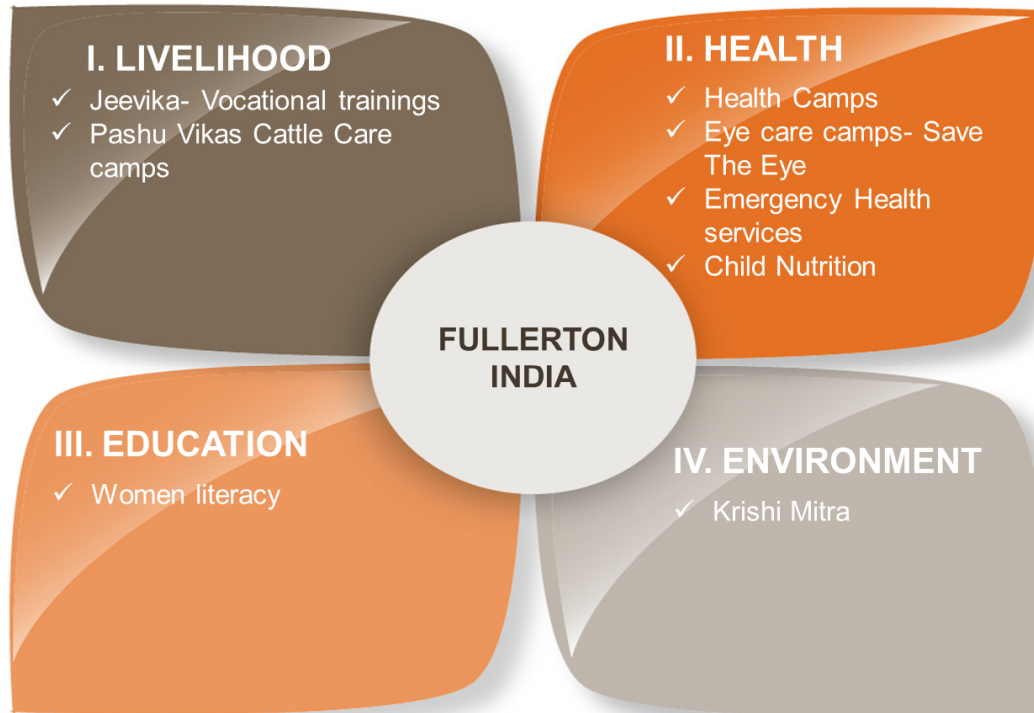
Any direct and/or indirect expenses incurred by the Company in accordance to this Policy for projects or programs relating to CSR activities shall construe as CSR expenditure.

To ensure that the surplus arising out of CSR activities is not considered as a part of the business profits of the Company and is credited back to the CSR corpus. Any such surplus arising from CSR programs will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

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.

8. CSR FOCUS AREAS

CSR FOCUS AREAS & CORRESPONDING PROGRAMS



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

- Fullerton India'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.
- The mode of implementation of CSR programmes will include a combination of direct implementation by the Fullerton India CSR Team and implementation through NGO partners, registered societies etc. (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.

- Employee volunteering in execution, monitoring and evaluation of CSR programs is one of the key pillars for Fullerton India 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 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 that a CSR project be executed through an external Specialized Agency, it would adhere to the following guiding principles:

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 Agency.
3. The disbursement of funds to the 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 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 Fullerton India 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.
- The Committee shall review the reasons for Company's inability, if any, in spending the allocated amount or in meeting the timelines for execution of its projects.

11.2 REPORTING

The Fullerton India CSR team will share regular reports with the Committee on the CSR projects undertaken and will also ensure annual CSR reporting in the format recommended in the CSR rules as part of the Company's Annual Report, which will also be uploaded on the Company's website. The Board will be kept apprised at regular intervals regarding the status and progress of CSR activities.

12. AMENDMENT/MODIFICATION

Based on changing requirements of the target beneficiaries and make such modification(s), as may be necessary, the Committee may amend or modify this Policy from time to time, subject to approval of the Board.