



Corporate Social Responsibility Policy

CSR Policy Adopted on	March 24, 2022
Approving Authority	Corporate Social Responsibility Committee and the Board of Directors of 5Paise Capital Limited
Date of Approval of the Policy by the Board	April 20, 2021
Date of Approval of the Policy by the CSR Committee	March 24, 2022
Effective Date of Amendment	April 1, 2021
Version	1.1

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1. Preamble and Philosophy

5paisa Capital Limited (hereinafter referred to as “**5PCL**”) is amongst India’s fastest-growing technology-driven financial services company. 5PCL along with its subsidiaries offers stock broking and depository participant services, financial products distribution, P2P NBFC services, Trading in digital gold etc.

5PCL is guided by IIFL Group’s vision to become the most trusted and respected brand in the financial services space in India. To realize this vision, 5PCL recognizes the importance of contributing to sustainable social transformation. The approach of the business focuses on building trust, knowledge and delivering quality service to its customers on one hand and on the other; to provide timely assistance to its customers so as to help them achieve their financial goals.

5PCL strongly believes that Corporate Social Responsibility (hereinafter referred to as “**CSR**”) is connected with the principles of sustainable growth and hence recognizes the immense opportunity it has to bring about a positive change in the lives of the communities through its business operations and CSR activities.

The Corporate Social Responsibility Policy (hereafter referred to as “**Policy**”) of 5Paisa Capital Limited has been designed in accordance with Section 135 of the Companies Act, 2013 (hereafter referred to as “**Act**”) to lay down the guidelines for undertaking CSR initiatives at 5PCL and its subsidiaries in accordance with the Companies (Corporate Social Responsibility Policy), Rules, 2014 (hereafter referred to as “**Rules**”).

This Policy lays down the guiding principles or rules that shall apply to all CSR programs/projects to be undertaken by the Company and its subsidiaries as per Schedule VII of the Act.

2. Purpose

It is 5PCL's Policy to direct its CSR Programmes, inter alia, towards achieving one or more of the following - poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music and sports; and providing relief and assistance to victims of disasters and calamities.

In pursuit of the above, 5PCL has identified the following focus areas for its CSR Programmes based on comprehensive need assessment surveys of its stakeholders:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.



- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- 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;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
- contribution to the prime minister's national relief fund 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
- Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- Rural development projects;
- Slum Area Development;
- Disaster management, including relief, rehabilitation and reconstruction activities



The Company aims:

- To develop the required capability and self-reliance of beneficiaries, especially of women, believing that these are pre-requisites for social and economic development;
- To engage in skill building and vocational training to deserving entities;
- To pursue CSR Programmes within the economic vicinity of the Company's operations so as to ensure close supervision and desired impact;
- To enter into partnerships with various Entities/Individuals/Trusts/NGOs to enhance the impact of the CSR Programmes;
- To assist government/ regulatory authorities by carrying out CSR Programmes in relevant local areas;

3. Policy Statement

5PCL's CSR Policy and projects are steered by its values, which 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.

By embedding these values in its CSR approach, 5PCL aims to undertake initiatives that create sustainable growth and empower the underprivileged sections of the society.

4. Scope of CSR Policy

This Policy applies to all CSR projects undertaken by 5PCL and its subsidiaries and fulfils all the requirements of Section 135 of the Companies Act 2013. 5PCL shall ensure all these activities are over and above the normal course of business and 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. Implementation

The Company's CSR Programmes will be implemented through (i) Company personnel, or (ii) external implementing agencies, or (iii) IIFL Foundation, and (iv) such other Trusts, Societies, Foundations and Section 8 companies that may be established by the Company or may be recommended by the CSR Committee from time to time.

In case CSR Programmes are implemented through external agencies or IIFL Foundation, the programmes to be



undertaken by those agencies or Trusts will be specified, and it will be ensured that such programmes are covered in the objects laid down in the respective Trust Deeds / Memoranda and Articles of Association of the external agencies / IIFL Foundation.

6. Key Focus Areas and Execution

a. Key Focus Areas

In accordance with the requirements under the Companies Act, 2013 and the rules / regulations framed there under and circulars / clarifications issued from time to time (collectively, "Applicable Law"), 5PCL CSR activities shall cover the activities as covered under the point "**purpose**" above.

b. Execution

5PCL will undertake CSR programs in India through the IIFL Foundation, the Company's dedicated teams including employees who are part of CSR projects and through associate volunteering. 5PCL may also work with NGOs, Trusts, government bodies, educational institutions, other corporates and industry associations and other suitable/eligible implementing organizations as implementing partners for its CSR programs.

The surplus arising out of the CSR activities shall not form part of the business profit of the Company. Such surplus shall be spent towards its CSR activities in accordance with this policy.

Identification and implementation of multi-year CSR projects / programs ("Ongoing Projects") will be monitored by the CSR Committee and the Board of Directors of the Company ("the Board"), as required under Applicable Law.

7. Governance Structure

- The CSR Committee will review, monitor and provide strategic direction to the Company's CSR practices towards fulfilling its objectives.
- Every year, the CSR Committee will place for the approval of the Board of Directors of the Company (hereinafter referred to as 'the Board'), an annual CSR Action Plan (hereinafter referred to as 'CSR Plan'), if applicable, delineating the CSR Programmes to be carried out during the financial year, including the budgets thereof, their manner of execution, implementation schedules, modalities of utilisation of funds, and monitoring & reporting mechanism for the CSR Programmes. The Board will consider and approve the CSR Plan with such modification that may be deemed necessary. The CSR Plan may also be modified by the Board during the financial year, on the recommendation of the CSR Committee.
- The CSR Committee will ensure that the Company's CSR Programmes address major development challenges of the country and are aligned with the priorities of the Government.



- The CSR Committee will also assign the task of implementation of the CSR Plan within specified budgets and timeframes to such persons or bodies as it may deem fit, and ensure implementation thereof.
- CSR Committee will provide report back to the Board on the progress of the CSR Programmes at quarterly intervals, or at such other frequency as the CSR Committee may direct.

The aforesaid report will also include the following:

- in case of ongoing CSR Programmes, progress of their implementation with reference to approved timelines and year-wise allocation.
- The CSR Committee will review progress of the CSR Programmes and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
- The CSR Committee will provide a report back to the Board on the progress of implementation of the approved CSR Programmes carried out during the financially, covering details of achievement against planned deliverables for each intervention.
- The aforesaid report will also include confirmation from the Chief Financial Officer that the funds disbursed for the CSR Programmes are being utilised for the stated purpose and in the specified manner.
- The CSR Committee will review the progress of the CSR Programmes and keep the Board apprised annually, on the status of implementation of the CSR Programmes.
- At the end of every financial year, the CSR Committee will consider an Annual Report on CSR activities and recommend the same for the approval of the Board. The said Report will be disclosed as part of the Report of the Board of Directors & Management Discussion and Analysis of the Company (hereinafter referred to as the 'Board's Report').

8. Responsibilities of the Board of Directors

The Board of Directors of 5PCL will be responsible for:

- Nominating a CSR Committee comprising minimum three Directors of which atleast one shall be an Independent Director
- 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
- 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.

9. CSR Committee

- 5PCL 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 atleast 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 present at the meeting either in person or through VC or through OAVM. 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 atleast once in a financial year.
- CSR Committee will be governed by the Companies Act, 2013 and rules made there under and Company's Articles of Association 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 the 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 of CSR projects.
- 5PCL 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 programmes are creating the desired impact.



10. 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 Sec 25 Company (Registered under the Companies Act, 1956) or a Sec 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

11. CSR Budget

The total budget for the CSR projects is decided annually in accordance with the goals and priorities of 5PCL.

12. 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
- Any income arising from the 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.

13. Monitoring

CSR Committee shall monitor 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 Committee shall present monitoring reports of the projects to the Board of Directors on a periodic basis.

14. Reporting

The Board of the company shall hold 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 CFO, shall annually publish a 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 Act. 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, will be displayed on the website of the Company.

15. Impact Assessment

Pursuant to provisions of sec 135(5) of the Act, where the Company fails to spend the amount, the Board shall specify the same in the Board Report along with the reasons for not spending the amount.

16. Policy Review

- This CSR Policy shall be reviewed on an annual basis and suitable modifications shall be done as required.
- The CSR policy shall be subservient to the provisions of the Companies Act, 2013, and Rules made there under, from time to time.

17. Contact

For queries related to CSR policy, please write to us at: csteam@5paisa.com.

This Policy will be posted on the Company's corporate website www.5paisa.com and web link thereto will be disclosed in the Board's Report of the Company.

In the event of any inconsistency between this Policy and the applicable laws, the applicable laws will prevail.

This Policy will be reviewed by the Board, on the recommendation of the CSR Committee, as and when deemed necessary.