

## **Corporate Social Responsibility Policy**

### **Preamble**

IIFL Securities Limited (hereinafter referred to as 'IIFL Securities', 'The Company') is one of the key capital market players in the Indian financial services space. IIFL Securities along with its subsidiaries offers advisory and broking services, financial products distribution, institutional research and investment banking services.

IIFL Securities is guided by IIFL Group's vision to become the most respected brand in the financial services space in India. To realize this vision, IIFL Securities recognizes the importance of contributing to sustainable social transformation. The approach to the business focuses on one hand; on building trust, knowledge and delivering quality service to its customers and on the other; to provide timely assistance to its customers.

The Company is committed to ensure that its activities extend beyond business and include initiatives and endeavors for the benefit and development of the community and society. It strongly believes that Corporate Social Responsibility (CSR) is connected with the principles of sustainable growth and will help to promote inclusive growth and equitable development.

The Corporate Social Responsibility Policy (hereafter referred to as 'Policy') of the Company has been designed in accordance with Section 135 of the Companies Act, 2013 (hereafter referred to as 'Act') read with Companies (Corporate Social Responsibility Policy), Rules, 2014, to lay down the guidelines for undertaking CSR initiatives/programs/projects by IIFL Securities and its subsidiaries (hereinafter referred to as "IIFL Securities group").

### **Purpose**

The key purpose of this policy is to:

- Highlight company's responsibilities and commitment to encourage a positive impact through its activities to promote inclusive and sustainable development of the society
- Define the broad development areas and approach that IIFL Securities group shall undertake to promote well-being in the society
- Outline the CSR governance structure
- 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

## Commitment

The Company shall ensure to:

- Align its CSR programs as per the needs and concerns of local communities, including vulnerable and marginalized groups
- Evaluate, measure and comprehend its impact on social and economic development of the society
- Endeavour to enhance the well-being of the community including vulnerable and marginalized groups through technological and process innovation
- Minimize the detrimental effects of any resettlement and rehabilitation activity undertaken by the Company, if applicable
- Respect all forms of intellectual property and traditional knowledge and make efforts to ensure that benefits derived from their knowledge are shared equitably
- Adequately address any community grievances, feedback or concern as per its Grievance Redressal Mechanism

## Policy Statement/Vision

IIFL Securities' CSR Policy and projects are steered by its values, which can be summarized in one acronym – FIT, which stands for:

- Fairness in all our transactions
- Integrity and Honesty in letter, in spirit and in all our dealings with people
- Transparency in all our dealings

## Scope of CSR Policy

This Policy applies to all CSR projects undertaken by IIFL Securities and its group and fulfils all the requirements of Section 135 of the Companies Act, 2013. IIFL Securities 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.

## Definitions

**Act** means the Companies Act, 2013.

**Administrative overheads** means the expenses incurred by the Company for 'general management and administration' of Corporate Social Responsibility functions in the Company

but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

**Corporate Social Responsibility (CSR)** means the activities undertaken by a company in pursuance of its statutory obligation laid down in section 135 of the Act and Rules made thereunder, but shall not include the following, namely: -

- (i) Activities undertaken in pursuance of normal course of business of the Company.
- (ii) Any activity undertaken by the Company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level.
- (iii) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
- (iv) Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019)
- (v) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.
- (vi) Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

**Intellectual property (IP)** refers to creations of the mind- such as inventions, literary, musical and artistic works, and symbols, names, images and designs used in commerce, for which the IP owners are granted certain exclusive rights under the corresponding national IP laws. Common types of IP include patents (inventions), copyrights, trademarks, industrial designs, software, geographic indications and trade secrets, etc.

**Net profit** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

- (i) Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise.
- (ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.

**Ongoing Project** means a multi-year project undertaken by a company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

**Resettlement and Rehabilitation** Resettlement is one- time relocation with or without other support such as jobs, or the training to deal with a new society and economy. Rehabilitation, on the other hand, means rebuilding the lost livelihood of the displaced community. It goes beyond economic components to deal with the cultural, social, psychological and other factors that marginalize them.

**Traditional Knowledge** refers to any indigenous, technical, ecological, scientific, medical or cultural knowledge which is not necessarily documented but is in use by or generally known to communities. Typical examples include antiseptic properties of neem, turmeric, etc.

**Vulnerable and Marginalized groups** refers to groups and communities that experience discrimination and exclusion (social and economic) because of unequal power relationships across economic, social and cultural dimensions.

Words and expressions used and not defined in this Policy but defined in the Act or Rules made thereunder shall have the same meaning respectively assigned to them in the Act/Rules.

### **India Infoline Foundation (IIFL Foundation)**

IIFL Foundation is a company established under Section 8 of the Companies Act, 2013, by IIFL Securities, to act as the umbrella organization for managing and implementing all CSR projects of IIFL Securities group. 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 been registered with the Central Government having CSR Registration Number CSR00002470.

### **Key Focus Areas**

The CSR projects undertaken by IIFL Foundation are focused on HELP (Health, Education, Livelihood and Poverty alleviation).

Focus area	Approach
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.
Education	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.
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.
Poverty alleviation	IIFL Foundation has been fulfilling the aspirations of customers belonging to all sections of the society. The Foundation has focused actively on promoting financial literacy among its communities.

In addition to the above, IIFL Foundation may 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.

The Foundation shall continue to add more initiatives under each of its focus areas from time to time and/or undertake activities as may be specified in Schedule VII to the Companies Act, 2013 including any amendments or modifications as may be introduced from time to time.

### **Preferential Procurement**

Given the nature of business of IIFL Securities, the sourcing needs of the company are limited. However, the company supports IIFL Foundation, which purchases materials from suppliers identified under vulnerable and marginalized groups, while implementing its projects.

### **Implementation of CSR Activities**

The Company/Foundation shall execute the CSR responsibilities either (i) directly, by executing and implementing programs permitted under Schedule VII and approved by the CSR Committee/Board of Directors or (ii) by entering into partnerships with implementing organizations registered in India and having a track record of service, performance, governance and accountability; or (iii) Collaborating with other companies for undertaking projects or programmes or CSR activities in the manner that the CSR Committee of respective companies can report separately on such projects or programmes.

### **Third Party Implementing Bodies**

The external body that would execute the project / program shall be clearly identified. In case the external body is an 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 with Central Government by filing form CSR 1
- 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

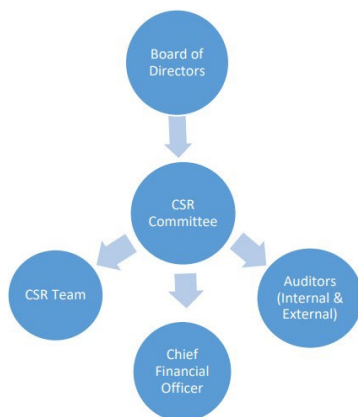
The Board shall satisfy itself that the funds so disbursed have been utilized for the purposes in the manner approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

In case of ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

### **Governance Structure**

IIFL Securities 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.

### **CSR Governance Structure**



## **Responsibilities of the Board of Directors**

The Board of Directors will be responsible for:

- i. Constituting a CSR Committee in compliance with the Act
- ii. Approving the CSR policy after taking into account the recommendations made by the CSR Committee
- iii. Ensuring that the activities as are included in CSR Policy of the Company are undertaken
- iv. Ensuring that the Company spends, in every financial year, such amount on CSR initiatives as may be prescribed under the Companies Act, 2013 and Rules made thereunder from time to time
- v. Approving the annual action plan in pursuance to the CSR Policy, as recommended by the CSR Committee

## **Responsibilities of CSR Committee**

The Board of Directors shall constitute a CSR Committee in accordance with the applicable laws.

The terms of reference of the Committee shall be as approved by the Board from time to time, and shall, inter alia, include the following:

- i. Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII
- ii. Recommending the amount of the expenditure to be incurred on CSR activities
- iii. Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the company
- iv. Formulating and recommending to the Board, an annual action plan in pursuance of the CSR policy
- v. Conducting CSR Committee meetings at such frequency and intervals as the Company Secretary in consultation with the Chairman/Member CSR Committee deems fit and necessary
- vi. The CSR Committee may invite any person as they may deem fit to attend meetings of the CSR Committee as and when required
- vii. The CSR Committee is empowered to frame, review and modify the criteria / processes for selecting the projects, laying down the criteria for evaluation of the projects, selecting the implementation entities / partners and decide on any matter that it may deem pertinent to effectively discharge its responsibilities
- viii. CSR Committee shall monitor the implementation of the CSR Policy through review

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

- ix. Such other functions as may be entrusted to it by the Board of Directors, from time to time

Where the amount required to be spent by a subsidiary company(ies) on CSR does not exceed Rs. 50 lakhs, the requirement for constitution of the CSR Committee is not mandatory and the functions of the CSR Committee, in such cases, shall be discharged by the Board of Directors of the company.

### **Responsibilities of the CSR Team**

IIFL Foundation shall constitute a CSR team which shall be responsible for ensuring effective implementation of CSR projects.

Key responsibilities of the CSR team shall include:

- i. Identify the development areas and share project plans with the CSR Committee focusing on key thematic areas defined in the CSR policy.
- ii. Identification and conducting due diligence of the project and the partner for execution of activities
- iii. Putting together an implementation plan and sharing it with the Committee for approval
- iv. Executing decisions taken by the CSR Committee/Board
- v. Implementing and assessing impact of the activities
- vi. Monitoring and reviewing the progress of projects every quarter
- vii. Reporting to the CSR Committee on the activities undertaken

### **CSR Advisory Committee**

IIFL Foundation may constitute a CSR Advisory Committee which shall provide inputs/guidance to the CSR team to help them plan and implement CSR projects.

### **Project Life-Cycle**

IIFL Foundation shall be responsible for ensuring the smooth execution of all CSR projects undertaken by the IIFL Securities Group.

IIFL Foundation shall plan, implement, monitors and manage all CSR projects of IIFL Securities Group. The Foundation shall work closely with the CSR Team/ CSR Advisory committee and CSR Committee to identify projects that are in alignment with the vision and goals of the Company.

Following the approval of the CSR Committee/Board, the CSR team shall formulate



implementation plans for the projects specifying the following:

- i. Activities to be undertaken directly or through implementing agency
- ii. Budgets approved Time frame of implementation
- iii. Responsibilities and authorities for implementation
- iv. Results expected to be achieved post implementation

The CSR team 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 shall be established to ensure the transparency and efficiency of the implementation process. The projects shall be evaluated against the milestones defined in the implementation plan of the project. The reports of the projects shall be placed the Board of Directors/CSR Committee.

### **CSR Budget**

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR Policy, which shall include the following, namely: -

- i. Amount to be contributed towards CSR activities
- ii. List of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act
- iii. The manner of execution of such projects or programmes as specified in Clause 8
- iv. The modalities of utilization of funds and implementation schedules for the projects or programs
- v. Monitoring and reporting mechanism for the projects or programmes
- vi. Details of need and impact assessment, if any, for the projects undertaken by the company

The Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

### **CSR Expenditure**

- (1) The Company shall spend, in every financial year, at least two per cent of the average net profits that the Company made during the three immediately preceding financial years. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- (2) Any surplus arising out of the CSR activities shall not form part of the business profit of the company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and

annual action plan of the Company or transfer such surplus amount to a Fund as may be specified in this regard, within a period of six months of the expiry of the financial year.

Any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the Company shall be transferred within a period of thirty days from the end of the financial year to a special account to be 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 CSR 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 as may be specified in this regard, within a period of thirty days from the date of completion of the third financial year.

Unless, the unspent amount relates to any ongoing project, the Company shall transfer such unspent amount to a Fund as may be specified in this regard, within a period of six months of the expiry of the financial year.

In case the Company fails to spend the amount of CSR expenditure earmarked for any financial year, the reason for the same shall be disclosed in the Board's report.

- (3) If the Company spends an amount in excess of the required amount, the Company may set off such excess amount against the requirement to spend up to immediate succeeding three financial years, subject to the following conditions:
  - (i) The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of Clause 16(2)
  - (ii) The Board of the Company shall pass a resolution to that effect
- (4) The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by -
  - (i) A company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
  - (ii) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - (iii) A public authority

## **Disclosures**

The Board's report under sub-section (3) of section 134 of the Companies Act, 2013, shall disclose the composition of the CSR Committee and the contents of the CSR Policy. Further, the said Report pertaining to any financial year shall include an annual report on CSR

containing particulars specified in the Companies Act, 2013 and Rules made thereunder.

Further, the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any.

### Impact Assessment

Every company having average CSR obligation of ten crore rupees or more in pursuance of sub section

(5) of section 135 of the Companies Act, 2013 in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their 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.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

A Company undertaking impact assessment may book the expenditure towards CSR for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher. The expenditure incurred on impact assessment is over and above the specified administrative overheads of 5%. Expenditure up to a maximum of 2% of total CSR expenditure for that financial year of Rs. 50 lakhs (whichever is higher) can be incurred separately for impact assessment.

### Grievance Redressal Mechanism

<b>Level I</b>	<p>Grievance can be expressed by the aggrieved formally in writing or informally through verbal communication:</p> <p><b>Address:</b> IIFL Foundation, 28, Manohar Vihar, Behind St. Anthony's Cricket Academy, Udaipur – 313 001. Rajasthan</p> <p><b>Contact Person:</b> Mr. Rajiv Shinde / Mr. Sahil Hamid  <b>Email:</b> <a href="mailto:rajiv.shinde@iifl.com">rajiv.shinde@iifl.com</a> / <a href="mailto:sahil.hamid@iifl.com">sahil.hamid@iifl.com</a>  <b>Phone:</b> 74000 47056 / 92053 81618</p> <p>Estimated response time: 7 - 10 working days Closing of query: 21 days</p> <p>All the complaints made orally, in person or on phone shall be recorded in writing by the representative, who receives it.</p>
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<b>Level II</b>	<p>In case of dissatisfaction with the response or resolution extended by the aggrieved may choose to escalate the grievance Level II formally in writing or informally through verbal communication.</p> <p><b>Address:</b> IIFL Foundation, 8th Floor, Hubtown Solaris, N.S. Phadke Marg, Andheri – East, Mumbai.</p> <p><b>Contact Person:</b> Ms. Madhu Jain / Ms. Geetha Menon</p> <p><b>Email:</b> <a href="mailto:csr@iifl.com">csr@iifl.com</a></p> <p><b>Phone:</b> 91366 89955 / 98203 19269</p> <p>Estimated response time: 7 - 10 working days Closing of query: 21 days</p>
<b>Level III</b>	<p>The highest and ultimate authority for redressal of grievance shall be the Stakeholders’ Relationship Committee. The complainant can contact the Company Secretary for approaching the Stakeholders’ Relationship Committee at <a href="mailto:secretarial@iifl.com">secretarial@iifl.com</a></p>

The above-mentioned information shall be displayed across key locations of the projects and in IIFL Foundation’s offices and websites of IIFL Securities and IIFL Foundation. The details of every recorded grievance and status of resolution of the same shall place before the ESG Committee/Board of Directors.

### Policy Review

CSR Policy shall be reviewed annually and updated as and when required. Any subsequent amendment/modification in the provisions of the Companies Act, 2013, and Rules made there under, or any other applicable laws in this regard shall automatically apply to this Policy.

### Contact

Any queries relating to CSR policy may be made at: [csr@iifl.com](mailto:csr@iifl.com)

<b>Last Amended:</b> <b>23.01.2023</b>	<b>Reviewed by:</b> <b>ESG Committee &amp; Corporate Social Responsibility Committee</b>
<b>Process Owner:</b> <b>Secretarial &amp; ESG team</b>	<b>Approved by:</b> <b>Board of Directors</b>