

1 Purpose

IFMR Capital is committed to upholding the highest standards in terms of management practices and business conduct. The company shall always act in accordance with the laws of the land. IFMR Capital has a code of conduct and it will strictly abide this charter and will demonstrate the principles of good corporate citizenship by establishing an institution that provide its services responsibly to serve the needs of the society in harmony with the environment.

In line with this, IFMR Capital will also play its role in making a direct contribution to the society as a part of its Corporate Social Responsibility (CSR) agenda. IFMR Capital endorses the IFMR Group's mission to ensure every individual and every enterprise has complete access to financial services. This mission is based on a strategy that envisages three-pillar of the financial system: high quality origination, orderly risk transmission and robust risk aggregation.

IFMR Capital believes that "all human beings are created equal" and creates equal opportunities for all its stakeholders and ensures zero discrimination while engaging with any entity on the basis of differential ability, caste, religion, region, nationality, race or gender.

2 Guiding Principles and Applicability

- Serve – and be seen to serve – society, local and national goals where ever the company operates
- Create a significant and sustained impact on communities
- Provide opportunities for our employees, our customers and partners to contribute to these efforts through volunteering
- Play a significant role in promotion of financial inclusive growth through empowerment of socially and economically weaker sections of society
- Build partnerships and promote financial innovation through incubation of ideas and technology to address societal needs
- Contribute to research that aids in developing a thorough understanding of problems, designing programmes, products and strategies that eventually will help in reduction of financial vulnerability of poor and weaker sections of the society

In accordance with the above, the IFMR Capital has decided to adopt this CSR policy and mandates the Directors and Employees of the Company to:

- Comply with relevant regulations governing the protection of human rights, occupational health and safety standards and labour, environmental, social and business practices of the jurisdictions in which we conduct business and are mandated with the CSR expenditure obligations as per Sec 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time
- Train its staff adequately to ensure that they are sensitive to environmental and social impact of the operations of the company

- Adopt a responsible and ethical approach to governance including implementation of compliance policies and procedures and on-going monitoring of systems and controls, implementation of rigorous risk monitoring and adhering to the highest standards of conduct
- Take into account environment and social governance criteria during decision making processes. All Performance of all investments will be evaluated taking into account the non-financial aspects (governance, social and environmental) related to partner entities and consider if the investment is ethical

3 Focus Areas

IFMR Capital's CSR areas target inclusive growth of all stakeholders mentioned under Schedule VII of the Companies Act, 2013

These primarily fall under the areas of Rural Development, Education and Livelihood opportunities and these are

3.1 Financial Inclusion in underdeveloped areas of India through IFMR Finance fellows program

The success of the IFMR mission of *ensuring that every individual and every enterprise has complete access to financial services* is rooted in the belief that the Indian financial system will have a large number of local high quality originators who bring a deep understanding of the local economy, culture and customer behavior and have the desire and willingness to provide financial services that are convenient, flexible, reliable, continuous and suitable to the client.

While, there has been constant increase in access to financial services, there are still several districts in the country which have very limited access to financial services. These districts typically have a smaller branch network, very few or no local originators of financial services and typically also have a very low credit to GDP ratio. We believe that fundamental challenges in some of these districts, including a heightened perception of risk have kept several entrepreneurs away from setting up operations in such geographies.

A dedicated and long-term effort is required to seed originators in the most challenging regions of the country where the access to financial services is extremely limited. Our hypothesis is that by investing in leadership capacity and connecting these potential leaders with all the resources required including those available at the IFMR Group (technology, product platforms, debt capital, seed funding), we could successful support the creation of a new cadre of originators in the most challenging regions of the country.

3.2 Research to support development of products for low income households

One of the main challenges in reaching out financial services to low income households is the limited understanding of the needs of low income households and the way they manage their finances. This lack of understanding has often lead to several products not taking off at all, leading several providers to believe that there is no demand for financial services. Take for instance, the no frill accounts. Low savings deposits in these accounts, is often seen as "no demand". However, there is a significant investment by the same households in gold. At the same time, several funds such as Sahara, Peerless and chit funds have often raised very large amounts of savings from the same markets.

The research agenda for IFMR Capital's CSR policy will aim towards working addressing key gaps at two levels. The first level will be to understand the demand for products at the household level and the second level will be to understand issues stopping the supply side from offering relevant products to this market. We believe that research like this will dramatically improve access to financial services for the underserved customers.

3.2.1 Household Finance

"To empirically study the financial decisions of low income households and their underlying rationale in meeting household objectives"

The Household Finance research agenda is meant to generate a deeper understanding of financial strategies that households adopt in order to move resources across time, space and states of the world. Financial strategies encompass not only the use of financial instruments such as bank accounts, crop loans, life insurance and mutual funds, but also the use of non-financial instruments and strategies such as buying livestock to hedge against rainfall risk, and having children as a substitute for old-age pensions. Currently the outcomes of these financial strategies for low income households are not systematically understood, and part of the reason for this is the lack of substantial research that treats the household as the unit for financial decision making. The purpose of this research agenda is to fill this void and enable the generation of a body of work that contributes to a deeper, rigorous, and more systematic understanding of the nature of household financial outcomes and the reasons underlying these outcomes.

We expect that this research will have significant implications for financial inclusion sector policy and as well as influence product development and delivery channel design in the practice of financial services delivery.

3.2.2 Catastrophic Risks

A well-functioning financial system should have robust risk aggregation capacity through a range of institutions, such as commercial banks, insurance companies and mutual funds, with the appetite and ability to hold and manage risk. This complements financial institutions whose footprint is narrow and local.

To ensure that originators are sustainable, the financial system must provide mechanisms for orderly risk transmission from local originators to well-capitalised and well-regulated risk aggregators. Given their small size and orientation, local originators are not in a good position to hold certain kind of risks – especially systematic risks, like risks of natural calamities. Such risks need to be transferred to well capitalised, diversified institutions like large national banks, mutual funds and insurance companies, which are able to manage these risks more effectively, or distributed through financial markets to various entities that have the appetite for and are capable of holding these risks.

In insurance, for example, it is critical that the risk pool is large enough so that any one systemic shock does not wipe out the entire insurance corpus of a community – herein lies the need for better risk pooling/aggregation across a variety of local originators.

The Catastrophic Risk study aims to address these issues.

4 Governance

The overall governance of CSR and approving the CSR policy will be the responsibility of the CSR committee of the board. The In house teams of IFMR capital will be responsible for administering and executing the policy.

5 CSR Committee

The committee shall consist of three or more directors of which one shall be an independent director and they shall be responsible for:

- Formulation of CSR Policy

- Regular monitoring of implementation of CSR policy
- Identify key initiatives pursuant to the CSR Policy
- Recommend to the Board CSR expenditure to be incurred
- Recommend to the Board, modifications to CSR Policy as and when required

Consistent with the above, the CSR committee of the Board currently has the following members:

1. Dr. Susan Thomas, Chairperson
2. Mr. Michael Fernandes, Director
3. Mr. Puneet Gupta, Director

6 Implementation

IFMR Capital will implement CSR activities in a number of ways

1. Directly through our in-house teams
2. External expert agencies and partners including any associates of IFMR Capital

7 Resources

IFMR Capital proposes to deploy the following resources for our CSR activities:

1. **Funds:** At the minimum, 2% of average net standalone India profits of the past 3 years as per India's Companies Act 2013
2. **Expertise:** Of our employees through structured volunteering programme
3. **Facilities:** Our offices and branches
4. **Resources from our business partners**
5. **Resources from other organizations within and outside the IFMR group**

Any surpluses arising out of CSR projects or programmes or activities shall not form a part of the business profits of the company.

8 Geographies and target communities

The geographical focus of the IFMR Capital's CSR activities will be where we have a significant presence and excluded and under developed districts in the Indian states.

9 Monitoring & Review

Implementation of this policy will be monitored and reviewed periodically through a two tier structure comprising: CSR committee of the Board and CSR teams at the corporate offices branches. The CSR committee may also appoint external entities to monitor the execution of this policy if it deems fit.

The CSR Committee will review the policy's effectiveness and implementation on a regular basis, and report relevant findings and recommendations to the Board.

10 Disclosure

IFMR Capital will disclose its Corporate Social Responsibility performance in a transparent manner to all its stake holders and the community at large on a regular basis through adequate information on our annual report and provision of transparent and objective information.