



MUTHOOT CAPITAL SERVICES LIMITED
(MCSL)

CIN: L67120KL1994PLC007726

CORPORATE SOCIAL RESPONSIBILITY POLICY

**(In compliance of Section 134 and 135 of Companies Act, 2013 and
Companies (Corporate Social Responsibility Policy) Rules 2014)**

**This Policy was approved by the Board of Directors at the meeting held on September 02, 2014 and reviewed by
the Board on July 14, 2016, November 10, 2017, June 14, 2018, June 19, 2021 and May 19, 2023**

Version Control:

Sl. No.	Name of Policy	Version	Board approval date	Remarks
1.	CSR Policy	v1.0	02/09/2014	Policy document approved.
2.	CSR Policy	v1.1	14/07/2016	<ul style="list-style-type: none">• The annual CSR plan of 2014 - 2015 was removed. Mechanism for finalization of CSR Plan for each year is built-in the Policy.
3.	CSR Policy	v1.2	10/11/2017	<ul style="list-style-type: none">• Medical Relief included as the strategic CSR activity.
4.	CSR Policy	v1.3	14/06/2018	<ul style="list-style-type: none">• Amended the strategic CSR activity to include support given to reputed volunteers or organisations to conduct awareness programmes.
5.	CSR Policy	v1.4	19/06/2021	<ul style="list-style-type: none">• Various modifications were made as per CSR Amendment Regulations.
6.	CSR Policy	v1.5	19/05/2023	<ul style="list-style-type: none">• Amended the details of areas under which CSR expenditure can be incurred to enlarge its scope beyond what is explicitly stated.• Added a point added under the head“ Board & CSR Engagement” to include the fact that the Board is to ensure that the CSR activity identified is in line with the Policy.• Updated the CSR Committee Constitution.

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1. OVERVIEW

1.1 INTRODUCTION TO MUTHOOT CAPITAL SERVICES LIMITED

Muthoot Capital Services Limited (MCSL), promoted by the Muthoot Pappachan Group (MPG), is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India and listed on the BSE Limited and National Stock Exchange of India Limited.

1.2 POLICY APPLICABILITY

As per Section 135 of the Companies Act, 2013 and rules made thereunder, every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility (CSR) Committee.

The CSR Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.

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

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes as specified in the Rules;
- (c) the modalities of utilization of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the Company:

The Board may alter such annual action plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification for the same.

1.3 POLICY OBJECTIVES

This policy, which reflects the Company's philosophy and mission is designed to portray its commitment to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates.

This policy applies to all CSR initiatives and activities taken up at the various work centers and locations of MCSL or at any location of any partner of MCSL for the purpose of any CSR activity agreed to be done on behalf of MCSL, for the benefit of various segments of the society, with the emphasis on the under privileged.

The objectives of CSR Policy of the Company are to:

- a) build a framework of CSR activities with a philanthropic approach in line with business unit's objectives, which also benefits the organization at large;
- b) shape sustainability for the organization by 'Engaging the Community';
- c) build a corporate brand through CSR; and
- d) for other stakeholders, make it "an integral part of the Company's DNA, so much so that it has to be an organic part of the business".
- e) Aim for social good and benefit the downtrodden in the society

1.4 IMPLEMENTATION OF CSR ACTIVITIES/PROJECTS

Each CSR activity/project of the Company to be undertaken/executed either directly by the Company or channelized through implementing agencies. The CSR Implementation Agency/Agencies shall be an established agency/ agency as per the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Muthoot Pappachan Foundation (MPF), a Public Charitable Trust formed in the year 2003 who has an established track record in undertaking CSR activities for Muthoot Pappachan Group and having a valid registration under section 12A and 80G of the Income Tax Act, 1961 shall be the major implementing agency of the Company and currently the only implementing agency. If need arises in future additional implementing agency would be tied up with

As the implementation would be based on a planned budget and following of specific norms, a detailed grant letter would be exchanged with the Implementing Agency.

1.4.1 IMPLEMENTATION OF 'ONGOING PROJECT'

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. The Board may approve to implement a project as an ongoing project, if the same is identified and recommended by the CSR Committee.

Planning and implementing various CSR activities shall be in line with the established objectives of the Company and its CSR Policy.

The main CSR objective of the Company is to support the poor, needy and deserved in their medical emergencies.

Focusing on the main objective CSR activities could also be facilitated through MPF. The CSR programs of MPF are bound by the theme "HEEL":

Health,
Education,
Environment and
Livelihood.

Aligning with its vision, MCSL will continue to improve the well-being of the community in which it operates, through its services and CSR initiatives planned and implemented, in fulfillment of its objective of being a responsible, corporate citizen.

The over-arching framework of CSR activities will guarantee full compliance with the CSR requirements mandated by the new Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any other amendments that would come up from time to time.

The planning and execution of various CSR activities and projects shall involve, to the extent possible, the participation of staff members and customers of the Company.

2. PLANNING

2.1 IDENTIFICATION OF FOCUS AREAS AND STRATEGIC INITIATIVES

The main focus area of the CSR initiatives is providing timely and effective medical service or support or relief to the needy. The whole mechanism shall be designed and executed in line with this policy to ensure complete effectiveness and transparency.

More focus must be to extent support in case of critical illness that will have an effect of damaging the entire family as a unit.

The CSR support shall be given through a system and process involving the concerned hospitals and the doctors who provide or will be providing the medical services to the person.

The support would also be after through verification of the credentials of the case brought before the committee, which would be done through Company's own staff or through outsourced agencies or through the branches of Muthoot Fincorp spread across the country.

To begin with the focus will be on the state of Kerala, where the company is headquartered and thereafter spread to other states, if so, decided by the CSR Committee.

The CSR efforts of MCSL will also be facilitated through MPF which are bound by the theme - "**HEEL**" and are identified as follows:

- a) **Health** : Life Blood Directory, Outreach Camps, Smile Please, PMR Centre
- b) **Education** : Community Education Scheme, Scholarships, Financial Literacy
- c) **Environment** : Green Strategy
- d) **Livelihood** : Grant-making, Skill development

2.2 STRATEGIC CSR ACTIVITIES WITH OBJECTIVES

1. Health:

a) Medical Relief:

- (i) Support to poor patients of critical illness;

- (ii) Support to patients where surgical interventions are inevitable and the same appears to be not affordable to them;
- (iii) Medical support to the victims and affected of natural calamities, accidents etc.;
- (iv) Main focus shall be to support the earning member of the family; and
- (v) Objective is to reinstate the confidence of the family to live their normal and dignified life.

b) Life Blood Directory objectives:

- (i) Establishing the largest blood donor directory in India through MCSL's staff network of customers, public interface and extensive reach across India;
- (ii) Raise awareness around the importance of donating blood thus increasing the number of Indian donors throughout the country; and
- (iii) Liaise and support reputable NGOs engaged in the collection and storage of blood and as a result, improve the Blood Donation Infrastructure in the country.

c) Outreach camps objectives:

- (i) Making a positive difference in human lives by providing medical help at the door-step of the rural and urban poor in the communities in which the Muthoot Pappachan Group operates;
- (ii) Making health care services available in underserved areas; and
- (iii) Assisting and encouraging local volunteers to conduct the medical camp and provide medical help.
- (iv) Support reputable volunteers or organisations to conduct awareness/ outreach programmes to encourage all segments of society to create a culture of socially responsive communities that work together to build a better tomorrow.

2. Education:

- a) Providing financial literacy to the unorganized sector of the society;
- b) Educating budding women entrepreneurs and start-ups; and
- c) Provide transformative and skill development training.

3. Environment:

- a) Continue adhering to Green Strategy;
- b) Reducing the ecological impact of internal processes and activities; and
- c) Promoting environmentally conscious behaviours both inside and outside the Company.

4. Livelihood:

- a) Grant-making;
- b) Addressing social issues related to sports, arts and culture, social entrepreneurship, etc.;
- c) Provide skill development training so as to find their own livelihood.

Regarding the environment, MCSL will support **3 UN Global Compact's Principles** related to the environment as below:

- a) Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- b) Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- c) Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

MCSL will undertake CSR activities as enumerated in Schedule VII of Companies Act, 2013, in a way that also contributes to India's progress towards achieving the millennium development goals by skills improvement, entrepreneurship development, employment generation, health care improvement and application of environmental by sustainable growth.

3. IMPLEMENTATION

The above described CSR activities will be implemented by MCSL either directly or through MPF and other implementing agencies and in collaboration with other non-profit organisations.

The duration of any project or program will be related to the nature of that project or program and their impact on the society.

It is to be ensured that the CSR programs of MCSL, will be executed in the areas where the Company has business presence.

The programs will be implemented in collaboration with specialized organizations which include, but are not limited to MPF, Indian Medical Association, Red Cross, Aashiana Trust, Marion School, Magic Bus, Smile Please, Rajagiri, and partnering hospitals.

3.1 PROCESS OF IMPLEMENTATION:

- 1. Map existing eco system:** Thorough evaluation of the existing scenario in which the Company operates. This step is crucial in order to assess the existing potential and find relevant partners to collaborate with in line with this revised CSR Policy.
- 2. Create:** Designing programs, selecting partners and empaneling them.
- 3. Enable:** Commencing collaboration with the selected actors, investing the resources needed to shift from the planning to the action phase.
- 4. Process:** The following process shall be adopted in implementing a project or undertaking a CSR activity:

- a) The application for a medical support, education support, environment protection or livelihood support shall be received from any of the following:
 - (i) From the person seeking support
 - (ii) From any of his family members
 - (iii) From any partnering organization
 - (iv) From a staff member
- b) Immediately on receipt of application, the Company or MPF or any partnering organization shall conduct ground level enquiry and verification to identify the genuineness of the case, the urgency of the matter, opinion of doctors and details of the treatment required with estimated cost in case of medical support, education background of the candidate in case of education support requests, financial position of the family, viability of the environment friendly programmes, and any other relevant details as relevant for each requests
- c) On the basis of the above ground level verification and report, immediate liaison to be done with the partnering organizations/hospital/beneficiary.
- d) The support will be given directly to the hospitals towards the cost of treatment/surgery etc. and not to the patient or his family members, to the educational institutions towards fee, and to the partnering organisations and other institutions as the case may be in the case of environment protection activities and livelihood supports ensuring the funds should meet the purpose it is meant for. In cases where direct payment to the hospitals/ educational institutions or other partnering organisations are not possible, possible alternate method for providing support will be taken with adequate documentation.
- e) The staff volunteers to monitor the progress of all the support provided by the company. In case of medical treatments, make visits to the family/hospitals at logical intervals and instill confidence in the mind of the patient and family members. The same shall be continued even after the treatment to observe the adherence by the patient of his prescribed medication and diet. In case of educational support, the team takes record of the progress of the student and thereby extending more support if found appropriate. On the activities relating to the benefit of the society/individual beneficiaries, the impact analysis is done at frequent intervals to understand if the intended benefit is achieved.
- f) Proper documentary evidence is to be collected for all transactions.

5. Payment

The payment towards the planned CSR activities is released as per the set procedure described above. Any amount unspent as at the year-end shall be managed accordingly as per the guidelines set-out in Section 135(6) of the Companies Act.

3.2 POWERS FOR APPROVAL

CSR programmes for each financial year as may be identified by the Company will be considered, reviewed by the CSR Committee and recommend to the Board for approval. After Board's approval the CSR programme shall be implemented. Any change in such programme shall be approved by the Board.

For meeting the requirements arising out of immediate and urgent situations, MCSL's CSR Committee is authorised to approve the proposals in terms of the powers accorded to the Committee by the provisions of the Companies Act, 2013.

4. MONITORING AND FEEDBACK

The comprehensive monitoring mechanism that has been followed so far shall continue to ensure that the CSR process functions as mandated by the Act and the Rules, ensuring that all Projects/ Programmes are duly implemented as budgeted.

The following forms the basis of the monitoring mechanism:

- i) Allocation of a separate budget for setting up and running the monitoring system;
- ii) Installation of regular MIS that shall work to ensure a firm check on spends and the actual implementation of activities as planned; and
- iii) Release of funds only against verified utilizations.

The CSR Committee will be responsible for monitoring approved projects/programmes.

The monitoring system will be through the CSR committee demanding:

- i) Regular field visits to project/programme sites by designated teams;
- ii) Comprehensive documentation/compilation of field reports to be maintained by the team;
- iii) Regular interaction with beneficiary communities by the team to obtain feedback;
- iv) Monitoring of timely fund utilization to ensure that projects/programmes as budgeted are actually being carried out and/or; and
- v) Any other activity that the CSR Committee may deem necessary in the larger initiatives.

MPF/any other implementing agency will conduct impact studies on a regular basis, especially on the "flagship programs". MPF / any other implementing agency will communicate with the beneficiaries in order to obtain feedback about the programs. The CSR programs will also be reported in the Annual Report of MCSL.

4.1 IMPACT ASSESSMENT/EVALUATION OF CSR

In order to assess the impact of its CSR projects and programmes, maximize outcomes and build-in sustainability, scalability and replicability, MCSL shall undertake the following activities:

- i) Ensure that the projects/programmes undergo concurrent and final evaluation; and

- ii) Engage credible third parties to undertake evaluation of all or selected projects/programmes.

4.2 DOCUMENTATION

Meticulous documentation of projects/programmes is the only way to ensure that progress is continuously tracked, course corrections are provided, lessons learnt and objective feedback received.

Good quality documentation enables MCSL to effectively address questions and queries and also to prepare instructive and good quality case studies.

Keeping this end in sight, MCSL will endeavor at all times to put in place, for all projects/programmes, an effective documentation process.

Comprehensive documentation will include printed materials, audio recordings, video recordings, etc. This will also be of great value to MCSL in brand building, market positioning, enhancing its competitive advantage and embedding CSR values within the organization.

5. GOVERNANCE

A meaningful engagement of the Board of Directors and Management in CSR will be ensured so that MCSL's Leadership recognizes the Company's social concerns and the strategic value of its CSR initiatives.

5.1 BOARD & CSR ENGAGEMENT

The Board of Directors of the Company is committed to assume the following roles:

- a) Approving the CSR policy recommended by the CSR Committee;
- b) Disclosing the CSR policy contents in the Board Report;
- c) Making the CSR Policy public on the Company website.
- d) Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the Company and
- e) Deploying the funds to NGOs/Organisations.

5.2 CSR COMMITTEE *(Reconstituted on November 25, 2021)*

The composition of CSR Committee are as follows:

- 1. Mr. Thomas Muthoot : Chairman
- 2. Mrs. Shirley Thomas : Member
- 3. Mr. Thomas Mathew : Member

(It may be noted that the constitution of the Committee will change based on decision taken by the Board of Directors of the Company)

The terms of reference of the Committee are as under:

- i) Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- ii) Recommend to the Board the amount of expenditure to be incurred on the CSR activities referred to in (i) above; and
- iii) Monitor the CSR policy of the Company from time to time.

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