

## Corporate Social Responsibility (CSR) Policy

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	<p>Effective from 22<sup>nd</sup> January 2021.</p> <p>Version 6: Incorporated changes as per FAQs issued by Ministry of Corporate Affairs on 25<sup>th</sup> August 2021 w.r.t. Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. Effective from 22<sup>nd</sup> January 2021 and as per CMS review recommendation.</p> <p>Version 7: Revised in January 2024- Incorporated changes as per Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 issued on 20<sup>th</sup> September 2022.</p>
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## **Mahindra & Mahindra Financial Services Limited Corporate Social Responsibility (CSR) Policy**

At Mahindra & Mahindra Financial Services Limited ('MMFSL' or 'The Company') we sincerely believe that the actions of the organization and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with our external stakeholders, **MMFSL** strives to become an asset in the communities where it operates.

### **1. Objective of CSR Policy**

The objective of this Policy is to continuously and consistently:

- Define and lay down the guiding principles for selection, implementation and monitoring of Company's CSR initiatives as well as formulation of the annual action plan;
- Outline our Board's vision and approach for undertaking CSR and creating impact in the communities;
- Encourage an increased commitment and engagement from employees towards CSR.

### **2. Scope and Applicability**

This Policy shall be applicable to all CSR initiatives undertaken by the Company in pursuance of the requirements of Section 135 and Schedule VII of Companies Act, 2013 ('The Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014('The Rules') (including any statutory modifications, amendments, or re-enactments of any of them for the time being in force).

### **3. Mission**

The company's CSR mission aims to actively contribute to the socio-economic development of communities, enabling individuals to partake in and derive benefits from the ongoing socio-economic progress. The company is dedicated to integrating economically, physically, and socially challenged groups into mainstream society through its CSR initiatives.

### **4. CSR Thrust Areas**

- **Promoting Education:**  
The Company will aim at promoting education, including special education, among children, youth, adults, women, elderly and the persons with disabilities (PWDs).
- **Skill training and livelihood enhancement:**  
The company's skill training initiatives will focus on enhancing the skills and capacities of individuals across various demographics, including children, youth, adults, women, the elderly, and PWDs from economically disadvantaged backgrounds. The goal is to empower them, providing access to opportunities for sustainable livelihoods and fostering overall growth.

- **Promoting healthcare and sanitation:**  
The Company through its CSR projects believes in eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
- **Environmental Sustainability:**  
Protecting environmental resources and ensuring adoption of environment-friendly practices is important to ensure sustainable and self-sustaining local economies. The Company will focus on activities ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, tree plantation, conservation and management of natural resources and maintaining quality of soil, air and water, waste management, renewal energy, energy efficiency measures etc. Additionally, the Company may also undertake projects to manage its emissions and introduce environmentally friendly practices.
- **Financial Literacy and Inclusion:**  
To address the financial and digital literacy gap in the society, the company may initiate financial and digital literacy programs/ projects designed to raise awareness and foster inclusion within marginalized communities.
- **Others**

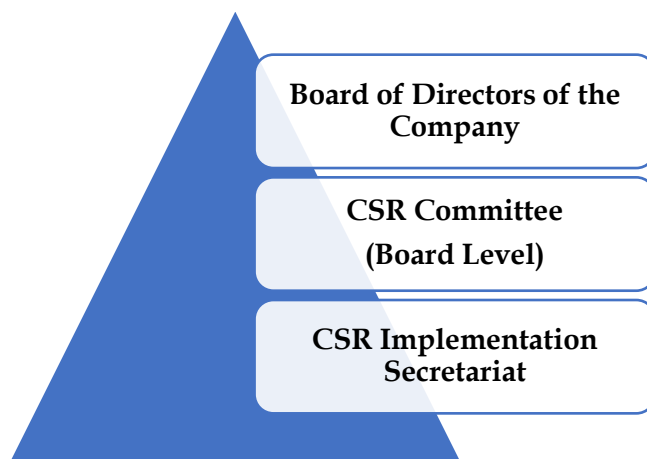
From time to time, the Company may identify newer Thrust Areas to the above list, in so far as such activities are as defined in Schedule VII of the Act, as amended, from time to time.

The Company aims to actively promote diversity and inclusion in all its CSR initiatives. Through these commitments, the Company strives to contribute to social equality and build a more inclusive and vibrant society.

The Company will strive to undertake the CSR projects in accordance with national priorities and/or regulatory guidelines.

## 5. Governance Structure

The Company has a well-defined and robust governance structure to oversee the implementation of the CSR Policy, in compliance with the requirements of Section 135 of the Act and the Rules.



## **6.1 Role of the Board of Directors**

The roles and responsibilities of the Board of Directors towards CSR shall include:

- Provide approval for the annual action plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget
- Alter the recommended annual action plan at any time during the financial year, if required, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect
- Ensure that the initiatives implemented as CSR activities are in line with the CSR policy.
- Ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of its CSR Policy.
- Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount and deal with the unspent amount in the manners as specified in 2<sup>nd</sup> Provision of Section 135(5) and Section 135(6) of the Companies Act, 2013.
- Satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and to seek certification to this effect from the Chief Financial Officer or the person responsible for financial management.
- Approve and monitor the implementation of an on-going multi-year project and extend the duration for spending beyond one year based on reasonable justification
- Disclose the composition of the CSR Committee, and CSR Policy, Projects approved by the Board and the Impact Assessment Reports (if any) on the Company's website, if any, for public access.

## **6.2 Role of the CSR Committee**

The Corporate Social Responsibility Committee of the Board ('CSR Committee') is responsible for formulating and recommending the CSR Policy, an annual action plan consisting of list of approved projects or programs to be undertaken within the purview of Schedule VII of the Act, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, and details of need and impact assessment, if any, for the projects to be undertaken to the Board, recommending the amount of expenditure to be incurred on CSR activities and monitoring of the CSR Policy from time to time.

## **6.3 Role of the CSR Implementation Secretariat**

The CSR Implementation Secretariat will comprise of Chief Human Resource Officer CHRO and other employees deputed by the Company for CSR unit as per prevailing HR Policies of the Company.

The amount to be spent for CSR Projects shall be recommended to the CSR Committee by the CSR Implementation Secretariat for execution of the approved projects.

The CSR Committee will guide the CSR Implementation Secretariat for effective execution.

## 6. CSR Budget and Allocation

The Board shall ensure that the 2% of average net profits from the immediately 3 preceding years is spent on CSR initiatives undertaken by the Company. The overall amount to be committed to CSR will be approved by the Board as recommended by the CSR committee through its Annual Action Plan carrying list of CSR projects or programs approved to be taken.

The following guiding principles to be adhered to in terms of CSR budget outlay and expenditure;

- The Company may spend up to 5% of the total CSR expenditure in one financial year on administrative overheads.
- The Company shall spend up to 2% of the total CSR expenditure in one financial year or 50 lakh rupees, whichever is higher, on undertaking impact assessment for the applicable projects, as required by the law.
- Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company and will be ploughed back into the project in the current Financial Year or be allocated for an ongoing project to be spent in any of the three succeeding financial years or will be transferred to a fund specified in Schedule VII.
- Any excess expenditure, i.e., beyond the prescribed CSR budget may be made available for set off against the CSR requirement to spend in any of the three succeeding financial years and will be disclosed in the Board's CSR Report
- Any unspent amount shall be reported by the Board in its report specifying the reasons for not spending the amount and shall be dealt with in accordance with Section 135 of the Act and rules under amendments thereof.
- The Company may spend CSR amount for creation and acquisition of capital assets subject to fulfilment of conditions specified under the Companies (CSR Policy) Amendment Rules, 2021 and any amended to the same.

## 7. Implementation

CSR initiatives can be implemented in multiple modes:

- 'Activities route' under which CSR Programmes will be implemented through (i) Company personnel, or (ii) external implementing agencies as prescribed in the Rules or (iii) Mahindra Finance CSR Foundation (incorporated on 2nd April 2019) as a wholly owned subsidiary company registered under Section 8 of the Companies Act, 2013, and (iv) such other Trusts, Societies, Foundations and Section 8 companies that may be established by the Company from time to time.
- 'Contribution to funds route' under which contributions will be made to various funds as specified in Schedule VII of the Act.
- Contribution to incubators and R&D projects, as specified in item (ix)(a) and contribution to institutes/organisations, engaged in research and development activity, as specified under item (ix)(b) of Schedule VII of the Act.

The Company may also collaborate with other companies to undertake CSR Projects or Programs, provided the CSR Committees of the respective companies are in a position to report separately on such projects or programs.

A background check/ due diligence will be carried out for organization(s) that the Company proposes to partner with for implementing CSR project(s). This check is aimed at ensuring long term viability of the partnership and to minimize risks for the Company.

## **8. Monitoring**

- The Company will regularly monitor the ongoing CSR projects to ensure that the outcomes intended are achieved as per timelines.
- Employees of the Company who form the CSR Implementation Secretariat, will obtain progress reports on periodic basis, undertake field visits and/or review to monitor the project progress as per the internal project implementation guidelines.
- The Company will undertake impact assessment, through an independent agency, of 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 will be placed before the Board and annexed to the annual report on CSR as per the latest formats of Ministry of Corporate Affairs for Director's Reports.
- The fund utilization made in projects as approved by the Board, will be certified by the Chief Financial Officer of the Company.

## **9. Reporting**

The annual report on CSR activities will be included in the Board's report for each financial year as per format prescribed in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and CSR Form 2 will be furnished to the MCA. CSR Committee Composition, CSR policy and overview of CSR projects of the Company will be available on the official website of the Company.

## **10. Guiding Principles on formulation of the Annual Action Plan to initiate CSR project:**

- a) The Company will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations.
- b) The programs/ projects will be within the areas recommended / listed in the Schedule VII of the Act and mentioned in the Policy.
- c) The programs/ projects will be beyond business as usual.
- d) The programs/projects will be implemented within the country (with an exception if any as permitted by the CSR rules) and preferably in areas where the Company has its presence.
- e) Programs/Projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted /undertaken exclusively in pursuance of the normal course of business.

- f) The programs/ projects should exclude activities that are to be supported on sponsorship basis for deriving marketing benefits for its products or services.
- g) The programs/ projects should exclude activities carried out for fulfilment of any statutory obligations under any law in force in India.
- h) In review of existing 'ongoing' projects as defined under the CSR Amendments and its progress against the approved timelines for those projects.
- i) In review of excessive amount approved by the Board for setting off against the budget of any financial year as eligible under the Act and its amendments.
- j) In review of any unspent amount from preceding FYs as aggregated in Unspent Corporate Social Responsibility Account
- k) Any surplus, generated out of the CSR activities of the Company, will be ploughed back to the CSR Initiatives of the Company and Unspent amount (if any) from CSR program/project will be incurred/transferred in accordance with CSR rules of the Act and amendments thereof