

Policy for Corporate Social Responsibility

Approved by: CSR Committee / Board of Directors

Effective date: 13-May-21

Jana Small Finance Bank (JSFB) strives to be a customer centric organization that delivers essential financial services at scale to various customer segments in a robust and transparent manner. Recognizing the communities in which JSFB works and vision for positive impact, JSFB conducts its business with a strong Double-Bottom-Line approach. This is exemplified both with routine business operations as well as the programs JSFB sponsors for its customers, employees and community at large.

JSFB's Vision for Corporate Social Responsibility (CSR): JSFB aspires to further its social and environmental commitment by incorporating the vision of CSR laid out by the government in its Companies Act, 2013. JSFB intends to integrate the CSR guidelines in its business operations as well as outline a strategy to invest its CSR monies in socially and environmentally beneficial outcomes.

Roles and Responsibilities

CSR Committee:

A CSR committee of the Board shall be formed with the following objectives

- Developing the CSR strategy and operationalizing institutional mechanisms
- Preparing a detailed plan on CSR activities
- Making decisions regarding the expenditure on CSR activity
- Making decisions on the types of activities to be undertaken
- Delineating roles and responsibilities of various stakeholders
- Ensuring the establishment of a monitoring and evaluation mechanism

In addition, the CSR Committee shall also review the annual CSR policy, make decisions regarding contracting, budgeting, monitoring, impact measurement, reporting and communication.

CSR Model

JSFB will partner with a diverse range of stakeholders including well-established NGOs, government bodies and community representatives for its CSR activities. JSFB's CSR monies will be used for programs fall under the purview of the activities approved in Schedule VII of the Companies Act. This arrangement has been envisaged to ensure all the eligible CSR monies are channelled towards impactful social activities.

JSFB will also encourage employee engagement and volunteerism, where JSFB and other Jana group employees can directly participate in development activities.

CSR activities are undertaken by the company itself or through other subject to :

- Company being established under Section 8 of the Act, or a registered public trust or a registered society, registered under Section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- A company established under Section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- Any entity established under an Act of Parliament or a State legislature; or

- A company established under Section 8 of the Act, or a registered public trust or a registered society, registered under Section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

(The entities mentioned above should have been registered with the Central Government by filing Form CSR -1 electronically with the Registrar with effect from 1st April 2021.)

- A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

Focus Areas

JSFB focus areas are the activities as enumerated in Schedule VII of the Companies Act, 2013 and any rules/amendments made thereunder from time to time.

Currently the activities included and relating to:—

- (i) eradicating extreme hunger and poverty;
- (ii) promotion of education;
- (iii) promoting gender equality and empowering women;
- (iv) reducing child mortality and improving maternal health;
- (v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- (vi) ensuring environmental sustainability;
- (vii) employment enhancing vocational skills;
- (viii) social business projects;
- (ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- (x) such other matters as may be prescribed by the Companies Act, 2013

Geography

JSFB shall initially explore partnerships with organizations in geographies where JSFB has a presence.

Project Selection Criteria

Pursuant to the Companies Act, 2013, JSFB shall invest CSR monies in partner organizations that meet the following eligibility criteria:

- The NGO/Organization should be a legally registered organization under one or more of the following:

- (i) Organization registered under the Societies Registration Act of 1860
- (ii) Charitable companies registered under Charitable and Religion Act 1920
- (iii) Public Trusts registered under the Indian Trust Act 1882;
- (iv) Licensed company under Section 25 of the Companies Act 1956.
- (v) Co-operative Societies

- Programmes/Projects/Activities supported by Municipal Corporations or Local bodies or any entity established under the act of parliament or a state legislature, can also be funded by the Bank on case to case basis.
- The NGO/organization should have been registered for a period of minimum three years as on date of submission of their application
- Declaration of basic infrastructure and office equipment
- Verification of Documents to assess financial track record, stability of the organization and organizational profile/ capacity
- Attested Copy of Registration
- Annual Audited Report of last two Financial Years
- Experience certificates and or other relevant documents of past experience in the project area
- List of Board of Directors/ Trustee Executive Committee members, their address and contact numbers
- Evidence of prior experience in the proposed area of work in CSR Projects
- Evidence of specialized knowledge and established track record in the related field

What type of projects will be funded?

JSFB will invest CSR monies in projects involving Women's Empowerment and Child Development that focus on achieving Specific, Measurable Impact and other projects involving the activities mentioned in Schedule VII of the Companies, Act, 2013. The selected projects will have the following attributes:

- Well defined problem statement
- Clear model on how the project will address the underlying problem
- Defined goals and methodology to measure the magnitude of change the program intends to achieve
- Well defined time lines for achieving outcomes
- Itemized estimates of program costs
- Defined process and related metrics for monitoring progress at each stage

JSFB will not invest CSR monies in one-off activities including, but not limited to, the following, unless they are activities that are essential to achieving outcomes that have been agreed upon:

- Charitable contributions
- Marathons
- Awards
- Advertisements
- Sponsorship of TV programs

Modalities of Execution

Broad stages of execution for CSR projects undertaken by JSFB are:

Stage 1: Request for Proposals

Stage 2: Pre-grant evaluation of models

Stage 3: Identifying projects for funding

Stage 4: Signing of contract/MoU

Stage 5: Disbursal of CSR funds

Stage 6: Monitoring of metrics

Stage 7: Year-end evaluation

Stage 8: Stakeholder meeting to share project outcomes and strategize for year ahead

Reporting

The Board's Report will include Annual Report on CSR activities. This will include:

1. Brief outline of company's CSR policy, including overview of projects or proposed programs proposed and a reference to the web-link to the CSR policy
2. Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)
5. Details of CSR spent during the financial year
6. Total amount to be spent for the financial year
7. Amount unspent, if any
8. Any other disclosures as mandated by the competent authorities from time to time.

Policy Effective Date

The policy will come into effect upon approval by the CSR Committee and Board of Directors.