

CORPORATE SOCIAL RESPONSIBILITY POLICY

Version 2.0

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Approved by:

- Board of Directors on 12-02-2022
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Version Control

Version	Board Approval Date	Change Detail
1.0	30-09-2020	
2.0	12-02-2022	<ol style="list-style-type: none"> 1. Details added to objectives of the policy 2. Added guiding principles for selecting CSR projects or programs 3. Detailed out the monitoring mechanism for spending of CSR Corpus 4. Introduced an operating framework for CSR Projects undertaken

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1 Aye's Vision and Mission

1.1 Vision

Aye's vision is to be a Leading finance company in India, admired by Customers, Employees, Investors and Regulators for its Service and Innovations.

1.2 Mission

Aye's mission is to provide innovative & customer centred financial services to micro businesses through knowledgeable team, effective technology & robust processes, to power their growth into the new-age India.

2 Introduction

The CSR policy would pertain to all activities undertaken by Aye towards fulfilling its corporate social responsibility objectives. The policy is in line with section 135 of the Companies Act, 2013 and rules/ regulations thereunder.

3 Objectives of the Policy

The CSR Policy of Aye Finance sets out the framework guiding the company's CSR activities.

The following are the objectives of the CSR Policy:

1. To define what Corporate Social Responsibility means to Aye and the approach for the same
2. To comply with the statutory and regulatory requirements pertaining to corporate social responsibility.
3. To lay down the guidelines & mechanisms to carry out CSR programs and projects & to report the work as prescribed by the Rules in the act.
4. To identify focus areas of projects that will be taken up by Aye as part of its CSR plan
5. To constitute a review mechanism for monitoring the progress of CSR projects/ and programs and implementation of CSR policy by CSR Committee
6. To ensure that the surplus arising of CSR projects/ programs/ activities shall not form part of the business profit of the Aye

4 CSR Projects and Activities

Guiding principles for selecting CSR projects or programmes and implementation will be as

follows:

1. CSR projects will be in areas recommended by CSR Committee and approved by the Board of Directors, and in compliance with the areas or subject as specified in Schedule VII of the Act

2. For engaging any third party for CSR activities, other than FAME, Aye shall conform to regulatory requirements and ensure the third party is registered with the central government and has a CSR registration number
3. Enhanced due diligence may be performed at the time of engaging a third party, other than FAME, for undertaking a CSR activity. This would include checking for negative news on the entity and its promoter(s), verifying possibility of misuse of funds or anti-money laundering and seeking clarifications if required on any matter of relevance.
4. Ensure that the CSR activities undertaken are non-discriminatory, apolitical and have no religious affiliations.
5. Any project or programme that is exclusively for the benefit of Aye's employees would not be considered as CSR
6. Any surplus generated out of the CSR activities shall be ploughed back for CSR activities or transferred to funds as per Schedule VII of the Act or as required by regulation

Aye's CSR activities will primarily focus on professionalising micro enterprises and improving quality of lives through social development projects including but not limited to:

- Education and skill development
- Promotion of gender equality and women empowerment
- Promotion of health care
- Community development projects
- Social business projects
- Employment enhancing vocational skills

5 CSR Governance Structure and Approach

5.1 Board of Directors

In line with the provisions of Section 135 of the Company's Act, Aye's Board of Directors will be responsible for the following:

1. Constitute a CSR committee and approve the CSR policy on recommendation of the CSR Committee
2. To ensure Aye spends, in every financial year, at least 2% of its average net profit during the three preceding financial years, in pursuance of this policy.
3. Approve the CSR action plan and budget as proposed by the CSR committee in accordance with Schedule VII of the Companies Act, 2013.
4. Make disclosures in the Board Report as per clause (o) of sub-section (3) of section 134 including particulars specified in Annexures to the CSR rules. If Aye fails to spend the amount, reasons for not spending to be specified in the above report.

5.2 CSR Committee

The Board of Directors has constituted a committee for CSR called as Corporate Social Responsibility Committee, which constitutes of three Directors including one Independent Director. Chairman for each meeting shall be elected on the basis of consensus of the members of the CSR Committee.

Roles and powers of the CSR committee:

1. Formulate CSR policy and seek approval from the Board of Directors of Aye. Also, review the policy on a yearly basis.
2. Formulate and share the CSR action plan with budget for the year with the Board of Directors and seek approval. Implement the activities either through its Section 8 Company Foundation for Advancement of Micro Enterprises (FAME) or directly through its own team or through any third party
3. Monitor the spending of the allocated amount on CSR activities once approved by the Board of Directors and create a transparent monitoring mechanism of CSR initiatives.
4. Review the half-yearly progress report provided by FAME.

5.3 CSR Corpus

The corpus for the purpose of carrying on the aforesaid activities would include the following:

1. 2% of the average Net Profit made by Aye during the preceding three financial years
2. Any Income arising there from
3. Surplus arising out of CSR activities carried out by Aye or FAME and such surplus will not be part of the profits of Aye

5.4 Foundation for Advancement of Micro Enterprises (FAME)

Aye has incorporated FAME, a wholly owned Section 8 subsidiary. FAME has been set up for planning and implementing the CSR activities and providing non-financial support to the target beneficiaries.

The responsibilities of FAME are:

1. Plan and execute Aye's CSR projects, programs and activities as approved under the annual budget or any ad-hoc approvals, by Aye's CSR Committee under the CSR policy approved by the Board of Directors in accordance with the Companies Act, 2013
2. Monitor all programmes implemented in collaboration with partner organisations.
3. Provide half yearly progress reports to the CSR committee covering the following:

- a. Achievement since last progress report in terms of coverage compared to the target.
- b. Achievement of the year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.
- c. Actual year-to-date spends compared to the budget and reasons for variance.
- d. Area-wise expenditure on account of Corporate Social Responsibility
- e. Disclosures on corporate social responsibility as required to be incorporated in the annual results

6 Operating Framework

1. The CSR activities will be undertaken in the focus areas identified by the CSR Committee that qualify as CSR under Schedule VII of the Companies Act, 2013 and rules relating to CSR as amended from time to time based on the need.
2. A CSR action plan shall be presented to the CSR Committee by Head of Corporate Impact and based on its recommendations, to Aye's Board of Directors for approval.
3. Aye may also make contributions to not-for-profit entities directly for CSR-eligible projects. The funding of projects by not-for-profit entities could be either in the form of donations, or grants, or sponsorships or milestone-based funding for projects.
4. The annual CSR action plan shall incorporate the following:
 - a) The prescribed outlay on CSR as per the Act and related rules as amended from time to time
 - b) Key CSR activities proposed to be undertaken during the year, including analysis of their eligibility for classification as CSR under Schedule VII of the Act and related rules as amended from time to time, their conformity with the CSR Policy, provided that Aye may directly or via FAME or any other eligible entity undertake other eligible activities based on urgency and need arising out of circumstances such as natural disasters and emergencies.
 - c) Proposed outlay on each activity and the schedule for implementation of each activity
 - d) The manner of execution of the project or programme
 - e) The modalities of utilization of funds and implementation
 - f) Any excess CSR spends of previous three years that has to be offset against the prescribed outlay
 - g) Activities to be undertaken by FAME and Aye's contribution to FAME
 - h) Activities to be undertaken by Aye directly
 - i) Mechanism of monitoring and reporting of the activities.
 - j) Aggregate proposed outlay and action plan for spending shortfall, if any, compared to the prescribed outlay.

5. Funds would be disbursed either in tranches or as one-time payment. The terms, conditions and timing of disbursement would be conditional upon the nature and requirement of the CSR project or programme.
6. Surplus arising from CSR activities will be ploughed back into the same project, or transferred into the Unspent CSR Account and spent as per the CSR Policy and annual action plan or transferred to a fund specified in Schedule VII of the Act, within a period of six months of the end of the financial year
7. Pursuant to an ongoing project, any amount remaining unspent in a financial year would be transferred within a period of thirty days from the end of the financial year to the Unspent CSR Account and such amount will be spent within a period of three financial years towards the project. In the event the amount is not spent, it will be transferred to a fund specified in Schedule VII of the Act within 30 days from the date of completion of the third financial year.

7 Measurement of CSR Performance

Aye's goal is to maintain high quality standards on all its activities including its CSR activities. Aye will institutionalise a transparent measurement system, which will help it measure its performance against the set key performance indicators (KPIs) and best practices. The measurement process will also help set its future action plans.

8 Disclosure: Publishing a CSR report

Reporting will constitute an integral part of Aye's CSR initiatives, as Aye remains committed to being transparent and accountable to its stakeholders. The objective of reporting is not only to update its stakeholders, but also to receive their feedback, and incorporate their suggestions into its future CSR strategies.

9 Amendments to the policy

This policy shall be reviewed at least annually. The Board of Directors on its own and/or as per the recommendations of the CSR committee can amend this policy, as and when deemed fit. Any or all provisions of this CSR policy are subject to the applicable provisions of the Companies Act, 2013 and any subsequent amendments thereof from time to time.

10 Compliance statement

The contents of this policy shall be appropriately disclosed in the Board report in accordance with the requirements of the Companies Act, 2013, and rules framed thereunder.

In compliance with the requirements of the Companies Act, 2013 it is confirmed that -

1. A copy of this policy will be placed on Aye's website / internal portal, and
2. Any surplus arising out of the CSR projects, programmes or activities shall not form part of the business profit of Aye.