

**CORPORATE SOCIAL RESPONSIBILITY POLICY
OF
NAVI FINSERV LIMITED**

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Approved by	Board of Directors
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<u>Date of Review / Amendment</u>	<u>Particulars</u>	<u>Next date of review</u>
August 11, 2025	Review of the Policy in line with the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time	No later than August 10, 2028

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1. INTRODUCTION & OBJECTIVES

- 1.1. At Navi Finserv Limited (the “**Company**”), Corporate Social Responsibility (“**CSR**”) is integral to the Company’s core values and governance philosophy. The Company believes that long-term success and sustainability stem not only from financial performance but also from the discharge of the Company’s social, environmental, and ethical responsibilities.
- 1.2. The Company has adopted this policy on CSR (“**Policy**”) in accordance with the requirements of the Act (*as defined hereinafter*). This Policy sets out the objectives of the Company’s and guidelines for participating in such activities.
- 1.3. **Objectives:** The Company aims to contribute meaningfully to the social and economic development of underprivileged and economically weaker communities. Through its CSR initiatives, the Company seeks to address societal challenges by undertaking and supporting programs that promote welfare, equity, and inclusive growth. The Company is committed to ensuring that its efforts extend beyond business objectives to positively impact the broader community and foster sustainable development. In light of the foregoing, the Company shall focus on undertaking and contributing to CSR activities that are permitted as per Section 135 and Schedule VII of the Act.

2. DEFINITIONS

For the purpose of this Policy, the following terms shall have the meanings assigned below:

- A. “**Administrative Overheads**” means the expenses incurred by the Company for ‘general management and administration’ of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.
- B. “**Act**” means Companies Act, 2013 & rules made thereunder, including any statutory modifications, amendments, or re-enactments thereof.
- C. “**Board**” means the Board of Directors of the Company.
- D. “**CSR Activities**” means the activities undertaken by the Company in pursuance of its statutory obligation under Section 135 of the Act, as specified in Schedule VII of the Act and specified under this Policy, excluding activities undertaken in the normal course of business and those benefitting only the Company’s employees or their families.
- E. “**CSR Annual Action Plan**” means the yearly plan recommended by the CSR Committee and approved by the Board, detailing the list of CSR projects of the Company, execution modalities, fund utilization, monitoring mechanisms, and

impact assessments, if any.

- F. **"CSR Committee"** means the Corporate Social Responsibility Committee of the Company constituted by the Board of Directors of the Company in accordance with Section 135 of the Act, responsible for overseeing CSR implementation and compliance.
- G. **"Employees"** shall have the meaning as defined under Section 2(k) of the Code on Wages, 2019, including long-term contractual workers, interns, and articulated assistants.
- H. **"Net Profit"** shall have the meaning ascribed to it in the Act.
- I. **"Ongoing Project"** means a multi-year project undertaken by the Company in fulfillment 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.
- J. **"Rules"** mean the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

3. GOVERNANCE

- 3.1. The Board shall constitute a CSR Committee in accordance with Section 135 of the Act and Rule 5 of the Rules, including any amendments thereto. The CSR Committee shall consist of three or more directors, out of which at least 1 (one) director shall be an independent director.
- 3.2. The CSR Committees shall meet at least once in each financial year, and otherwise as often as necessary, and carry out its duties as listed under Section 4 of this Policy.
- 3.3. The composition of the CSR Committee, and details of CSR projects approved by the Board shall be disclosed on the Company's website.
- 3.4. **Functions of the CSR Committee:** The CSR Committee shall, *inter alia*, be responsible for the following activities:
 - (a) Recommending this Policy, and any amendments thereto to the Board of Directors of the Company for approval. The Policy shall indicate the activities to be undertaken by the Company in areas or subjects, as specified in Annexure A.
 - (b) Reviewing this Policy at least once in every three years, and recommend any amendments to the Board for its approval.
 - (c) Recommend to the Board for its approval, the amount of expenditure to be incurred on CSR Activities for the given financial year.

- (d) Formulating the CSR Annual Action Plan in accordance with the terms of this Policy and applicable law, and recommending the same to the Board for approval. The CSR Annual Action Plan shall, *inter alia*, include the following: (i) list of CSR Activities to be undertaken as permitted under the Act, (ii) manner of execution of such approved CSR Activities, (iii) modalities relating to utilisation of funds and implementation schedules of the approved CSR Activities, (iv) monitoring and reporting mechanism for the CSR Activities; (v) details of the impact assessment, if any, with respect to the CSR Activities undertaken by the Company.
- (e) Recommending any amendments to the approved CSR Annual Action Plan during the financial year, to the Board for its approval.
- (f) Undertaking the following progress-monitoring and reporting activities: (i) monitoring the CSR activities undertaken by the Company; (ii) Conducting studies on a periodic basis to determine the impact of the CSR activities undertaken; and (iii) tracking the expenditure and progress of the CSR Activities in every financial year and reporting the same to the Board.

3.5. In case of an Ongoing Project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

4. CSR ACTIVITIES

4.1. The Company may undertake / fund projects, programs or activities, in areas or subject, as more fully described in **Annexure A** of this Policy.

4.2. **Activities that do not qualify as CSR Activities:** In accordance with the provisions of Section 135 of the Act, and the Rules, the following activities shall not qualify as permissible CSR Activities and shall be expressly excluded from the scope of this Policy: (a) Activities benefitting Employees, (b) activities undertaken outside India, except for training of Indian sportspersons representing any State or Union Territory at the national level, or India at an international level, (c) any direct or indirect contribution to any political party under Section 182 of the Act, (d) Activities undertaken in the normal course of business of the Company, (e) Sponsorship activities undertaken with the intention of deriving marketing or brand promotion benefits for the Company's products or services, or (f) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

5. BUDGETS AND EXPENDITURES

5.1. The Company shall allocate a budget towards each of the approved CSR Activities as per the applicable laws. The budget shall factor only such expenditure that the Company envisages with respect to the approved CSR Activities.

5.2. The Company shall, each financial year, spend a minimum of 2% of its average Net Profits made by the Company during the three immediately preceding financial years, *provided* that the Company shall give preference to the local area and areas around it where it operates,

for spending the amount earmarked for CSR Activities.

- 5.3. In case the Company:
- (a) is unable to spend the amount mentioned in Section 5.2 on CSR Activities, the Board shall, in its report made under Section 134 of the Act, specify the reasons for not spending the amount and, unless the unspent amount relates to any Ongoing Project, the Company shall transfer such unspent amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year. In case of Ongoing Projects, the unspent amount shall be transferred to a separate CSR Unspent Account within 30 days from the end of the financial year, and such amount shall be spent by the Company in pursuance of its obligation towards the Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.
 - (b) spends an amount in excess of the requirements provided under Section 5.2, the Company may set off such excess amount against the requirement to spend under Section 5.2 for three succeeding financial years and in such manner, as may be prescribed under the Act and the Rules, including the passing of a resolution by the Board.
- 5.4. The Administrative Overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- 5.5. Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this Policy and the CSR Annual Action Plan of the Company or the Company shall transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

6. IMPLEMENTATION, MONITORING AND REPORTING OF CSR ACTIVITIES UNDERTAKEN BY THE COMPANY

- 6.1. The CSR Committee shall form a sub-committee which shall comprise of the Managing Director, the Chief Financial Officer, and the Company Secretary of the Company (the “**Sub-Committee**”). The Sub-Committee shall be responsible for the following activities:
- (a) Assisting the CSR Committee with the formulation of the CSR Annual Action Plan;
 - (b) Identifying and implementing CSR projects in conformity with the CSR Annual Action Plan;
 - (c) Periodic reporting to the CSR Committee on implementation of the CSR activities; and,
 - (d) Any other activities as specified by the CSR Committee.
- 6.2. The Board shall satisfy itself that the funds so disbursed have been utilised for the

purposes and in the manner as approved by it and the Chief Financial Officer of the Company shall certify to the effect.

7. PROGRESS-MONITORING AND REPORTING

- 7.1. The details of CSR Activities undertaken, and expenditure with respect to the same shall be disclosed in the Board's Report. The Board's report under sub-section (3) of section 134 of the Act shall disclose the composition of the CSR Committee.
- 7.2. The CSR Committee shall be responsible for formulating the report on the CSR activities undertaken by the Company in the annual Director's report. The report shall disclose information in the format prescribed under Section 135 of the Act.
- 7.3. To the extent applicable in terms of the Act and the Rules, independent impact assessment agencies may be engaged in accordance with Rule 8(3) of the CSR Rules.

8. STAKEHOLDER FEEDBACK

- 8.1. The Company may, where appropriate, solicit feedback from beneficiaries or implementing agencies to evaluate relevance and long-term impact of CSR interventions.

9. REVIEW OR AMENDMENTS TO THE POLICY

- 9.1. The Policy shall be amended or modified with the approval of the Board. The Policy shall be reviewed by the Board at least once every three years. Any amendments or modifications to this Policy shall be approved by the Board, on the basis of the recommendations of the CSR Committee of the Board.
- 9.2. Without prejudice to the foregoing, in the event the Policy requires to be amended to take into account any changes (whether on account of repeal of any existing law, or otherwise) in any existing regulation, law or policy (or any clarification with respect to any existing regulation, law or policy), the Managing Director of the Company may approve such changes to the Policy as may be required to comply with such changes, or clarifications. Any such changes approved by the Managing Director shall be placed before the CSR Committee and the Board, in its immediately succeeding meeting, for ratification by the CSR Committee and the Board.
- 9.3. Notwithstanding anything contained in this Policy, in case of any contradiction of any provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

10. IMPLEMENTATION

This Section outlines the responsibilities of various Board / management committees in relation to the implementation of this Policy:

CSR Committee of the Board	<ul style="list-style-type: none"> (a) Review and recommend to the Board to approve any modifications to this Policy, atleast once every three years, or as may be required, from time to time. (b) Formulating the report on the CSR activities undertaken by the Company in the annual Director's report. The report shall disclose information in the format prescribed under Section 135 of the Act. (c) Recommending to the Board the expenditure to be made towards CSR Activities in any financial year. (d) Recommending to the Board the CSR Annual Action Plan, and any amendments thereto. (e) Undertaking progress monitoring and reporting activities outlined in <u>Section 3.4(f)</u> of this Policy.
Sub-Committee	<ul style="list-style-type: none"> (a) Assisting the CSR Committee, and undertaking the activities mentioned in <u>Section 6.1</u>.
Chief Financial Officer	Providing certification to the Board that the funds towards disbursed under this Policy have been utilized for approved purposes.
Company Secretary	Ensuring that the Company's website discloses this Policy, the composition of the CSR Committee, and details of CSR projects approved by the Board.

11. **DISCLOSURES**

The Policy shall be required to be disclosed on the website of the Company. Further, the contents of the Policy shall be disclosed in the Board's report.

Annexure A

- A. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water
- B. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- C. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- D. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga
- E. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- F. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows
- G. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sport.
- H. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- I. (a)Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- J. Rural development projects.
- K. Slum area development.
Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- L. Disaster management, including relief, rehabilitation and reconstruction activities.