



First Finance Limited
ফার্স্ট ফাইন্যান্স লিমিটেড



Policy Guidelines On Corporate Social Responsibility for First Finance Limited



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Policy Guidelines on Corporate Social Responsibility of First Finance Limited

Introduction:

Corporate social responsibility (CSR), in recent times, has become an integral part of business. The contribution of banks and FI's in this regard is of paramount importance considering their unique position in the economy. CSR practices by Banks/NBFIs not only improve their own standards but also affect the socially responsible behaviors of other businesses. The involvement of Banks/NBFIs in Bangladesh in CSR activities and in terms of CSR expenditure, community investment, financial inclusion, CSR governance, CSR reporting, and environmental safety has considerably increased day by day.

The Financial System holds a unique position in an economy in Bangladesh that can affect production, business and other economic activities through their procedure of financing activities which would in turn contribute to protecting the environment/ climate from pollution. Moreover, efficiency in energy use, water consumption and waste reduction may significantly contribute towards controlling the operating cost of many of the Banks/NBFIs of the country. All these make Corporate Social Responsibility (CSR) a vital factor to consider.

With these CSR policies & principles of First Finance Policy, our organization believes in achieving a balance of economic, environmental and social imperatives (“Triple-Bottom-Line- Approach”) besides safeguarding interest of stakeholders. We have also considerably achieved efficient business operations and conscience corporate governance and compliance to facilitate smooth and effective business. As a result we have been able to contribute for our sustainable society. FFL will support for underprivileged people of the community in particular to ensure their education, health and living.

As per Bangladesh Bank GBCSRD Circular No. 7, dated 22 December 2014, SFD Circular Letter No. 3 dated 16 June, 2020 and time to time other circular/circular letter/instruction and subsequently SFD Circular No. 01, dated 9 January 2022, the First Finance Limited established their policy for more better business in future with global standards considering sustainability aspect in the financial sector of Bangladesh.

Vision and Mission of CSR:

The main vision of CSR initiatives is to protect, preserve and uphold the basic rights of the underprivileged/non-privileged/distressed/helpless/marginal/hardcore poor and socially backwards sections of the population with a view to eliminating all forms of poverty and inequality from the society ensuring that no one should left behind.



CSR- Definition:

There is no universally established definition of Corporate Social Responsibility (CSR). Mentionable, banking sector differs a bit from other economic sectors with respect to CSR practices. CSR is generally understood as the "Triple Bottom Line Framework" in the areas of economic, environmental, and social practices fulfilling stakeholder expectations. Analyzing various national and international views and ideas for banks and FIs, CSR may be defined as follows:

CSR is both short and long term time bound strategy to achieve a balance of economic, environmental and social imperatives (Triple Bottom Line Approach). CSR is not only philanthropic but also address the key sustainable development challenges through actionable programs and community investments to a considerable extent. CSR to reduce all forms of poverty, inequality, social exclusion, improve the quality food, healthcare availability and living standards of vulnerable groups of the society for the sustainable and equitable development of the country.

Objectives of CSR:

Corporate Social responsibility (CSR) of First Finance Limited (in short called FFL) is a form of corporate self-regulation integrated into our business model based on the objective of good business for good society at the moment and in near future, whereby the CSR Policy of FFL integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. Integrating CSR with business of FFL presents a more sustainable business case in that way:

- Social responsibility can become an integral part of the wealth creation process which, if managed properly, can enhance business competitiveness and maximize value creation.
- If conducted from a strictly philanthropic point of view, such expenses will always be the first to go during hard financial times, whereas there will be more incentives to practice CSR further and better during such crises.

In addition to fulfilling the mission and vision and in connection with Bangladesh Bank circular/letter/policy/guidelines FFL has intended to set subsidized priority sector lending in the areas of agriculture, CMSME and green finance. Furthermore, FFL focus on the underdeveloped regions/groups of hills, haors and coastal areas, vulnerable groups of indigenous/tribal people, third gender/transgender, persons with disabilities, street urchins, women facing gender discrimination and harassment and at the same time FFL also intends to cover all the areas of the country by CSR activities.

CSR Alignment with SDG's and INDC:

Bangladesh has already paved the way ahead of SDGs (Sustainable Development Goal's) localization and implementation. The responsibilities of ministries and agencies against each goal and target of the 2030 agenda have been mapped out. Bangladesh is also one of the signatories which outlined what post-2020 climate actions they intended to take as part of INDCs under Paris Agreement. Accordingly the sectors of CSR expenditure and target beneficiaries under this policy have been aligned with relevant goals and targets of SDGs and INDC's commitment of Bangladesh in the following manner:-



CSR Expenditure:

1. Education, 2. Health, 3. Income-generating Activities, 4. Infrastructure Development, 5. Climate Change Mitigation and Adaptation, 6. Disaster Management, 7. Green SRF, 8. Financial Inclusion, 9. Sports and Culture

Target Beneficiaries:

1. Vulnerable and undernourished men, women and children of all ages living in poverty line, 2. Under privileged students & street children, 3. Indigenous peoples, family, farmers, pastoralists and fisheries, 4. Unemployed youth and adults, 5. Climate vulnerable and coastal women, children and old aged people, 6. People living in slums, informal settlements, remote area, hill tracts and islands, 7. Climate refugees, 8. Students, unskilled and unemployed women and youths, pensioners and old age people, 9. CMSME's, micro-merchants and low-income households, freelancers, migrants.

INDC (Intended Nationally Determined Contributions) Priority Area:

Energy and Cross-cutting contributions for mitigation and adaptation.

In these contexts, the FFL will take a little bit roles by playing CSR activities in the present financial market for fulfilling the sustainable development goals.

Scope of CSR (sectors and sub-sectors):

Sustainable CSR programs need to be structured in such a manner where sustainability is the key factor to address both project and event. FFL will/can execute their CSR programs through social sustainable events and projects. The focus should be more on projects on long term rather than short term events.

The CSR expenditure of FFL covers sectors like education, health, environment, climate change mitigation and adaptation, income-generating activities for the underprivileged population, disaster management, infrastructure development, sports, culture and others.

Sector-Education:-

FFL will have to spend minimum 30% of their total CSR expenditure for education sector that includes:

- ❖ Scholarships/stipends for students from low-income families in academic and vocational training institutions (selection processes for scholarships and stipends should elicit enough information to preclude applicants from drawing benefits from multiple banks/financial institutions);
- ❖ Support towards the upgrading of facilities in academic and technical/vocational training Institutions substantially engaged with the students and the trainees from underprivileged rural and urban population;
- ❖ Job focused vocational training in widening advancement opportunities for the underprivileged population;
- ❖ Support towards mentally/physically challenged/blind children's education to prevent dropout;



- ❖ Scholarships/stipends for employee's children and training/awareness programs for harassment prevention in own institutions;
- ❖ To set up libraries for spreading knowledge and education all over the country;
- ❖ To set up ICT and science laboratories for schools/colleges in underprivileged and remote areas to build up an advanced nation;
- ❖ Awareness raising program for child abuse, early marriage, human trafficking, sanitary hygiene etc.;
- ❖ Financial literacy related programs;
- ❖ Related Research Issues;
- ❖ Any others deem fit by BB from time to time/any time.

Sector- Health:

FFL will have to spend minimum 30% of their total CSR expenditure for health sector that includes:

- Preventive and curative healthcare support assistance for the underprivileged population;
- Assistances including direct grants towards costs of curative treatment of poor vulnerable individual patients for expensive treatments (e.g. cancer, kidney disease, heart disease, liver disease, accidental operation, fire burn, acid burn, cataract eye operation, etc);
- Costs of running hospitals and diagnostic centers engaged substantially in the treatment of patients from the underprivileged population;
- Costs of preventive public health and hygiene initiatives like provision of safe drinking water, hygienic toilet facilities for poor households and for the floating population in urban areas;
- Costs of preventive public health for combating pandemics and epidemics like COVID-19, SARS, AIDS, dengue, malaria, and other fatal diseases;
- Reducing child mortality and improving maternal health by providing quality hospital facilities and low-cost medicines;
- Supporting welfare organizations for the well being of mentally/physically challenged people;
- Health services to the poor and helpless elderly/old age people;
- Medical facilities for their employees and their dependents who are not at the executive level;
- Safety and wellness initiatives for their employees;
- Related Research Issues;
- Any others deem fit by BB from time to time/any time.

Sector-Environment:-

Climate change is a global phenomenon. It is a serious risk to poverty alleviation and threatens to undo decades of developmental efforts. The adverse effects of climate change already evident with natural disasters are becoming more frequent and more devastating. Especially, people from developing countries are more vulnerable to these phenomena because of their high dependence on natural resources and their limited capacity to cope with climate variability and extremes. Bangladesh is one of the most vulnerable countries in the world which faces the adverse impacts of global warming and climate change. Health, energy, water supply, sanitation, industry (mining and construction), transport, trade, tourism, agriculture, forestry, fisheries, environmental protection & ecosystem, goods & services and food security are the key development sectors of the country directly affected by climate change.



Bangladesh Bank and other Banks/FIs jointly are trying to participate actively in an environment-friendly economy to protect the environment due to rapid climate change. In this context, FFL also wants to play a crucial role in green banking activities by promoting environment-friendly practices and reducing carbon emissions through their financial activities.

FFL will have to spend minimum 20% for Environment and Climate change mitigation & adaptation sector of their total CSR expenditure that includes:

- River/canal/wetland de-silting;
- Embankments/polders/submersible dykes;
- Urban drainage/storm sewerage;
- Solar Energy/power plants;
- Roads, bridges/culverts in vulnerable areas;
- Housing/cluster villages/growth centers;
- Cyclone shelters/flood shelters;
- Strengthening embankment systems along coastal zones;
- Sandwich Panels for the coastal inhabitants;
- Assistance for the affected fishermen;
- Assistance for livestock sector;
- Maintaining and constructing cyclone shelters and climate-proof housing;
- Adaptation in the health sector (i.e. implementing surveillance systems for existing and new disease risks);
- Implementing pure drinking water and sanitation programs in areas at risk from climate change and disaster-prone area;
- Developing efficient water irrigation and water management systems;
- Promoting diversified crop production;
- Coastal forestation and tree plantation;
- Climate change related research work;
- Any others deem fit by BB from time to time/any time.

Sector- Income-generating Activities:

Banks and FIs may spend on the basis of the requirements that it demands. This sector includes:

- ✓ Forming the farmers group. Assistance for farmer's access to better teleology in the fields of crop diversification, livestock, fisheries, and poultry;
- ✓ Creating new job opportunities, self-employment, and skill development programs for youth;
- ✓ Helping the youth to participate in national social service programs;
- ✓ Supply of equipment to train the youth for self-employment;
- ✓ Support towards blind people with equipments for self-employment;
- ✓ Food, shelter and on-hands training to helpless, orphans, blind, physically challenged and old aged people;
- ✓ Training and capacity building initiatives for distressed, vagabond, handicapped, and homeless people;
- ✓ Related research issues;
- ✓ Any others deem fit by BB from time to time/any time.



Sector- Disaster Management:

Disaster management has become an integral part of sustainable development. Disaster management activities can be referred to as mitigation/prevention, preparedness, response and recovery. FFL will/may spend on the basis of the requirements that it demands. This sector includes:

Providing financial assistance to those organizations which are involved in disaster management activities;

- ⇒ Awareness building programs for disaster management (seminars, workshops, advertisements, leaflets, booklets, etc.);
- ⇒ Training for human resource development to ensure disaster management efficiently;
- ⇒ Emergency disaster relief (for losses in flood, cyclone, tornado, tidal bore, earthquake, landslide, fire burn, extreme cold, drought, heavy rainfall, sudden river erosion, etc.);
- ⇒ Upgrading facilities and lifesaving equipment in emergency rescue services (fire brigades, coast guards, etc.);
- ⇒ Related research issues;
- ⇒ Any others deem fit by BB from time to time/any time.

Sector- Infrastructure Development:

Infrastructure development is essential for faster economic growth and sustainable development. Infrastructure development for disadvantaged communities in remote areas should have the priority. Banks and FI's may spend on the basis of the requirements that it demands. This sector includes:

- ✦ Establishment of school buildings for vulnerable groups, libraries, children's parks, playgrounds, recreation centers, and cultural centers (related to art, music, dance, painting etc.);
- ✦ Development of village market infrastructure for better marketing of local agro-products;
- ✦ Solar power generation project and bio-gas generation project in remote areas;
- ✦ Establishment of infrastructure/shed/building for cottage and micro product clusters;
- ✦ Infrastructure development for the tourism sectors in promising areas;
- ✦ Infrastructure development/maintenance and operational cost for old age homes/orphanage;
- ✦ Establishment/maintenance and operational cost of daycare centers;
- ✦ Related research issues;
- ✦ Any others deem fit by BB from time to time/any time.

Sector- Sports and Culture:

FFL will/may spend to promote artistic, cultural, literary, sports and recreational facilities for the underprivileged, sports and cultural development in remote/underprivileged areas as part of their CSR activities on the basis of the requirements that it demands. This sector includes:

- ★ Providing necessary funds for assisting domestic nonprofit events/projects;
- ★ Providing financial assistance for arranging training/sports materials for players in group/individual in rural areas;
- ★ Providing financial assistance for reconstruction and preservation of our national heritage;
- ★ Providing financial assistance for arranging folk culture (jatra, drama, jarigaan, palagaan, gambhira, folksongs, dance etc.) and traditional sports (nouka-baich, latthi khela, kusti etc.);



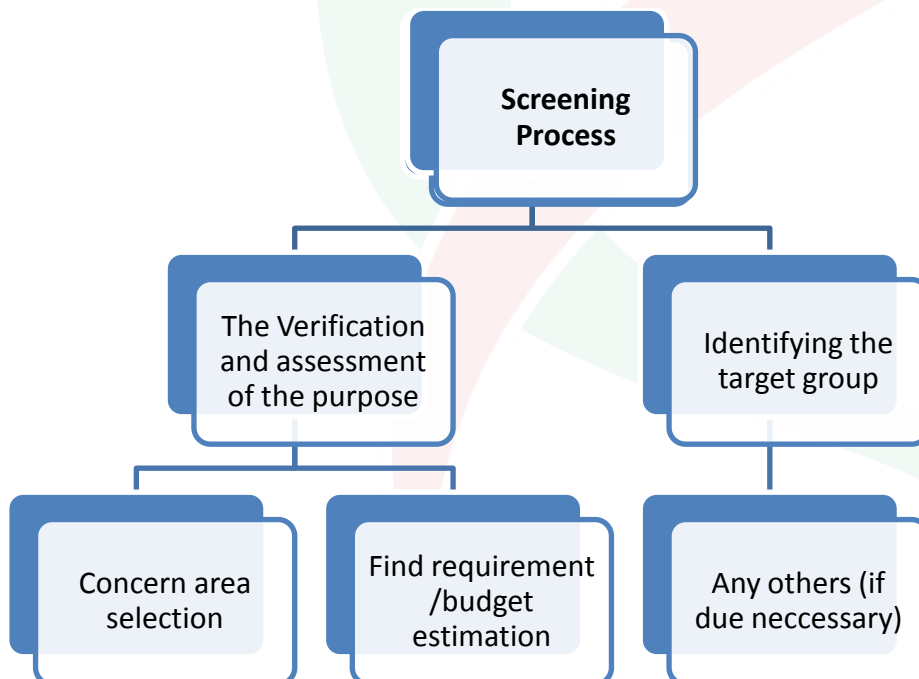
- ★ Financial assistance for arranging various indoor and outdoor sports competitions like football, volleyball, cricket, hockey, ha-du-du, kabadi, chess, swimming, etc. in rural areas;
- ★ Financial assistance for the vulnerable players or really deserving ones having serious injury. This assistance will also be applicable for trainers, teachers, writers, poets, singers, social workers, sports organizers as well as reputed persons from various recognized occupations;
- ★ Allocating CSR funds to the organizations who are working on nurturing and blooming of the country's history, tradition, culture, Liberation War-related publications, awakening the spirit of the Liberation War and organizing related programs;
- ★ Operating expenses, development and maintenance costs of museums and libraries for the public interest etc.;
- ★ Providing funds for contemporary research works and projects taken on Bengali literature and language and others;
- ★ Any others deem fit by BB from time to time/any time.

Other Sectors (if any):

Apart from the sectors mentioned above, FFL will provide CSR assistance if they feel that a person/institution/entity (PM office, Government organization etc.) is eligible to get a grant from CSR programs. This sort of CSR grants will be recognized and reported in other sector. Such expenditure must be fully and specifically disclosed in applicable sector-wise CSR allocation (as mentioned above as per Bangladesh Bank SFD Circular No. 01, dated 09 January 2022) along with the supporting documents in the statements/reports submitted to Bangladesh Bank.

Screening Process of CSR Activities:

CSR program of FFL must move on through screening process to perform proper CSR fund management and accrue positive performances and should maintain the screening process as under:





Financial Inclusion under CSR:

Bangladesh Bank and Financial Institutions Division or Ministry of Finance developed National Financial Inclusion Strategy (NFIS) approved by the Cabinet in May 2021 with a view to ensuring country's inclusive growth. Banks and FIs may extend their CSR activities integrating financial inclusion strategic goals and targets.

Following financial inclusion activities will be included in the CSR of Banks and FIs:

- Cost borne by banks for “No-frill Accounts” for student accounts, marginal banners and workers of Readymade Garments (RMGs);
- Financial assistance to inhabitants of backward zone like hills, haors, enclaves of Bangladesh for betterment of their living standard/livelihood;
- Assistance to promote MFS in remote areas;
- Financial assistance for education of street urchin/working children/technical education/ financial literacy;
- Financial support to culture specially folk crafts, folk music and performing arts.

Socially Responsible Financing (SRF) under CSR:

According to the Sustainable Finance Policy, socially responsible financing are as follows:

- » Community Investment for addressing Climate Resilience and Disaster Management in a concessional rate (finance to clean air, clean water, minimizing industrial and municipal waste, recovery and protection of water bodies, marshy lands, expansion of green coastal belt, water purification, sustainable sanitation, water blockage mitigation, soil and water salinity mitigation, river erosion prevention);
- » Financing in Green/Clean transportation projects (cycles, green vehicles those run on wind, solar energy, electric vehicles with battery management, bio-fuels etc.);
- » Financing in Sand-witch Panel (Floating or Movable Houses in coastal areas or climate vulnerable zone);
- » Financing in Govt. approved Eco-tourism project.

First Finance Limited (FFL) may finance in concessional rate of interest from their CSR fund in the above mentioned fields. Concessional amount of interest will be treated as CSR where the interest rate is lower than the weighted average cost of fund. Utilization of such CSR fund will be applicable only upon FFL's own source financing at concessional rate of interest.



Women empowerment:

Women in Bangladesh struggles, face barriers in nearly every aspect of their lives, including access to health services, economic opportunities, professional participation and access to finance. Bangladesh Bank's intend to facilitate female participation, reduce gender inequality, establishing their basic rights.

Banks and FIs may take the following CSR initiatives for country-wide women empowerment:

- Support to female education through financial assistance/stipend;
- Skill development programs for unskilled women;
- Supply of equipment to the trained women for self-employment;
- Financial support to women for a startup;
- Food, shelter and on-hands training to helpless/vulnerable women;
- Financial assistance/concessional credit to women without collateral;
- Construction of women hostel buildings;
- Construction of separate wash blocks for female students in school and college premises;
- Providing separate transportation facilities for women employees;
- Women's participation in employment;
- Assistance to Birangana (বীরঙ্গনা)
- Any others deem fit by BB from time to time/any time.

Special instructions:

- Banks and FIs must have due diligence checklist before disbursement of CSR fund;
- All financial transactions related to CSR activities must be executed through proper banking channel;
- CSR activities need to cover all divisions of the country;
- Banks and Fts should take utmost care to check and avert duplication/double counting in CSR activities while distributing the CSR fund to individuals/projects;
- Timely intervention in proper manner as per BB's time to time instruction through CSR for any national emergency/crisis.

Prohibition in CSR Activities:

- Activities related to under-aged/child labor/forced labor;
- Threats to social value/public image in the community;
- Sponsorship in sports and cultural activities at international level;
- Branding/advertisement/business development;
- Activities not supported by the country's laws and regulations;
- Threats to environmental degradation;
- Aid/abet/finance to militancy and terrorism (AML/CTF/CFT);



- Any others deem fit by BB.

Budgetary allocation process and Administrative setup:

- FFL spend expected level from their net profit after tax for annual CSR activities;
- As per Bangladesh Bank guideline Islami Shariah-based FIs may spend as CSR from their Compensation Realized account, Zakat fund, Doubtful income, and any other income which are not included in their operational income and not distributed to their shareholders. In such expenditure Banks and FIs must follow the Islami Shariah-based rules and regulations to spend the sectoral CSR activities. On such expenditure a certain amount will be treated for CSR performance rating decided by BB (condition apply);
- According to CSR policies approved by the board, Annual CSR programs will be drawn up and implemented by the Sustainable Finance Unit (SFU) of FFL must follow the TOR (terms of reference) provided by Bangladesh Bank and will be responsible for all sorts of CSR activities;
- SFU will propose budgetary allocations for CSR programs annually for approval of the board; the board will approve allocations by appropriations from annual post-tax net profit; if the amount of CSR expenditure exceeds the budgetary allocation, it must be approved in the form of the revised budget;
- SFU will solely be responsible for the preparation of the budget. SFU may allocate a portion from the budget to the foundation for carrying out CSR activities. In this case, an MOU will be signed between SFU and the foundation and the CSR activities of the foundation will be monitored by SFU as well;
- In some cases FFL may assign external implementing agencies/third parties/NGO/MFIs in addition to banking channel/foundation to conduct CSR activities (if necessary) with a view to proper CSR allocation and disbursement. Experience, specialty, technical knowledge, and research or corporate reputation of these external agencies must be ensured;
- FFL may perform CSR activities in the interest of vulnerable groups through their own foundation. Sustainable Finance Unit (SFU) of FFL will place budgetary allocations for approval of the board/competent authority according to the fund requirements of the foundation. The board/competent authority will approve specific budgetary allocation to the foundation as per their annual post tax net profits/other sources of fund;
- The proposals for board approval must scrupulously avoid any allocation in favor of any entity, directly or indirectly connected with directors, senior management members of the bank/financial institution or with the trustees of its CSR foundation.

Monitoring of CSR Activities:

- The CSR activities of FFL and Foundations will be under the oversight of the Sustainable Finance Department and all other supervision departments of Bangladesh Bank;
- The CSR activities of FFL will be under the oversight of ICC Department of FFL;
- Any suspected event project having CSR assistance is charged with abuse of CSR assistance will be ineligible to access for any further assistance and may be reported to law enforcement agencies for penal proceedings according to relevant laws and regulations;
- FFL Management shall be responsible for the monitoring of the proper utilization of the CSR support assistance for intended purposes;
- In the case of CSR allocation to institutions/organizations, it is advisable for the SFUs of FFL



to monitor the phased disbursements commensurate with progress in proper end-use;

- SFU will collect required documents to ensure proper end-use of assistance to institutions/individuals;
- Boards of FFL and MANCOM/competent authority will review the reports of CSR allocation and end-use monitoring before approving new allocations for subsequent years;
- All records of CSR activities of FFL along with end-use monitoring documents should be kept available for onsite inspection by BB/internal and external audits.

Reporting and Disclosure:

FFL will:-

- Disclose their CSR activities in a specific chapter of their annual report. Disclosure in print/electronic media is expected and will be appreciated (if taken/any);
- Submit CSR reports to BB on half-yearly basis in the stipulated format;
- Publish a CSR annual report on their websites (if any).

Conclusion:

CSR activities are directly or indirectly linked to many of the Sustainable Development Goals (SDGs). As the Bangladesh Bank is committed to supporting the vulnerable and underprivileged groups by promoting the social responsibility framework approach, First Finance Limited also committed to establish their CSR activities for fulfilling the Sustainable Development Goals (SDGs). FFL ensure the sustainable development through positive supports towards social, economic and environmental responsibility to the society and the country as a whole. FFL must put their great & best emphasis on complying these guidelines issued from Bangladesh Bank accordingly and exhaustively, ultimately at the end that will reflect on the sustainability rating of First Finance Limited.

THE END