

<b>Corporate Social Responsibility (CSR) Policy</b>	Approval Date:	
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## **SBICAP Securities Ltd. (SSL)**



### **Corporate Social Responsibility (CSR) Policy**

Policy owner: Human Resources Department

Version: 1.0

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## **1. Corporate Philosophy**

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Businesses derive their primary benefits from operating in society and no business can function without caring for societal and community development. We understand that as a Corporate Citizen with resources at our command, it is our solemn duty to reach out and support the less fortunate and underprivileged sections of our society. The Company also encourages its staff members to actively follow, understand and contribute to social causes, to remove indisputable social and developmental lacunae and to promote self and community development.

## **2. Role of the Board**

SSL, being governed by the rules of The Companies Act, 2013, our CSR policy & programme is aligned with Section 135 of the Act (*The related definitions & clauses with respect to Sec 135 are appended in Annexure A*).

As such, the SSL Board shall constitute a CSR Committee consisting of three or more Directors, out of which, at least one Director shall be an Independent Director, as mandated by the Act.

The Board shall additionally oversee the below;

- a) After taking into account the recommendations made by the Corporate Social Responsibility Committee (as constituted above), approve the Corporate Social Responsibility Policy for the company and disclose the contents of such Policy in its report and also place it on the company's website - [www.sbismart.com](http://www.sbismart.com), in such manner as may be prescribed;
- b) Ensure that the activities included in the CSR Policy are in compliance with the activities in Schedule VII of the Act;
- c) Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company; and
- d) If the company fails to spend the said amount, disclose reasons for not spending such amount, in its report under clause (o) of sub - section (3) of Section 134, of The Companies Act, 2013.

### **3. Role of the CSR Committee**

The Corporate Social Responsibility (CSR) Committee constituted by the SSL Board shall have the following terms of reference:

- a) To formulate, review and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company
- b) To review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- c) To monitor the CSR Policy implementation of the Company from time to time;
- d) To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;
- e) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

### **4. Constitution of the CSR Working Group (CWG)**

For planning, implementation, monitoring & reporting of the Company's CSR Policy and its objectives, a CSR Working Group (CWG) comprising the Managing Director, Whole-Time Director & CFO, CRO, Head HR and other members as may be nominated by MD will be formed. The CWG will run the Company's CSR policy in accordance with the set objectives & focus areas. The WTD & CFO will be the nodal officer for all activities.

### **5. Role of the CSR Working Group (CWG)**

The CSR Working Group (CWG), as constituted above, will perform the below functions:

- a) Draft a CSR Strategy document for the corresponding financial year that will identify the broad areas of work, the activities to be undertaken by the Company in the selected areas and the budget to be spent on them. The CSR Strategy document will be updated every corresponding financial year to reflect the Company's focus areas and CSR budget for the year.
- b) CWG will present and take approval for areas of work and corresponding estimates on expenditure planned for the full financial year from the CSR Committee at the beginning of every financial year.
- c) The CWG will be responsible for designing, developing, executing and monitoring the projects in the short listed focus areas of the Company's CSR Policy and as approved by the CSR Committee.

- d) The CWG shall prepare an overview document for every project that it propose to undertake including but not limited to activity definition, expected local impact areas, budgeted investments, expected benefits (Re value wherever possible) and success parameters.
- e) The CWG will take decisions on day to day activities of the CSR activities.
- f) The CWG will be responsible for periodic reporting of the activities to the CSR Committee as per the reporting format outlined in Section 12 or in any format as desired by the CSR Committee.
- g) Accounting guidelines and Audit process (Internal / external) will be as per the guidelines laid down in the Companies Act, 2013 and in accordance with approved business processes and policies.
- h) Create a mechanism, deemed appropriate to and in line with achieving the objectives of the individual CSR projects undertaken by the Company.

## **6. CSR Budget & Delegation of Powers**

As enshrined under Sec 135 of The Companies Act, SSL's budget in pursuance of its Corporate Social Responsibility Policy will be, but not restricted to, at least two percent of the average net profits made by the company during the three immediately preceding financial years.

The CSR Budget for the corresponding financial year, will be updated, with due consideration, in the CSR Strategy document & revised each financial year.

All CSR initiatives, screened & shortlisted by the CWG, will be put up for approvals to the competent authority. The Delegation of Powers, with respect to financial approvals pertaining to CSR Projects, will be as listed below:

<b>Sr. No</b>	<b>Designation</b>	<b>Sanction Amount</b>	<b>Reporting</b>
1	Managing Director	5,00,000 rs to be added in words	The Board
2.	Chief Financial Officer	1,00,000	MD

## **7. CSR Activities**

The Company's CSR Policy would encompass all the activities listed under Schedule VII of the Companies Act, 2013 (Annexure A). However, the Company has shortlisted the below listed focus areas to create a sustainable & meaningful impact & to align with the Communication and Business Strategy of the Company:

1. Promoting health care including preventive health care and sanitation including undertaking of activities related to the Government's Swachh Bharat Abhiyaan programme & contribution to

the Swachh Bharat Kosh set-up by the Central Government for promotion of sanitation and making available safe drinking water

2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled, and livelihood enhancement projects;
3. 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;
4. 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 arts and handicrafts;
5. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports; to be removed
6. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; This is subject to the condition that contribution to such funds would not exceed 25% of the CSR Budget for the corresponding FY.
7. Slum Area Development ('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).

The above focus areas may be re-aligned and new focus areas incorporated, as and when deemed necessary, by the Company's CSR Committee.

The specific undertakings and collaborations under each focus area and approximate budget allocation to each of the focus areas from the Company's CSR budget for the year, will be demarcated for reference purpose, along with zone wise/RO allocations (if any specified) in the CSR Strategy Document. The individual CSR activities undertaken should preferably be in the vicinity of the Company's offices across the country and not more than 25% of the available funds for the corresponding FY should be allocated for any one project so as to ensure equitable distribution and utilization of funds.

## **8. Shortlist Criteria & Empanelment Process**

The empanelment process for any partner /vendor, working in the focus areas listed in Section 7, will follow processes and methods as may be outlined by SSL's sourcing policy & compliance requirements and shall be in accordance with the Section 135 of the Act and Rules made thereunder. A CSR Association Form to be filled-in and submitted by any partner / vendor, to help the Company evaluate and screen CSR proposals for possible association, is appended as Annexure 'B'.

## **9. Implementation Process**

The Company will implement initiatives under its CSR Policy, which may also include activities for or on behalf of its eligible Indian subsidiaries, as deemed applicable.

The following entities will oversee the CSR Policy, its implementations and execution of CSR projects, programs and activities:

1. The Board
2. The CSR Committee, as constituted by the Board &
3. The CSR Working Group (CWG)

The CWG will be responsible for the Implementation Process.

The key implementation steps and processes have been summarized below:

1. Develop a CSR Strategy Document – the CWG will draft a CSR Strategy document aligned with the overall objectives of the company on social interactions and the focus areas listed in Section 7. Specific initiatives, shortlisted projects & associations under each of the above focus areas, will be incorporated in the CSR Strategy Document, during the course of the year.
2. Allocation of geographical budgets, if any
3. Operationalizing the institutional mechanism – CSR Committee, CSR Working Group (CWG), team identification & capacity building
4. Shortlist Implementing Agencies and conducting due diligence, if required
5. Project Development – Detailed Project Report (DPR)
6. Clear identification of CSR Budget
7. Project approval
8. Finalizing agreements with the implementing agencies
9. Project Implementation
10. Documentation, Monitoring (at Board and CSR Committee level)
11. Evaluation (Concurrent, Final & if possible, by an Independent Third Party)
12. Project impact assessment
13. Preparation of reporting format and placement in public domain

The Company may decide to undertake the CSR projects or programs or activities approved by the CSR Committee, through any of the following three agencies, established by the company or its holding or subsidiary or associate company:

- A registered trust, or
- A registered society, or
- A company registered under Section 8 of the Act.

Provided that:

- if such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar projects or programs;
- The company has specified the projects or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

The company may also collaborate with other companies for undertaking CSR projects or programs or activities, provided the CSR Committee is in a position to report separately on such projects or programs or activities in accordance with the CSR Rules. The Company will have the authority to disengage from any project at its own free will and at any point of time during the implementation of the project, subject to the approval of the CWG.

The finalized schedule for each of the CSR project or programs or activity containing details of project, modalities of execution, implementation schedule and monitoring mechanism shall be as per this CSR Policy.

## **10. Employee Engagement**

SSL actively encourages its employees to volunteer for/participate in social causes. Employees are free to offer suggestions and pass on recommendations for related activities in the short listed focus areas, under the Company's CSR Policy. The Company, will make all efforts to engage its employees to participate in and promote the causes that it endorses, under its CSR outreach, across all its locations & business centers.

## **11. Monitoring of CSR projects or programs or activities**

The CSR Committee will review the progress on the CSR initiatives and discuss the budgetary utilization on a quarterly basis. This meeting may include the relevant NGO/Partners, if required by the CSR Committee. The CSR Committee will present the quarterly progress to the Board as part of the regular board meetings. In order to ensure that the amounts spent by the Company on CSR activities get properly utilized for the projects for which they are earmarked, the CWG may also nominate two to three officials to monitor the actual implementation of those projects, depending on the scale of the project.



## 12. Reporting Template

The format for the “Annual Report on CSR Activities” to be included in the Board’s Report and to be displayed on the company’s website [www.sbismart.com](http://www.sbismart.com) shall be as follows:

1. A brief outline of the company CSR policy & CSR Strategy Document for the corresponding year, including overview of the projects or program proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for the last three financial years.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above).
5. Details of the CSR spent during the financial year:
  - a. Total Amount to be spent for the financial year;
  - b. Amount unspent, if any;
  - c. Manner in which the amount is spent during the financial year (as per Format below) :

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State & District where the project or program were undertaken	Amount outlay (budget) project/ program wise	Amount spent on the projects or programs Sub-heads : (1) Direct Expenditure on projects or programs (2) Over heads	Cumulative expenditure up to the reporting period	Amount spent Direct or through Implementing agency*
1.							
2.							
3.							
	<b>TOTAL</b>						

\*Give Details of Implementing Agency

6. In case the company is unable to spend the two percent of the average net profit for the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in the Board’s report.
7. A Responsibility statement of the CSR Committee that the implementation and the monitoring of the CSR Policy, is in compliance with the CSR objectives and the Policy of the company.

8. The Annual Report shall be signed by :
- a. Managing Director or Director
  - b. Chairman - CSR Committee.

### **13. Policy Review Mechanism**

The CSR policy will be under the ownership of the CSR Committee and will be reviewed annually. The changes will be documented in the change log and signed off at the end of every review cycle by all members of the CSR Committee.

Version	Approval Date	Issue Date	Effective Date	Comments
1.0				
2.0				

## **Guidelines under the Companies Act, 2013**

**Sec 135 under the Companies Act, 2013** mandates that the Board of every company shall ensure that the company spends, in every financial year, at least two percent of the average net profits made by the company during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The details of eligibility, net profit calculation and use of funds will be as set out in the Companies Act, 2013 or Rules made thereunder and subsequent amendments / clarifications/ circulars/ notifications

Definitions;

1. "Act" means the Companies Act, 2013
2. "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-
  - a. Projects or programs relating to activities specified in Schedule VII to the Act; or
  - b. Projects or programs relating to activities undertaken by the Board of Directors of the company (Board) in pursuance of recommendations of the CSR committee of the Board as per the declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
3. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
4. "CSR Expenditure" shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.
5. "CSR Policy" relates to activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the company
6. "Net Profit" means the net profit of the company as per its financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely;
  - a. any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - b. any dividend received from other companies in India, which are covered under and complying with the provisions of the section 135 of the Act
7. "Average Net Profit" shall be calculated in accordance with the provisions of Section 198 of the Act.

The broad CSR activities that can be considered for projects or programs are listed in the Schedule VII to the Companies Act, 2013 and are outlined below:

1. 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 promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled, and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. 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;
5. 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 arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects.
11. Slum Area Development ('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).

The CSR activities that the company finalizes as area of future work need to be aligned to the above activities allowed by the law.

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 arts and handicrafts.

Additionally:

- The CSR activity shall be undertaken by the company as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- Only projects or programs or activities undertaken in India shall amount to CSR expenditure
- The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
- CSR projects or programs or activities that benefit only employees of the company and their families shall not be considered as CSR activities.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity.

- The company may build CSR capacities of its own personnel as well as those of its Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads, shall not exceed five percent of total CSR expenditure of the company in one financial year.
- Expenses incurred by the company for the fulfilment of any Act/ Statute or Regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.



## SBICAP Securities Ltd

### Corporate Social Responsibility (CSR) Association Form

*Please fill in the below form in brief to help us evaluate and understand your requirement*

<b>Name of the Organisation</b>	
<b>Registration Type</b>	
<b>Address</b>	
<b>Website</b>	
<b>Tax exemption details</b>	
<b>References</b>	
<b>Contact Person</b>	
<b>Short description of the cause/activity</b>	
<b>Specific area of expertise (if any)</b>	
<b>Scale of operations (City/Zonal/National)</b>	
<b>Team Strength</b>	
<b>Awards/Recognition</b>	
<b>Request/proposal for SBICAP Securities Ltd</b>	
<b>Any other details</b>	