

## **Sustainable Commercial Finance Limited**

### **Corporate Social Responsibility Policy (With Amendments)**

#### **I. Concept And Vision**

The Company intends to make a positive difference to society and contribute its share towards the social cause of betterment of society and area in which companies operate. The Company also believes in the trusteeship concept. This entails transcending business interests and working towards making a meaningful difference to the society. In this regard, the Company has made this policy which encompasses the Company's philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large and titles as the "Corporate Social Responsibility (CSR) Policy" which is based as per the Companies Act, 2013 and rules made there under.

#### **II. Definitions**

- Board means Board of Directors of the Company.
- Corporate Social Responsibility (CSR) means and includes but is not limited to:-
  - 1) Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013; or
  - 2) Projects or programs relating to activities undertaken by the Board of Directors of the Company in pursuance of the recommendation of the CSR Committee and approved by the Board as per this policy but shall not include the activities undertaken in pursuance of the normal course of the Company.
- CSR Committee means Corporate Social Responsibility Committee constituted by the Board pursuant to section 135 of the Companies Act, 2013.
- CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- Company means Sustainable Agro-Commercial Finance Limited.

"Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

Words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 shall have the same meanings respectively assigned to them.

### **III. CONSTITUTION, COMPOSITION AND SCOPE OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)**

#### **(a) Constitution and composition of the CSR Committee**

The CSR Committee has been constituted by the Board of Directors at their meeting held on 10<sup>th</sup> November, 2016. The CSR Policy had been approved by the Board of Directors at their meeting held on 11<sup>th</sup> February, 2017 and has been amended pursuant to the approval accorded by the Board of Directors at their meeting held on 22<sup>nd</sup> February, 2021. The CSR initiatives/activities of the Company will be identified and initiated by the CSR Committee comprising of 3 (three) or more members out of which at least one Director shall be an Independent Director.

The members of the CSR Committee shall elect one of them as the Chairman of the Committee. The CSR Committee shall recommend to the Board the amount of expenditure to be incurred by the Company on CSR activities and the Board will ensure that the activities as are included in the CSR Policy are undertaken by the

Company subject to and in accordance with the provisions of section 135 of the Companies Act, 2013.

The composition of CSR Committee shall be disclosed in the Board's report.

**(b) Scope of the CSR Committee**

The CSR Committee has been set up to;

- Formulate and recommend to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company as detailed in the Schedule VII to the Act.

- Recommend the amount of expenditure to be incurred on the activities referred to in the CSR Policy.

- Monitor the implementation of CSR projects or programs or activities undertaken by the Company, on CSR Policy from time to time.

- An annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

(a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

(b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;

(c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

(d) monitoring and reporting mechanism for the projects or programmes; and

(e) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect. ”.

**(c) CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

The Company shall upon the recommendation of its CSR Committee and with necessary approval of the Board, undertake any one or more of the following

activities, as part of its corporate social responsibility initiative, which are defined in Schedule VII of the Companies Act 2013;

1. Eradicating hunger, poverty and malnutrition;
2. Promoting and improving health care including preventive, maternal health care and sanitation and making available safe drinking water;
3. Promoting education, including special education;
4. Providing employment, enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
5. 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;
6. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
7. 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;
8. Reducing child mortality;
9. Protection of national heritage, art and culture including restoration of heritage buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
10. Any business projects specified in Schedule VII of Companies Act, 2013 and as may be approved and recommended by the CSR Committee from time to time to the Board ;
11. Promote and development of sports and sporting activities including for the physically challenged or differently abled;
12. 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;

13. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

14. Rural development projects.

Provided that, the CSR projects and programs or activities that benefit only the employees of the Company and their relatives shall not be considered as CSR activities.

Also, the CSR activities undertaken in India only will be taken into consideration, in order to satisfy the requirement of section 135 of the Companies Act 2013.

Also contribution of any amount directly or indirectly to any political party under section 182 of the Act shall not be considered as CSR activity.

#### **V. IMPLEMENTATION AND RESOURCES FOR THE CSR ACTIVITIES**

- For achieving its CSR Initiatives and Activities through implementation of meaningful & sustainable CSR programs, the Company needs to allocate, in every financial year, at least 2% (two per cent) of the average net profit made by the Company during the three immediately preceding financial years. The average net profit of the Company shall be calculated in accordance with section 198 of the Companies Act 2013.
- The Board of the Company 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 or the person responsible for financial management shall certify to the effect.
- In case of 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.
- If in case the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the prescribed amount.

- Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the Company to any fund included in schedule VII of the Act.
  - The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
  - Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
  - Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135 , such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –
    - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities if any, in pursuance of CSR rules.
    - (ii) the Board of the company shall pass a resolution to that effect.

## VI CSR REPORTING AND DISPLAY OF CSR ACTIVITIES

The Board's Report of the Company covered under CSR rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II of the Rules , as applicable. The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on the corporate website, if any, for public access.

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