

# CAPITAL FIRST LIMITED

## POLICY ON CORPORATE SOCIAL RESPONSIBILITY

Issued By: SECRETARIAL & HUMAN RESOURCE DEPARTMENT		Version : 1
Recommended By : CSR COMMITTEE		Adopted Date : 5 <sup>th</sup> August, 2014
Approved By: BOARD OF DIRECTORS		Last Amendment Date:

### PREAMBLE

At Capital First Limited (**'CFL' or 'the Company'**) we believe that the actions of the organization and its community are highly inter-dependent. Both on its own and as part of the CFL Group, through constant and collaborative interactions with our external stakeholders, CFL strives to become an asset in the communities where it operates. Corporate Social Responsibility (CSR) is not a charity or mere donations but a way of going beyond business as usual, creating shared value and contributing to social and environmental good.

With the promulgation of the Companies Act, 2013 (**'the Act'**) in September 2013 and the notification of Section 135 of the Act read with in Schedule VII to the Act, dealing with the aspect of corporate social responsibility as also of the Rules laid down to such effect to the Act, which have come into force on the 1st day of April, 2014 (**'the CSR Rules'**), it has become mandatory for the corporate entities falling within the purview of the limits as to Networth, Turnover or Profitability as laid down in the said section read with the CSR Rules, to undertake any one or more of the activities as laid down thereunder, towards the discharge of their responsibility towards the society in general (the **'Corporate Social Responsibility'** or briefly **'CSR'**).

The Company being a corporate entity falling within the purview of Section 135 of the Act read with CSR Rules, the Committee constituted by the Board of Directors of the Company (**'Board'**),

has in exercise of its authority and discharge of its responsibility, formulated a CSR Policy, which has been approved by the Board as the **Corporate Social Responsibility Policy** of the Company, elaborated as under:

### **SCOPE AND APPLICABILITY**

This policy shall be applicable to all CSR initiatives and activities undertaken by the Company and all its employees, for the benefit of different segments of the society.

### **OBJECTIVE OF CSR POLICY**

The objective of this policy is to continuously and consistently:

1. Generate goodwill in communities where CFL operates or are likely to operate;
2. Initiate projects that benefit communities;
3. Encourage an increased commitment from employees towards CSR activities and volunteering.

### **GOVERNANCE**

Overall governance of CSR and approving of the CSR Policy will be the responsibility of the CSR Committee of the Board. The 'CSR Core Team' of the Company will be responsible for administering and executing the policy.

### **CSR CONTRIBUTION**

The contribution by the Company in any financial year towards CSR Activities shall be a minimum of 2% of its average Net Profits of the Company, on standalone basis, for immediately preceding three financial years

### **FUNCTIONING OF THE COMMITTEE**

Corporate Social Responsibility Committee has been constituted vide resolution passed by the Board of Directors at its Meeting held on May 08, 2014. The present Members of the said Committee are as given below:

1. Mr. Hemang Raja - Independent Director (Chairman)
2. Mr. Vishal Mahadevia - Non Executive Director (Member)
3. Mr. V. Vaidyanathan - Chairman & Managing Director (Member)

The Company Secretary of the Company shall act as Secretary to the said CSR Committee.

The Board shall, from time to time, reconstitute the CSR Committee, as and when required.

The Committee towards implementation of the CSR Activities shall identify and recommend the specific CSR activity(ies) to the Board of Directors of the Company (Board) for its consideration and approval. Based on the approval of the Board, required funds shall be infused into the Board approved CSR activities. The same shall constitute the CSR Contribution of the Company for the relevant financial year.

The Committee shall institute a transparent monitoring mechanism for implementation of the CSR activities, towards which end, updates on progress of CSR activities undertaken, shall be submitted to the Board, from time to time.

The modalities of execution of CSR projects or programmes or activities and implementation thereof shall be determined by the CSR Committee and Core CSR Team.

Any expenditure incurred for building CSR capacity, whether own or that of eligible Implementing Agency, shall not exceed five percent of total CSR expenditure, in one particular financial year.

CSR activities of the Company will be driven by a dedicated 'CSR Core Team' under the guidance of CSR Committee. The CSR Core Team will be nominated by CSR Committee, from time to time, comprising of the Members of Senior Management and such other persons as may be decided by the CSR Committee. The CSR Committee and CSR Core Team would play a significant role in ensuring the CSR Policy is executed as planned.

### **CSR ACTIVITIES/PROGRAMMES/PROJECTS**

CFL shall be highly supportive of the involvement of its employees in its CSR initiatives and will therefore proactively engage with employees and other key stakeholders to solicit their active involvement in the CFL CSR programs.

To provide a focused and structured approach to the program, CFL will focus its support and CSR spends on specific pre-determined causes and areas of intervention as outlined in the ANNEXURE to the policy.

The CSR Committee will consider and approve (in line with the guidelines given below), CSR activities/projects/programs to be undertaken during the year.

- a) The Company will ensure that its CSR activities/programs/ projects are non discriminatory in nature and do not have any restrictive political or religious affiliations.
- b) The CSR activities/programs/ projects will be beyond business as usual.
- c) The CSR activities/programs/projects will be implemented within the country and preferably in areas where the Company has its presence.
- d) Programs/Projects that integrate business models with social and environmental priorities and processes in order to create shared value will be encouraged.
- e) CFL will consider Programs/Projects closely linked with the principles of sustainable development.
- f) CSR activities/programs/ projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted /undertaken exclusively in pursuance of the normal course of business.
- g) Any surplus, generated out of the CSR activities of the Company, will be ploughed back to the CSR Initiatives of the Company.

This policy will serve as a guiding document to help identify, execute and monitor CSR projects in keeping with the spirit of the policy.

The CSR policy would function as a self-regulating mechanism for the CFL's CSR activities and enable adherence to laws, ethical standards, and international practices in this regard.

## **IMPLEMENTATION**

CFL will undertake CSR projects which are closely linked with the principles of sustainable development and shared value, with the involvement of local institutions and the community at large.

The CSR Core Team would assist in implementation and monitoring of the CSR projects/initiatives. The actual implementation of various initiatives will be broad-based with

the involvement of various employees/units or through implementing agencies like NGOs, Trusts, Societies, Section 8/ Section 25 companies, Department of Science and Technology certified incubation centres or through collaborative projects with other corporates.

#### **DISBURSEMENT**

The disbursal of funds will be either in tranche drawdown form or one-time payment depending on the nature and requirement of the project. The terms, conditions and timing of disbursement will be discussed and agreed to with the CSR Core Team and project teams, and will typically form part of the Memorandum of Understanding with the entity implementing the project.

#### **TREATMENT OF SURPLUS ARISING OUT OF CSR ACTIVITIES**

It is hereby explicitly stated that any surplus arising out of the CSR Activities shall not form a part of the business profits of the Company.

#### **OVERALL IMPROVEMENT IN FUNCTIONING AND IN DISCHARGE OF CSR**

The Committee shall from time to time explore the ways and means whereby improvements that need to be brought about towards the discharge of CSR by the Company are identified and steps taken to ensure that measures necessary to effectuate the areas of improvement so identified are taken in the right earnest.

As the Company's CSR activities evolve further, the Policy may be revised with the approval of the CSR Committee of the Board.

#### **GENERAL**

Any term or aspect not specifically defined or set out in this Policy shall be construed to mean what is laid down in respect thereof under the Act or the CSR Rules.

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## ANNEXURE

### AREAS OF CSR ACTIVITIES

**Corporate Social Responsibility Activities (CSR Activities)** would mean any one or more of the following areas, as specified under Schedule VII to the Act, which are to be pursued/undertaken by the Company:

1. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. promoting gender equality, empowering women, setting up homes and hotels 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;
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 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 Schedule 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.