



APAC FINANCIAL SERVICES PRIVATE LIMITED (APAC)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Review Calendar:

- Scheduled Board review in February of each year, unless in the opinion of the Managing Director or Policy Owner a review of the policy is needed sooner

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Owner: Company Secretary & Head Compliance

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CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction

The Company believes in engaging and giving back to the community. It intends to undertake its CSR activities strategically, systematically, and thoughtfully.

This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen, lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large, is titled as "APAC Financial Services Private Limited - CSR Policy"

This policy aims to ensure that the Company as a socially responsible corporate entity contributes to the society at large.

2. Definitions

- a. "Act" means the Companies Act, 2013
- b. "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;
- c. "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-
 - i. activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-
 - (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
 - (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
 - ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
 - iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
 - v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India;

- d. "CSR Committee" means the Corporate Social Responsibility (CSR) Committee constituted / reconstituted by the Board from time to time in terms of the requirements of section 135 of the Companies Act, 2013 read with the rules thereunder and other applicable provisions of the Act.
- e. "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;
- f. "International Organisation" means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;
- g. "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;
- h. "Ongoing Project" means a multi-year project undertaken by a Company in fulfilment 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;
- i. "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005).

3. Corporate Social Responsibility Committee

a. Composition:

The Composition of the CSR Committee shall be as per provisions of Section of section 135 of Companies Act, 2013 read with the rules made thereunder, as notified/amended from time to time.

The Company Secretary shall de-facto act as a Secretary to the CSR Committee. The meetings of the CSR Committee shall be held as and when required.

The CSR Committee shall formulate and recommend to the Board, 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;

- (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.

b. Terms of Reference

- i. To establish and review corporate social responsibility policy;
- ii. To identify, segment and recommend the CSR projects/programs/activities to the Board of Directors;
- iii. To recommend the amount of expenditure to be incurred on the activities as identified for CSR by the Company;
- iv. To oversee the implementation of corporate social responsibility projects / programs / activities;
- v. To review the annual budgets/expenditure with respect to corporate social responsibility programs;
- vi. To work with the management to establish and develop the Company's strategic framework and objectives with respect to corporate social responsibility matters;
- vii. To receive reports on the Company's corporate social responsibility programs / projects / activities;
- viii. To establish and review the implementation mechanism for the CSR programs / projects / activities undertaken by the Company;
- ix. To establish and review the monitoring mechanism of CSR projects / programs / activities;
- x. To review the CSR Initiatives and Programs/projects/activities undertaken during the year;
- xi. To review the Company's disclosure relating to corporate social responsibility matters in accordance with the requirements of the regulatory provisions;
- xii. To obtain legal or other independent professional advice/assistance, and
- xiii. To form and delegate authority to any sub-committee or employee(s) of the Company or one or more members of the committee.

4. Board of Directors and their Role in CSR

- i. To approve the activities to be undertaken as per the CSR Policy proposed/ recommended by

the CSR Committee.

- ii. To ensure the programs/projects/activities undertaken by the Company are in line with the activities as listed in this policy.
- iii. To ensure that the Company spends, every financial year, at least two percent of the average net profits of the Company made during the preceding three financial years as prescribed under the Companies Act, 2013 towards CSR initiatives and ensure that in case the prescribed amount could not be spent on CSR Activities, the reason for not spending full amount is disclosed in the Boards' Report.
- iv. To ensure that the Boards' Report of the Company includes an annual report on CSR as specified under the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- v. The Board of Directors of the Company shall have the authority to reconstitute the CSR Committee and to revise / amend the terms of reference of the CSR Committee, as may be required.

5. Identification and Implementation of projects / programs / activities to be undertaken

- i. Specific Programs / projects / activities shall be identified by the CSR Committee.
- ii. Post identification of potential areas / projects / activities / programs, CSR Committee to ensure adequate due diligence of the proposed activities to be undertaken.
- iii. Recommend the CSR Budget and ensure spending of the allocated funds.
- iv. Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules.
- v. In case of programs / projects / activities that are undertaken through an outside entity, due diligence of the implementation partner / agency along with the details relating to competence, track record, management, credibility and their reports / certificates shall form part of the supporting documents of the project report for the activities undertaken, which shall be placed before the CSR Committee/Board.
- vi. The Board of Directors shall review, consider and post considering the recommendations of the CSR Committee approve the identified programs / projects / activities.
- vii. The CSR Committee shall regularly monitor the implementation process of the identified projects/programs/activities undertaken by the Company and update the Board on the same at regular intervals.

6. CSR Spend

- i. In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company shall ensure that the Company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years or where the

company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its CSR Policy:

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.

Provided further that if the Company fails to spend such amount, the Board shall, in its report, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Provided also that if the Company spends an amount in excess of the requirements, the Company may set off such excess amount against the requirement to spend for such number of succeeding financial years and in such manner, as may be prescribed by the Act.

Any amount remaining unspent, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility 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, within a period of thirty days from the date of completion of the third financial year.

- ii. The surplus arising out of the CSR programs / projects / activities shall not form part of the business profits 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 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.
- iii. CSR programs / projects / activities meant exclusively for employees and their families will not qualify under CSR spent.
- iv. Contribution of any amount directly or indirectly to any political party shall not be considered as CSR program / project / activity.
- v. CSR Expenditure shall not include any expenditure on any program or project or activities which is not in conformity with the Company's CSR Policy and the activities enumerated under Schedule VII of the Companies Act, 2013.
- vi. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- vii. The unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

7. Execution of CSR activities

Identification of Priority Areas

- i. Eradicating hunger, poverty, and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment, and enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii. 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;
- iv. Measures for the benefit of armed forces veterans, war widows and their dependents;

The Policy shall be open to accommodate any activities as defined in Schedule VII of the Companies Act, 2013 as and when required.

Company will seek to identify suitable programs / projects / activities as per the Company's CSR Policy and the activities enumerated under section 135 & Schedule VII of the Companies Act, 2013, for execution / implementation in line with the CSR objectives of the Company that will benefit the community for which those programs are intended. The implementation of the CSR programs / projects / activities may be undertaken by the Company as below:

- i. Directly on its own
- ii. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or.
- iii. a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- iv. any entity established under an Act of Parliament or a State legislature; or
- v. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

(a) Every entity, covered under sub-rule 7(1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the **1st day of April 2021**:

(b) Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.

(c) On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.

(3) A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

(4) A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

(5) The Board of a 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 Group Financial Officer or the person responsible for financial management shall certify to the effect.

(6) 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.

8. Reporting

- a. With effect from the financial year 2020-21, the report of the Board of Directors of the Company shall include an annual report on CSR, particulars specified in Annexure I or Annexure II, as applicable.
- b. Publish the details of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

9. Monitoring Mechanism

- i. CSR committee shall be required to meet up as and when required to discuss, review, and monitor the CSR activities of the Company.
- ii. CSR Committee shall obtain and review the relevant progress reports and impact of various CSR programs / projects / activities implemented and to identify gaps / slippages therein and to plan corrective measures as may be required for the purpose.
- iii. CSR Committee shall ensure that the projects / programs / activities that are undertaken by the Company are in compliance with various applicable laws / regulations of the areas as identified for CSR expenditure.
- iv. CSR Committee shall ensure that appropriate documentation of all the programs / projects / activities, statements of the budget & expenditure are being undertaken on regular basis.

10. General

The Board shall have the right to modify or change this policy from time to time.

Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the guidelines, Rules or Notifications on the subject as may be issued from Government, from time to time.

All the records pertaining to the CSR programs, projects, activities & accounts of the expenditures made by the Company thereon, shall be kept in the custody of the Chief Financial Controller or any designated person.

In case of any amendment(s) in section 135, Schedule VII and rules made thereunder, the provisions of the same will prevail.