



CSR POLICY

Approved and adopted by the Board on April 16, 2021

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I. VERSION CONTROL

Title & Version	Date
CSR Policy Version 1.0	September 16, 2014
CSR Policy Version 2.0	April 16, 2021



II. PREAMBLE:

Social responsibility has always been at the forefront of **IDBI TRUSTEESHIP SERVICES LIMITED (ITSL)** operating philosophy and as a result, the Company consistently contributes to socially responsible activities. As a responsible corporate citizen, ITSL tries to contribute for social causes on a regular basis. ITSL believe that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, consumers and societies in which it operates. ITSL is of the opinion that Corporate Social Responsibility (CSR) underlines the objective of bringing about a difference and adding value in its stakeholders' lives. ITSL's vision is to spread awareness and maintain balance between environment and society by adopting social and environment friendly culture. ITSL tries to reach and contribute towards social welfare and awareness programmes which supports underprivileged communities.

ITSL's Corporate Social Responsibility Policy is rooted in the Company's core values of quality, reliability and trust guided by best standards and practices, driven by high aspiration for excellence in the overall performance of its business.

III. OVERVIEW OF THE COMPANIES ACT, 2013 - PROVISIONS, RULES AND AMENDMENTS THEREOF

Pursuant to Section 135 of the Companies Act 2013, CSR provision has been made mandatory for all Companies, including its holding or subsidiary, and foreign companies having its branch or project office in India to constitute CSR Committee on fulfilling the criteria of having net worth of INR 500cr (INR 5bn) or more, or a turnover of INR 1000cr (INR 10bn) or more, or a net profit of INR 5cr (INR 50m) or more during any of the three preceding financial years.

Under this section of the Companies Act 2013, in every financial year, such company must allocate at least 2% of its average net profits made during the 3 immediately preceding financial years towards CSR Activity as defined in the Act, Rules and Schedule VII. The Board must approve the CSR policy, disclose its contents in the Board's Report and make it public on the Company's website; and include the CSR Report in its Annual Report. ITSL to comply with the amendments from time to time.



IV. DEFINITIONS:

Act & Rules	The Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended and modified from time to time respectively;
Areas of Interest	Activities to be undertaken by the Company in the area or subject as specified in Schedule VII of the Act as amended from time to time;
Administrative overheads	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;
Board	Board of Directors of the Company;
The Company	IDBI Trusteeship Services Limited (ITSL)
CSR	Corporate Social Responsibility (CSR) means activities undertaken by the Company pursuant to its statutory obligation and shall not include the expenses as laid down in the Act and Rules as amended from time to time respectively.
CSR Committee	The Committee constituted by Board to determine the amount to be spent, supervise and manage the CSR initiatives in accordance with the CSR Policy by abiding the provisions of the Act and CSR Rules as amended from time to time;
CSR Policy	A statement containing the approach and direction given by the Board, taking into account the recommendations of its CSR Committee or internal committee, if any, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.
Delegation of Power	Power delegated by the Board to MD & CEO to undertake necessary actions including formation of internal committee, take decision and give directions to disburse the funds on the approved project / activities as per Schedule VII.



Internal CSR Committee	Means Internal CSR Committee (ICC) as constituted by MD & CEO for internal purpose.
Funding	Shall mean the disbursements made/to be made to an Organization pursuant to this CSR Policy on directions issued by MD & CEO. The amount so disbursed shall be noted in the CSR Committee and approved in accordance with the Act and Rules;
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;
Net Profit	Shall have the meaning ascribed and calculated under the Companies Act, 2013 and CSR Rules duly amended from time to time;
Organizations	Means Company established under section 8 of the Act or a registered trust or a registered society or registered under section 12A and 80 G of Income Tax Act, or established by the Central Government or State Government, or under an Act of Parliament or a State legislature respectively, and having an established track record of at least three years in undertaking similar activities.
Standard Operating Procedure	Means Standard Operating Procedure to be followed by the ICC as approved by the Board.

V. OBJECTIVES

The CSR policy of ITSL shall lay down framework for selection, implementation, monitoring, reporting as well as to check overall governance of CSR spends in alignment with the Companies Act, 2013 and Rules framed thereunder as amended from time to time. The objectives of this policy are to:



Specify the broad scope and guiding principles of CSR initiatives to be taken by the Company to Board.

1. To ensure compliance with the provisions of Section 135 of the Act and the Rules made thereunder including Schedule VII, and fulfil the provisions of law in letter and spirit.
2. Follow the Standard Operating Procedure (SOP) by the Internal CSR Committee (ICC) as constituted by MD & CEO and provide the framework for selection, implementation, governance, management and monitoring of CSR initiatives and formulation of the Annual Action Plan.

VI. **BOARD OF DIRECTORS ROLES AND RESPONSIBILITY OF ITSL**

1. The Board of ITSL shall approve CSR Policy after considering the recommendation of CSR Committee, and disclose contents of such Policy in its report and also place it on the Company's website.
2. The composition of CSR Committee and changes, if any, thereto shall be updated on the website of the Company.
3. Board needs to ensure that the 2% of average net profit made in the immediately 3 preceding financial year is spend in the effective and diligent manner every year.
4. Board has authorized MD & CEO to spend CSR Corpus on the approved project as recommended by the ICC based on SOP criteria. Further, if Company fails to spend such amount, Board shall report the same in the Board Report pursuant to Section 134(3)(o), specifying the reason for not spending.
5. The Board delegates necessary powers to MD & CEO to take appropriate action in CSR related matters.
6. The Board shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

VII. **CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE & ITS FUNCTION**

Pursuant to Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act'), the Board has CSR Committee comprising of three Directors. The Committee inter alia, carry out the following functions:



- a) Formulate the SOP to be followed by ICC and recommend the Board for approval.
- b) Take into consideration an Annual action Plan as suggested by ICC including list of CSR projects or programs that are approved by MD & CEO as specified in Schedule VII duly amended from time to time to the CSR committee for noting and placing before the Board for its approval.
- c) to determine and recommend the CSR amount for expenditure on the activities referred to in clause (b) to the Board for particular financial year;
- d) Determine the manner of execution of project, modalities for utilization of the funds, monitoring of project / activities and impact assessment, if any, to be undertaken;

VIII. **INTERNAL CSR COMMITTEE (ICC) PROCEDURE AND ROLE**

The Internal CSR Committee (ICC) has been constituted by MD & CEO. ICC to follow Standard Operating Procedure (SOP) as per "**Annexure-II**" in terms of constitution, roles & responsibility and procedure to be followed. ICC will recommend the proposal to MD & CEO for approval / rejection, post approval of particular project MD & CEO will give directions to disburse the CSR corpus to accounts department and the activity report shall be placed before CSR committee for consideration and Board for approval.

IX. **IMPLEMENTATION**

ITSL will implement its CSR activities directly or indirectly through Organization as defined above. The ICC shall ensure that the Organization shall file Form CSR-1 with the Registrar of Companies and get unique registration number w.e.f. 01.04.2021 before accepting the project / activities as per Schedule VII. ITSL shall get the required information in Association Form forming part of SOP from the Organizations to evaluate the CSR proposal and disburse the CSR Corpus by accounts department on directions given by MD & CEO for approved project. ICC to monitor the activities and utilization of the funds post disbursement. ITSL may also collaborate with any company's for undertaking CSR project or programmes or activities to achieve its objectives. ITSL will implement its activities in and around its offices in Mumbai as well as in other cities.

X. **PROJECTS / ANNUAL ACTION PLAN**

All CSR initiatives/projects/programs/activities shall continue to fall under the purview of schedule VII of the Act as attached to this policy in "**Annexure – I**" as amended from time to time. Further, ICC will prepare Annual Action Plan for particular financial year with respect to the project



identification based on the area as per Schedule VII for which the Company shall spend the CSR Corpus. The Annual Action Plan shall be recommended to MD & CEO for approval and noting by CSR committee and Board as its respective meeting. The list of CSR activities to be placed on the website for public access.

XI. GOVERNANCE FRAMEWORK & KEY OPERATING PROCEDURE

The Board shall strictly adhere to the Act, Rule as amended from time to time in order to promote best practices, enjoy high relevance in a defined target group and involve employees and other stakeholders wherever possible as voluntary support. ITSL shall also comply with all external applicable laws, rules and regulations of the respective jurisdiction, as well as follow SOP as part of key operating procedure.

Further, the Companies (amended) Act, 2020 provides that on failure to comply with the provisions of section 135(5) and 135(6), the **Company** shall be liable to penalty of **twice the amount or one crore rupees, whichever is less**, and **every officer** of the company who is in default shall be liable to a penalty of **one-tenth of the amount or two lakh rupees, whichever is less**, as the case may be, required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility (UCSR) Account respectively.

XII. FUNDING, EVALUATION AND MONITORING

- ITSL will Spend 2% of its average net profit for three immediate preceding financial years' to undertake approved CSR activities.
- The Company may spend up to 5 percent of its total CSR expenditure towards administrative overheads for the financial year for the purpose of CSR functions in the Company.
- Any funds received/generated by way of fees, donations or otherwise or surplus generated from CSR projects/activities shall not be added to the normal business profits of the Company and shall be ploughed back to the CSR project/activities or transferred to an Unspent CSR Account and spent in pursuance of CSR policy and Annual Action Plan of the Company.
- Excess amount may be set off 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 CSR activities, if any.
 - ii. The Board of the Company Shall pass a resolution to that effect.
- Projects will be designed with clear objectives, planned outcomes and a suitable monitoring and reporting framework.
 - CSR Committee will review periodically at such interval as deems fit.

XIII. **REPORTING**

ITSL shall report the project and activities under taken along with the CSR Corpus Spend for a financial year and reporting the treatment of unspent CSR amount, if any, in the Board Report for easy access to Stakeholders.

XIV. **INTERPRETATION**

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time shall have the meaning respectively assigned to them therein.

XV. **AMENDMENTS TO THE POLICY**

The Board of Directors, either on its own or as per the recommendations of CSR Committee, can amend this Policy, as and when required. The decision of the Board of Directors on all matters, relating to this Policy, shall be final and binding upon all concerned. This Policy is subject to continuous review and updates as required from time to time but in any case once in every 3 year.

“Annexure-I”

**Selection of CSR initiatives/projects/Annual Action Plan: Focus Areas on
Schedule VII of the Companies Act, 2013**

1. Eradication of extreme hunger, malnutrition and poverty.
2. Promoting health care.
3. Promoting sanitation including contribution to Swach Bharat Kosh set-up by the Central Government and making available safe drinking water.
4. Promotion of mid-day meal scheme.
5. Promotion of education, including special education employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
6. Promoting gender equality and empowering women.
7. Setting up homes and hostels for women and orphans – setting up old age homes, day care centers and such other facilities for senior citizens.
8. Set measures for reducing inequalities faced by socially and economically backward groups.
9. Providing infrastructure/ or patient care to government run/ or aided hospitals like TATA Memorial Centre, JJ Hospital etc.
10. Promoting plantation, protection of flora & fauna, Animal welfare, conservation of natural resources and including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga
11. Water shed management, reducing carbon emission.
12. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
13. Contribution of funds to Government run projects like Kendriya Sainik Board, Rail Sahyog etc.
14. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
15. Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
16. Contributions of funds to technology incubators located within academic institutions which are approved by Central Government or State Government.
17. Rural development projects, Slum area development, etc.
18. Disaster management, including relief, rehabilitation and reconstruction activities.
19. And any other matter as per Schedule VII of Companies Act 2013 duly amended from time to time.

Standard Operating Procedures

I. Constitution of the Internal CSR Committee (ICC):

As per the instruction of the Board, the Internal CSR Committee (ICC) is constituted by MD & CEO. Terms of constitution of committee are:

1. ICC would be consisting of maximum of 4 members which screens/recommends and monitors the CSR proposals/initiatives.
2. At least four meetings of the Internal CSR committee will be held in a year.
3. Quorum for such meetings will be at least 3 members of the committee.
4. The senior most of members present will chair the meeting.
5. The internal CSR committee (ICC) shall report to MD & CEO.
6. Company Secretary shall also be a part of ICC and shall provide the secretarial services. CS will be responsible for monitoring deployment of earmarked funds, receiving & analyzing of proposals pre and post disbursement, holding meetings, various reporting and any other works related to CSR activities.

II. Role and Responsibilities of the ICC:

The broad roles & responsibilities of the Internal CSR Committee of ITSL shall be to:

1. Ensure compliance with the CSR policy of ITSL in accordance with provisions of Co. Act, 2013 (read with rules and amendments thereto)
2. Ascertain the CSR spends for given F.Y. based on the intimation from the accounts department post approval of Audited Financial Statement.
3. Source and evaluate CSR projects /initiatives in alignment with CSR policy of ITSL as well as CSR provisions of the Companies Act, 2013 (read along with rules and amendments thereto) and recommend CSR allocation approval/rejection to be made from the earmarked funds to MD & CEO.
4. The CSR activity allocation may be made as specified in Schedule VII in any projects/initiatives to be undertaken by third party like Companies registered under section 8 of the Act or a registered trust or a registered society or registered under section 12A and 80 G of Income Tax Act, or established by the Central Government or State Government, or under an Act of Parliament or a State legislature (**'Organisation'**) respectively, either singly or along with any other company or in any other way on its own in accordance with provisions of Co. Act, 2013.



5. The ICC shall ensure that the **Organisation** as mentioned above shall file Form CSR-1 with the Registrar of Companies and get unique registration number w.e.f 01.04.2021 before accepting the project / activities as per Schedule VII.
6. Monitoring of projects for which the CSR contributions are made, ensure utilization of the same and prepare utilization report thereof.
7. Consider and adhere to other activities related to CSR as required from time to time.

III. Procedure to be followed by ICC:

- 1 Once the Audited Financial Statement are adopted by the Board, the accounts dept. shall communicate to CS /ICC on the amount to be spent on CSR activities (as per the provisions of the Companies Act, 2013).
- 2 ICC will identify the ongoing projects/initiatives which are eligible for allocation of CSR amounts as per ITSL policy as well as provisions of the Companies Act, 2013 read along with rules and amendments thereto. Such projects/initiatives for CSR contribution should have minimum three years of ongoing operation.
- 3 The committee will broadly take into account the following aspects for evaluation:
 - a. Nature of activities taken up by the entity and it's eligibility for CSR projects/initiatives and to provide duly filed Association Form.
 - b. Constitution of the entity/project/initiative & background, information brochure, annual report, in-house publication etc.
 - c. Supporting documents for eligibility like 80 G certificate. PAN, applicable GST Number etc.
 - d. Request letter of the entity and for which activity the contribution will be utilized i.e. modalities of utilisation, if any. Whether the project needs the payment in parts has to be specified in such request.
 - e. Visit report to the site, if any undertaken.
 - f. Monitoring and reporting mechanism offered by the entity/project/initiative.
 - g. Supporting that will be provided by the entity for utilization of the amount & frequency thereof along with other deliverables by the entity- like possibility of soft branding etc.
 - h. Any other aspect needed to be checked depending on projects to be supported under CSR activity.
 - i. Terms of sanction and disbursement.
- 4 After due examination of the CSR proposal/initiative by ICC, the same would be put up to MD & CEO with recommendation for approval/rejection. The proposal/Initiative which is approved, the



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disbursement for same will be made by Accounts department in coordination with Company Secretary.

- 5 Entity/project/initiative which have been funded by ITSL consecutively in three FY will be reconsidered for funding after gap of 2 FYs.
- 6 CS shall be responsible for effecting the disbursement of the CSR Contribution to the approved entity/project/initiative by MD & CEO along with forwarding letter containing all the terms and conditions, annexures, if any.
- 7 ICC will monitor post disbursement activities such as receipts from allocated organisations, utilisation certificate, list of beneficiaries as applicable, progress of projects etc. ICC can withhold the undisbursed amount if the project is not found progressing satisfactorily with approval from MD & CEO. Broadly post disbursement monitoring will cover:-
 - a) Utilization statement with supporting by the entity/project.
 - b) Balance amount unutilized, if any
 - c) Whether the amount is utilized for the purpose for which it was disbursed?
 - d) Other monitoring aspects, if any.
 - e) Soft branding of ITSL as committed by the entity.
- 8 The company having average CSR obligation of ten crore rupees or more in pursuance of section 135 (2) of the Act, in the three immediately preceding financial years, shall undertake Impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more on a particular project.
- 9 The ICC shall ensure that wherever the CSR activity is implemented through a third party / Organisation an Independent Practitioner's Report on Utilisation of such CSR Funds from the auditor / CA of such Organisation, to whom the funds are given by ITSL Such report may be submitted by the Independent Practitioner's Report on Utilization of CSR Funds after verifying that the third party has spent the funds on CSR activities as per Section 135 of the Companies Act, 2013, read with Schedule VII to the Act and related regulations/guidelines.

IV. Spreading Awareness of our Responsibility:

The CSR activities of IDBI Trusteeship Services Limited (ITSL) are not for any publicity purpose. The endeavor of the Company would be to help the various sections of the underprivileged Society at large.

V. Reporting in the Annual Report:

The Board shall attach to the Annual Report format as prescribed along with the necessary details in the Rules as amended from time to time.



VI. Power to Modify the SOP:

The power to make any modification/addition/deletion to the above SOP, if required either in whole or in part, shall rest with the Managing Director and Chief Executive Officer (MD & CEO).
