



CORPORATE SOCIAL RESPONSIBILITY POLICY

July, 2023

CSR POLICY
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1 Company Philosophy

Corporate Social Responsibility (CSR) is the continuing commitment by a Corporate 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. It is the process whereby companies integrate social, environmental and economic concerns in their business operations and interaction with their stakeholders on a voluntary basis. SBI DFHI LTD, being a dominant player in Primary Dealer segment, strongly believes in the trusteeship concept of giving back to the society through the concept of CSR.

2 The Guidelines under the Companies Act 2013

As per section 135 of the Companies Act, 2013, every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee and 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, in pursuance of its Corporate Social Responsibility Policy.

i) Definitions;

1. **“Act”** – means the Companies Act 2013
2. **“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 Companies (CSR Policy) 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.

3. **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.

4. **“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.

5. **“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;

- a) Any profits 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.

6. **“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.

7. **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfillment 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.

8. **“Public Authority”** means ‘Public Authority’ as defined in clause(h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

ii) **Activities permitted to be undertaken under Corporate Social Responsibility**

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 the 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 centres 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, agro-forestry, 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 [Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows].
7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports.
8. 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.

9. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
10. Rural development projects.
11. Slum area development.
12. Disaster management, including relief, rehabilitation and reconstruction activities.

Explanation.— For the purposes of item 11 above, the term ‘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 activities that the company finalizes as area of future work need to be aligned to the above areas or any other area as allowed for by the law.

Additionally;

- The CSR activity shall be undertaken by the company as projects or programs, excluding activities undertaken in pursuance of its normal course of business.
- Only projects and Programmes done in India shall amount to CSR expenditure
- CSR projects that benefit only employees of the company and their families shall not be considered as CSR activities
- Companies may build CSR capability of their own personnel as well as those of their implementing partners but the expenditure should not exceed 5 % of the total CSR expenditure

- Expenses incurred by companies for the fulfilment of any Act/ Statute of 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 Activities shall not form part of the business profit of a Company.
- The CSR amount may be spent by a Company for creation or acquisition of a capital assets, which shall be held by –
 - a Company established under Section 8 of the Act or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule(2) of rule 4; or
 - beneficiaries of the said CSR project, in the form of Self Help Groups, collectives, entities; or
 - a public authority.

iii) **Role of CSR Committee:**

The Corporate Social Responsibility Committee constituted in terms of Sec 135 of the Act shall comprise two independent directors, one director and the MD & CEO of the Company, It shall:

1. Formulate and recommend to the company's Board, an annual action plan in pursuance of its CSR policy, which shall include the following:
 - The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
 - The manner of execution of such projects or programmes as specified in sub-rule(1) of Rule 4 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021
 - The modalities of utilization of funds and implementation schedules for the projects or programmes;
 - Monitoring and reporting mechanism for the projects or programmes
 - 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.

2. Review and recommend the amount of expenditure to be incurred on the CSR activities.
3. Monitor the CSR Policy of the Company from time to time.
4. Any other matter as the CSR Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

iv) Role of the Board

The Board shall ensure that the company spends, in every financial year, at least two per cent of the average net profit of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

Additionally it will;

- a. Formulate a CSR Committee ;
- b. After taking into account the recommendations made by the Corporate Social Responsibility Committee, 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, if any, in such manner as may be prescribed; and
- c. Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- d. In terms of clause (o) of sub - section (3) of Section 134, of the Companies Act 2013, the Board shall, in its report, specify the reasons for not spending such amount.
- e. Ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.
- f. Transfer of unspent CSR amount – Any amount remaining unspent under sub-section (5), 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

3 Implementation Process

i) The Board shall ensure that the CSR activities are undertaken by the company itself or through

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of Section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) 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
- (c) any entity established under an Act of Parliament or a State legislature; or
- (d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of Section 10 registered under section 12A and approved under 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

ii) Every entity, covered Para 3(i), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the **form CSR-1** electronically with the Registrar.

iii) The Company can also directly identify a project for financing under CSR as outlined in the CSR policy and take it up for implementation.

iv) The expenditure can be sanctioned under the delegation of financial powers vested with the various officials.

v) The Company may at its option & on the recommendations of the CSR Committee of the Board, make CSR contributions to SBI Foundation, a wholly owned subsidiary of the State Bank of India.

4 Reporting

A half yearly progress report on the CSR activities undertaken has to be submitted to the Board as per Annexure I for information. 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 their website, if any, for public access. The Board's Report of a Company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure II.

If the Company is having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, the Company shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

The impact assessment expenditure may be booked towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

5 Policy Review Mechanism

The CSR policy of the Company will be under the ownership of the CSR Committee and will be reviewed on annual basis. If required, the Board, based on the annual report on CSR activities, may suggest improvements in the Policy and its implementation.

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Annexure I

Format for Half Yearly Progress Report on the CSR Activities as on

1. (a) Total CSR obligation for the financial year

(b) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.

(c) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.												
2.												
3.												
	Total											

(d) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.									
2.									
3.									
	Total								

- (e) Amount spent in Administrative Overheads
- (f) Amount spent on Impact Assessment, if applicable
- (g) Total amount spent for the Financial Year (b+c+d+e)

2 . Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance amount in Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of transfer.		
1.	FY-1							
2.	FY-2							
3.	FY-3							
	Total							

3. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : Yes / No

If yes, enter the number of capital assets created/acquired :

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year :

Sl. No.	Short Particulars of the property or asset(s) including complete address and location of the property	Pincode of the Property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration No., if applicable	Name	Registered Address

4. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Format for the Annual Report on CSR Activities to be Included in the Board's Report For Financial Year

1. Brief outline on CSR Policy of the Company.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
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3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

4. Provide the executive summary alongwith web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (~~attach the report~~).

5. (a) Average net profit of the company as per section 135(5).

(b) Two percent of average net profit of the company as per section 135(5)

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

(d) Amount required to be set off for the financial year, if any

(e) Total CSR obligation for the financial year (7b+7c-7d).

6. (a) Amount spent on CSR projects (both ongoing project and other than ongoing project):

(b) Amount spent in Administrative Overheads :

(c) Amount spent on Impact Assessment, if applicable :

(d) Total amount spent for the financial year (a+b+c) :

(e) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.

f) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance amount in Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of transfer.		
1.	FY-1							
2.	FY-2							
3.	FY-3							
	Total							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : Yes / No

If yes, enter the number of capital assets created/acquired :

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year :

Sl. No.	Short Particulars of the property or asset(s) including complete address and location of the property	Pincode of the Property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration No., if applicable	Name	Registered Address

(All the fields should be captured as appearing in the revenue record, flat no., house no., Municipal Office/Municipal Corporation/Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries).

9. Specify the reason(s) if the company has failed to spend two per cent of the average net profit as per section 135(5).

Sd/ (Chief Executive Officer or Managing Director or Director).		Sd/ (Chairman CSR Committee).
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