

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

ECL Finance Limited

CIN: U65990MH2005PLC154854

Regd. Off: Edelweiss House,

Off C.S.T. Road, Kalina,

Mumbai -400 098

Maharashtra, INDIA

Tel: +91 22 4009 4400

Website: <https://eclfinance.edelweissfin.com/>

Adopted in the Board Meeting held on: May 14, 2015

Last Reviewed in the Board Meeting held on: August 16, 2017

CORPORATE SOCIAL RESPONSIBILITY [CSR] POLICY

1) Purpose

The Companies Act, 2013 brought about the provisions of Corporate Social Responsibility under section 135 of the Act. The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 1, 2014. Which means with effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities.

2) Policy

One of the requirements of the aforementioned section of the Companies Act, 2013 is the formation of a CSR Committee, which has been made responsible for formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII. Accordingly, this policy is titled as the '*ECLF CSR Policy*' and it shall apply to all CSR initiatives and activities taken up by the company for the benefit of the society.

3) Administration

The guidelines laid down in this document as placed before the Board of ECL Finance Limited, is approved by them. The Governance team of ECL Finance Limited is primarily responsible for administrating these Guidelines. The Administrator is also authorized to: make modifications to the guidelines from time to time to ensure that it is in compliance with statutory laws, amendments or regulations.

4) Regulatory Framework

Under section 135 of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Further, The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee. The Board of every company that is covered, 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.

The activities that can be undertaken by a company to fulfil its CSR obligations include eradicating hunger, poverty and malnutrition, promoting preventive healthcare, promoting education and promoting gender equality, setting up homes for women, orphans and the senior citizens, measures for reducing inequalities faced by socially and economically backward groups, ensuring environmental sustainability and ecological balance, animal welfare, protection of national heritage and art and culture, measures for the benefit of armed forces veterans, war widows and their dependents, training to promote rural, nationally recognized, Paralympic or Olympic sports, 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 SC, ST, OBCs, minorities and women, contributions or funds provided to technology incubators located within academic institutions approved by the Central Government and rural development projects. However, in determining CSR activities to be undertaken, preference would need to be given to local areas and the areas around where the company operates.

5) Applicability

The statute mandates that a CSR Committee of the Board needs to be constituted. Section 135 of the 2013 Act requires the CSR Committee to consist of at least three directors, including an independent director.

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- (b) recommend the amount of expenditure to be incurred on the activities and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

The current composition of the CSR Committee is :

- (a) Mr. P N Venkatachalam – Independent Director
- (b) Mr. Himanshu Kaji
- (c) Ms. Vidya Shah

CSR Philosophy and Vision Statement:

To leverage the capacity and capital to equip and enable the social sector achieve the greatest impact on the lives of the poor in India.

Scope of the activities:

- i. Eradicating hunger, Poverty and malnutrition, promoting healthcare and sanitation.
- ii. Promoting education including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled.
- iii. Promoting gender equality empowering women, establishing of old-age homes, day care centers and such other facilities for senior citizens and majors for reducing inequalities in socially and economically backward groups.
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources

- v. Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.
- vi. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports
- vii. Relief to victims of Natural Calamities like Earth-quake, Cyclone, and Drought & Flood situation in any part of the country either directly or through contribution to recognized relief funds.

The above list is illustrative and not exhaustive. The CSR committee of Board of Directors is authorized to consider also CSR activities which not included in this list.

It is clarified that, all the aforesaid activities or programs shall be undertaken in India only and also that such programs and activities shall not be designed to benefit only the employees of the Company and their families.

Funding & Allocation:

For achieving its CSR objectives, ECLF shall allocate such amount of its average Net Profits as may be approved by the Board of Directors, as its Annual CSR Budget in each Financial Year.

Allocation of the Annual Budget for CSR activities in any given year shall be as per the provisions of the Companies Act, 2013 and rules made thereof as amended from time to time. Any unspent/unutilized CSR allocation of a particular year, will be carried forward to the next year, i.e., the CSR budget will be non-lapsable in nature.

It is clarified that, the surplus arising out of CSR projects or activities shall not form part of the business profit of the Company.

Implementation:

CSR programmes of ECLF may be undertaken by ECLF directly or by the EdelGive Foundation, a fellow subsidiary, as may be decided by the CSR Committee and the Board of Directors of the Company.

EdelGive Foundation (EdelGive) is the strategic philanthropic arm of the Edelweiss Group and was registered as a charitable company under Section 25 of the Companies Act, 1956. It has been established to drive large-scale sustainable change in the social sector.

EdelGive seeks to build a strong and high impact social sector for a better India by leveraging the capacity and capital of the for-profit world to equip and enable the social sector to achieve the greatest impact on the lives of the poor.

EdelGive makes efficient investments in nonprofits through grant funding. Each investment involves intensive due diligence along with efficient monitoring and evaluation processes. EdelGive works closely with select NGOs to effectively tackle organizational development challenges and as such, utilizes the expertise and skills of Edelweiss Group employees to provide solutions to investee NGOs in the areas of strategic planning, financial sustainability, human resources and technology.

EdelGive Engagement:

EdelGive Foundation shall utilize the funds received from ECLF towards projects undertaken in compliance with this CSR policy. Each project shall be adopted after clearly defining the objectives, activities, key performance indicators, monitoring and evaluating tools, and impact measurement techniques to be used.

EdelGive Foundation shall periodically report to the CSR Committee, details of projects undertaken by it in compliance with Section 135 of the Companies Act, 2013.

The EdelGive Approach:

- **Investing for Impact:** Manages philanthropy based on the Venture Philanthropy model. Accordingly, measures the impact of the support extended to investee Non-profits through a tangible framework, which includes emphasis on measurable outcomes, achievement of objectives, financial accountability and management competencies.
- **Advisory Services: Knowledge Sharing and Capacity Building:** Provides tailored advisory services based on deep sectoral knowledge and information sharing network as well as capacity-building initiatives to maximize impact.
- **Effective Platform:** Works as a zero cost platform to build networks and facilitate grant funding between the corporate sector and non-profit sector. All administrative expenses are borne by Edelweiss.
- **Professional Management:** The Foundation is professionally managed by a dedicated team that has extensive for-profit, commercial expertise as well as social and grassroots experience. The team carrying out the CSR initiatives is deeply committed to their causes and communities.

Current sectors of Focus of EdelGive Foundation:

- **Education:** The Foundation is focused to go beyond literacy and enrolment and work on projects seeking to improve the public delivery system, particularly with respect to learning outcomes and competencies and shifts in attitudes and aspirations. The projects shall have high level of involvement with stakeholders and shall include life skills education that is crucial for vulnerable groups in deprived communities.
- **Livelihoods:** EdelGive seeks to enhance income levels and employability through models that aim to reduce the social and economic vulnerability of rural communities. This involves creating and enhancing sustainable livelihood opportunities in the area by harnessing the right resources as well as providing financial inclusion services to rural communities.
- **Women's Empowerment:** EdelGive supports women-centric programmes that are designed to empower both adolescent girls and women through education and livelihood initiatives.

Monitoring:

- To ensure effective implementation of the CSR programmes undertaken by EdelGive, a monitoring mechanism will be put in place.
- The progress of CSR programmes undertaken will be reported by EdelGive to CSR Committee on a quarterly basis and the CSR Committee shall review the progress of activities.
- ECLF shall enter into an agreement with EdelGive for the arrangement of undertaking CSR activities on its behalf.
- CSR initiatives of the Company will also be reported in the Annual Report of the Company.

Miscellaneous:

In case of any doubt with regard to any provision(s) of the policy, a reference can be made to CSR Committee of Board of Directors. In all such matters, the interpretation & decision of the CSR committee of the Board of Directors shall be final.

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

The Board may review the policy from time to time and make suitable modifications, as may be necessary.