

CORPORATE SOCIAL RESPONSIBILITY POLICY

(Amended and approved by the Board of Directors on November 30, 2022 by Circulation)

1. PREAMBLE AND PHILOSOPHY

“CSL believes that its mandate does not end with multiplying returns for its shareholders and that it must fulfill its larger responsibility towards the society within which it operates and from which it draws sustenance.”

CSL strongly believes that Corporate Social Responsibility (hereinafter referred to as “CSR”) is connected with the principles of sustainable growth and hence recognizes the immense opportunity it has to bring about a positive change in the lives of the communities through its business operations and CSR activities.

The Corporate Social Responsibility Policy (hereafter referred to as “Policy”) of CSL Finance Limited has been designed in accordance with Section 135 of the Companies Act, 2013 (hereafter referred to as “Act”) to lay down the guidelines for undertaking CSR initiatives at CSL.

This Policy lays down the guiding principles or rules that shall apply to all CSR programs/projects to be undertaken by the Company as per Schedule VII of the Act.

2. OBJECTIVE

The main objectives of CSL’s CSR Policy is:

- i. To develop a long-term vision and strategy for CSL CSR objectives;
- ii. Establish relevance of potential CSR activities to CSL core business and create an overview of activities to be undertaken in line with Schedule VII of the Companies Act 2013;
- iii. To deliver sustainable impact and elevate the quality of life of the most marginalized communities in areas where CSL intervenes through its CSR initiatives;
- iv. To engage and influence CSL’s employees and partners in fostering a sense of social commitment by undertaking volunteering and employee engagement activities;
- v. CSL shall promote projects that are, (a) Sustainable and create a long-term change in the Society; (b) Have specific and measurable goals in alignment with CSL philosophy; and (c) Address the most deserving cause or beneficiaries;
- vi. To establish process and mechanism for the implementation and monitoring of the CSR activities for CSL.

3. CONSTITUTION OF THE CSR COMMITTEE

The Board of Directors of CSL has constituted the Corporate Social Responsibility Committee (“CSR Committee”) consisting of 4 (four) Members in accordance with Section 135 of the Companies Act 2013 (“Act”) on CSR and in accordance with the CSR Rules thereto. The CSR program will be overseen under the guidance of the CSR Committee.

A. Members of the Committee*:

- i. Ms. Rachita Gupta- Chairperson
- ii. Mr. Ashok Kumar Kathuria - Member
- iii. Mr. Chander Subhash Kwatra – Member
- iv. Mr. Rohit Gupta- Member

(*Date of Re-constitution of the Committee – June 27, 2022)

B. Functions of the CSR Committee:

- i. The Committee shall endeavour to spend at least 2% of the average net profit during the preceding three financial years, calculated in accordance with the relevant Sections of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 on CSR activities;
- ii. formulate and recommend to the Board, a CSR Policy which shall indicate the frame work within which the proposed CSR activities would be undertaken;
- iii. select and approve CSR projects which will be identified based on the proposed thematic areas as provided under the Act and the Rules therein;
- iv. recommend the amount of expenditure to be incurred on the CSR projects;
- v. monitor the implementation of the CSR Policy from time to time and take such other action as it may deem fit in pursuance of the CSR Vision of CSL.

C. Board of Directors:

- a. review the recommendations made by the CSR Committee, approve the CSR Policy of the Company or any amendments thereof and ensure that in every financial year the funds committed by CSL for CSR activities are utilized effectively by regularly monitoring the implementation;
- b. Disclose the content of the Policy in CSL’s annual report and website as per the prescribed format. The Board of Directors shall also disclose the reasons for under spending of the allocated CSR budget in the Board’s report, if any;
- c. Ensure necessary annual reporting of CSR Policy to the Ministry of Corporate affairs, Government of India as per the prescribed format.

- d. The Director's Report shall include an annual report on CSR containing particulars as specified.

4. CSR MAINSTAY

CSR activities at CSL shall be carried out directly and/or through CSL Foundation, a registered public trust or through any other institutes, NGOs, Government, Semi-government, trusts etc.

5. CSR ACTIVITIES

The scope of CSR activities of CSL will cover the following areas as enumerated under Schedule VII of the Companies Act, 2013

- **EDUCATION:**
Promoting education, including special education and employment-enhancing vocational skill especially among underprivileged children, women, elderly and the differently abled, and livelihood enhancement project; monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting students in their studies.
- **HUNGER, POVERTY, MALNUTRITION AND HEALTH:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.
- **RURAL DEVELOPMENT PROJECTS:**
Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihood, thereby creating sustainable villages.
- **GENDER EQUALITY AND EMPOWERMENT OF WOMEN:**
Promoting gender equality and empowering women; setting up homes, hostels and day care centres for women and orphans; setting up old age homes such other facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward group.
- **ENVIRONMENTAL SUSTAINABILITY:**
Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.
- **NATIONAL HERITAGE, ART AND CULTURE:** Protecting national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promoting and developing traditional arts and handicrafts.
- **OTHER ALLIED ACTIVITIES**

Such other activities as the Committee and the Board of Directors may consider to be appropriate.

6. IMPLEMENTATION

a. CSL will seek to identify suitable programmes for implementation in line with the CSR vision and thrust areas of the Company. The approved projects will be implemented by:

- i. CSL
- ii. CSL Foundation
- iii. Any other institutes, NGOs, Government, Semi-government, trusts etc.

Further CSL can also undertake its CSR projects or activities in collaboration with other companies provided the respective companies are in a position to report separately on such projects or programs.

Support or donations aligned with CSL's CSR activities or as covered by the CSR guidelines under the statute would also be considered as CSR expenditure.

- b. The time period/duration of each project/programme shall depend on its nature, extent of coverage and intended impact of such activity.
- c. The investment in CSR shall be project based and for every project time period, periodic milestones shall be finalized by the CSR Committee from time to time in consultation with the related implementation team.
- d. The CSR spend would include building capacities of CSL's personnel as well as their implementing agencies and travel & logistics for the purpose of project implementation.

7. MONITORING AND REPORTING

The CSR Committee shall ensure that each project/ programme shall have:

- i. Clearly defined objectives (developed out of existing societal needs determined through baselines/Secondary information/Primary Assessments), targets and time lines.
- ii. A robust progress monitoring system. In order to closely monitor and manage the field action projects, the CSR team at the Corporate Office will conduct periodic field visits, impact studies and social audits on a periodic basis.
- iii. CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans.
- iv. A reporting framework and system in alignment with the Act and Rules

CSL shall through its internal controls, monitoring and evaluation systems implement, assess, document and report the impact of its CSR activities/projects. The CSR Committee Members will be informed about the progress of the CSR activities at the CSR Committee meetings held from time to time.

8. SURPLUS OF CSR PROJECTS

In line with the guidelines provided under the Act and Rules, surpluses, if any, arising out of the projects or programs or activities shall not form part of the business profit of CSL.

9. DISCLOSURES

The CSR Team will prepare the Annual CSR Report to be filed by the Company on approval of the Board of Directors. This Report shall include the details of annual CSR activities, executing partners, and expenditure entailed for each financial year, and any other information as required by the prevailing law.

10. APPLICABILITY

This Policy has been revised to incorporate the amendments in the Companies Act, 2013. In case there are any modification(s) / amendment(s) / notification(s) / circular(s) to the Companies Act, 2013 and Rules made thereunder, it shall apply to this Policy automatically and this Policy shall stand amended automatically.

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