

CORPORATE SOCIAL RESPONSIBILITIES (CSR) POLICY

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1. **Preamble:**

Corporate Social Responsibility is the responsibility of the corporates towards the society at large for giving in return something back to the society. India being a developing country, is the combination of different type of people with varied standards of living. On one hand, it is one of the fastest growing economy in the world and on the other hand it has largest number of slums. Corporate social Responsibility is a first step towards minimizing such contradiction and instability among people. Corporate Social Responsibility policy is a policy and a way to pay back to the society which corporate organizations have used for the development of themselves along with the society.

Escorp Asset Management Limited (hereinafter referred to as the “Company” or “Escorp”.) strongly believes in sustainable development. ESCORP is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards improving quality of life of the society in its operational area and from preliminary stage.

ESCORP through its CSR initiative will continue to strive to enhance value creation in the society.

2. **Objective and CSR Vision:**

CSR in India earlier has been seen as philanthropic activity. CSR encompasses the idea of corporate governance, sustainable wealth creation and advocacy for goals of community. The new provisions of Companies Act, 2013 has put the formal responsibility on companies to set out clear framework and process to ensure strict compliances of Corporate Social Responsibility.

The main objective of the Policy is to establish the basic principles and the general framework of action for the management to be undertaken towards fulfilment of its Corporate Social Responsibility.

The CSR Policy of the Company has been formulated and adopted in terms of Section 135 of the Companies Act, 2013 (“the Act”) and the Rules made thereunder. The Company will undertake CSR activities specified in Schedule VII to the Act.

3. **Scope of CSR Activities:**

Schedule VII to the Act (as amended from time to time) provides for the areas and activities which a Company may undertake for its CSR purposes.

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014:

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;

- vi. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
- vii. Employment enhancing vocational skills
- viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- ix. Measures for the benefit of armed forces veterans, war widows & their dependents;
- x. Training to promote rural sports, nationally recognized sports, sports & Olympic sports;
- xi. Contribution to the Prime Minister 's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xiii. Rural development projects, etc
- xiv. Slum area development.

4. CSR Committee: Composition:

As per Section 135 of Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company shall form the Corporate Social Responsibility Committee (CSR Committee) consisting of three or more Directors out of which at least one shall be Independent Director, to carry out the functions as mentioned in the Section 135 of the Companies Act, 2013 and rules made thereunder.

(*Note: The Committee has been constituted with the existing Board Members for the compliance of the Companies Act, 2013 and rule made thereunder.)

Functions of the Committee:

- (i) To formulate and recommend to the Board, Corporate Social Responsibility Policy indicating activities to be undertaken as specified in the prescribed schedule VII.
- (ii) To recommend the amount of expenditure to be incurred on the activities referred to in the point above;
- (iii) Spend the allocated CSR amount on the CSR activities/projects once it is approved by the Board of Director of the Company in accordance with the Act and the CSR Rules;
- (iv) Create transparent monitoring mechanism for implementation of CSR Initiatives;
- (v) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company;
- (vi) To recommend to the Board, modifications of CSR Policy as and when required.

Meeting:

The Committee shall hold meeting as and when required, to discuss various issues on implementation of the CSR Policy of the Company.

5. Responsibility of Board of Directors

- Approving the CSR Policy as formulated by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit.
- Ensuring that in each financial year the Company spends at least 2% of the average not profit* of the Company made during the three immediately preceding financial years in

accordance with the provisions of section 135 of the Companies Act, 2013 and the Rules made thereunder.

***Average net profit** shall be calculated in accordance with provisions of section 198 of the Companies Act, 2013 and rules made thereunder.

- Ensuring that every financial year funds committed by the Company CSR activities are utilized effectively.
- Disclosing in its Annual Return the names of CSR Committee members, the content of CSR Policy and ensure annual reporting of its CSR activities on the Company website.
- In case the Company fails to spend the above targeted amount in that particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Board Report for that particular financial year.

6. CSR Budget:

- (i) Each year budget for CSR activities shall be as decided by the Board on the recommendation of CSR Committee.
- (ii) The actual budget shall be such that the Company spends at least 2 % of the average net profit of the Company made during the three immediately preceding financial years.
- (iii) The total budget amount for the year shall be distributed on projects as a percentile or fixed amount as may be decided by the Board.

7. CSR Planning

The CSR Committee shall formulate an Annual CSR Plan in line with Schedule VII of the Companies Act, 2013 and the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year.

The Board of Directors of the Company may alter such plan at any time during any financial year, based on the recommendation of the CSR Committee

The Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines the following aspects of CSR initiatives of the Company:

- Tailor-made CSR activities/projects depending upon allocated spend and geographical presence.
- Details of CSR activities/projects to be undertaken through welfare society.
- Partnering with other Welfare Society/NGO/agencies/companies/firms etc.
- Targeted Beneficiaries & their key needs.
- Alignment with Schedule VII.
- Activities and Timelines including expected closure dates
- CSR Budget with projections
- Monitoring Mechanism
- Progress reporting and frequency of reports
- Any other information as may be required by the CSR Committee.

8. Implementation:

The Company may decide to undertake CSR activities directly or through a Registered Trust or a Registered Society or a company established by the Company under section 8 Companies Act, 2013 (erstwhile section 25 of the Companies Act, 1956) provided that –

- (i) If such trust, society or company is not established by the Company or its holding, subsidiary or associate company, it shall have an established track record of three years undertaking similar programs or projects.
- (ii) The Company shall specify the project or programs to be undertaken through these entities, modalities of utilization of funds on such project and programmes.

9. Monitoring & Reporting of CSR Activities

- a. To ensure effective implementation of the CSR programmes undertaken at each work centre, monitoring mechanism will be put in place by the work centre head.
- b. The progress of CSR programme under implementation at work centre will be reported to corporate office on a monthly basis.
- c. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and result achieved on a regular basis.
- d. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area.
- e. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.
- f. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

10. CSR Reporting:

The Board's Report of a company shall include an annual report on CSR activities in the format specified under the Act and the relevant rules thereunder and as amended from time to time.

11. Display Of CSR Activities On Company's Website:

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 website, for public access.

12. Review / Amendment in Policy:

Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company, based on the recommendations of CSR Committee.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by applicable regulatory authority (ies), that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s).

13. Conclusion:

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject as may be issued from Government, from time

to time.

The CSR Committee reserves the right to modify, add or amend any of provisions of this policy subject to approval of the Board.