

Creating Value

2019

Canbank Venture Capital Fund Ltd.

Corporate Social Responsibility Policy

CORPORATE

SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

INDEX

	TABLE OF CONTENTS	PAGE NO.
1	INTRODUCTION	2
2	BACKGROUND	2
3	PROVISIONS OF COMPANIES ACT 2013, RULES MADE THERE UNDER & SCHEDULE VII ON CSR	3
4	ACTIVITIES COVERED UNDER CSR POLICY	4
5	OBJECTIVE OF CSR POLICY	5
6	FORMATION & ROLE OF CSR COMMITTEE	5
7	ROLE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT	6
8	IMPLEMENTATION OF CSR POLICY	7
9	REPORTING	7
10	MONITORING AND REVIEW	7
11	NON APPLICABILITY	8
12	GLOSSARY TERMS	8



1. INTRODUCTION

Corporate Social Responsibility (CSR) is the continuing commitment by business to achieve commercial success in ways that honor ethical values, address legal issues and contribute to economic development while improving the quality of the workforce and their families as well as the local community and society at large. The idea of Corporate Social Responsibility is not new to the business world.

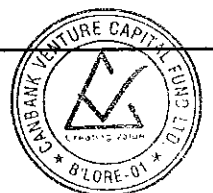
CSR is clearly on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions and upliftment of the marginalized and under-privileged sections of the society. The emerging concept of CSR goes beyond charity and requires the company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into the company's business process.

In recent years Corporate Social Responsibility has become an important issue at global level. The concept of CSR recognizes commitment of an organization to operate in a socially responsible manner. It takes into consideration the social and environmental implications of corporate financial decisions. It is also associated with corporate governance and ethical business procedure.

2. BACKGROUND:

The Companies Act 2013 has introduced several provisions which would change the way Indian Corporates do business and one such provision is spending on Corporate Social Responsibility (CSR) activities. CSR, which has largely been Voluntary contribution by Corporates, has now been made mandatory under the law.

The Ministry of Corporate Affairs (MCA) has vide its notification dated 27th February, 2014 and in exercise of powers conferred by section 1(3) of the



Companies Act, 2013, notified 1st April, 2014 as the date on which the Provisions of section 135 and schedule VII, (which defines the companies Which are necessarily to comply with this Section and the activities that could be regarded as CSR activities for the purpose of this Section), have come into force.

3. PROVISIONS OF SECTION 135 OF COMPANIES ACT 2013, RULES MADE THERE UNDER AND SCHEDULE VII, ON CSR:

Section 135(1) of Companies Act, 2013 states that every company having:

- Net worth of Rs.500 crore or more, or
- Turnover of Rs.1000 crore or more, or
- Net profit of Rs.5 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.

Section 135(5) of the Act states that, the Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, atleast two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its CSR policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 (which provides for attaching the Directors report to statement laid before a company in general meeting, which among other things should give details about the policy developed and implemented by the company on CSR initiatives taken during the year), specify the reasons for not spending the amount.



Further schedule VII of the Act 2013 specifies the activities which may be included by companies in their CSR policy. Accordingly, this Policy specifies these activities.

4 ACTIVITIES COVERED UNDER CSR POLICY:

These activities include:

- 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;
- promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 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;
- 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;
- measures for the benefit of armed forces veterans, war widows and their dependents;
- training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- contribution to a fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects;



- Slum area development;
- Such other activities as may be permissible.

5. OBJECTIVE OF CSR POLICY:

The main objectives of the policy are to:

- Comply with the requirements of Section 135 of companies Act 2013 and rules made thereunder.
- Set out the appropriate procedures to identify the activity/ies amongst the activities specified under schedule VII, for contributing to the extent decided.
- Formulate CSR Committee of the Board for implementing the policy and to recommend to the Board, from time to time, with respect to the following matters:
 - ❖ Activity/ies to be identified from amongst the one specified in schedule VII
 - ❖ The amount of expenditure to be incurred on the activities so identified.
- Periodically monitor the compliance level so as to ensure that the company's compliance is well met as regards regulatory requirements.

6. FORMATION AND ROLE OF THE CSR COMMITTEE:

- a) As per the Companies Act, 2013, the Board of the Company shall constitute the CSR Committee with three or more members out of which at least one Director shall be an Independent Director.
- b) Ministry of Corporate Affairs, vide notification no. 95, Para 5 have clarified that "an unlisted public company or a private company covered under sub-section (1) of Section 135 which is not required to appoint an independent director pursuant to sub-section (4) of Section 149 of the Act, shall have its CSR Committee without such director.
- c) Accordingly, CVCFL shall have the CSR Committee comprising of members as approved by CVCFL Board. Further, the CSR Committee can have



Independent Director as a member, as and when the CVCFL Board has an Independent Director.

d) The role of the CSR Committee covers:

- Recommending a CSR Policy to the Board, including periodical review/ revision thereof, if found necessary.
- Identifying and recommending to the Board the activity/ies from amongst the activities specified under Para 4 above.
- Recommending to the Board the amount to be expended/ contributed towards the activity/ies identified.

7. ROLE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT:

The Board of Directors of CVCFL is required to:

- Examine, approve and adopt the CSR Policy recommended by the CSR Committee constituted vide Para 6 detailed above before approval and adoption. Further, cause the disclosure of contents of such policy in its report and place it on the company's website.
- Ensure the CSR activities are undertaken by the company
- Ensure two per cent spending on CSR activities.
- Report CSR activities in Director's report and disclose non-compliance (if any) with the CSR provisions, along with the reason thereof.
- The CVCFL shall place before the Board a note containing the activities to be identified from amongst the activities specified under schedule VII, outlining the benefits and the costs involved. The Board may authorize the Managing Director of the Company to carry out all such functions as are necessary for identifying the activity and contributing for the same.
- An activity which does not come under the purview of schedule VII should not be considered.
- A review of the CSR policy shall be placed before the Board once a year or at such suitable intervals. The review will cover factors, like ensuring that the decisions taken by the company with regard to identifying the activities for carrying out CSR are commensurate with the CSR policy.



The senior Management of the Company would be responsible for:

- Evaluating the risk as well as cost benefits of CSR activities identified, based on the policy approved by the Board.
- Reviewing periodically the effectiveness of procedures adopted for identifying the CSR activity.

8. IMPLEMENTATION OF CSR POLICY:

CVCFL can implement its CSR activities through the following methods:

- Directly on its own.
- Through its own non-profit foundation set-up so as to facilitate this initiative.
- Through independently registered non-profit organizations that have a record of at least three years in such similar related activities.
- Collaborating or pooling their resources with other companies.
- Only CSR activities undertaken in India are taken into consideration.
- Activities meant exclusively for employees and their families do not qualify for CSR activities.
- Contribution to a fund of Central/ State government accepting funding under CSR activity.

9. REPORTING:

The Companies Act 2013 requires that the Board of the company shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for the company and disclose its contents in their report and also publish the details on the company's official website, if any, in such manner as may be prescribed. If the company fails to spend the prescribed amount, the Board, in its report, shall specify the reasons.

10. MONITORING AND REVIEW:

- Periodical monitoring of compliance shall be done by Compliance Department. Detailed report of the contribution made towards CSR activities during each quarter as well as the contributions made on cumulative basis

upto the quarter during the respective financial year to be maintained and appraised to the Board.

- Compliance Officer should ensure that during every financial year, the company spends the required amount, in pursuance of its CSR Policy.
- Compliance Officer should ensure that the CSR activities undertaken are reported in the Director's report and non-compliance (if any) should be specified with reasons there for.

11. NON APPLICABILITY:

Rule 3(2) of the Corporate Social Responsibility Rules, 2014 provides that every company which ceases to be a company covered under section 135(1) of the Act for three consecutive financial years, shall not be required to:

- a. constitute a CSR Committee ; and
- b. comply with the provisions contained in subsection (2) to (5) of the said section till such time it meets the criteria specified in sub section (1) of Section 135.

Accordingly, if CVCFL, for 3 consecutive years, ceases to be covered under the ambit of section 135(1), it shall not be required to fulfill the conditions relating to the constitution of CSR Committee and other related provisions.

12. GLOSSARY TERMS:

- "Corporate Social Responsibility (CSR)" means and includes but is not limited to
 - (i) Projects or programs relating to activities specified in Schedule VII to the Act; or
 - (ii) Projects or programs relating to activities undertaken by the board of directors of CVCFL Board in pursuance of recommendations of the CSR Committee of the Board as per CSR Policy of CVCFL.
- "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Companies Act, 2013.
- "Net Profit" as per the Companies (CSR Policy) Rules, 2014 (CSR Rules), means the net profit of a company as per its financial statements prepared in accordance with the applicable provisions (i.e in accordance with the provisions of Section 198 of the 2013 Act).



