

# **CORPORATE SOCIAL RESPONSIBILITY (“CSR”) POLICY FOR KERALA STATE FINANCIAL ENTERPRISES LTD (KSFE)**

## **1. INTRODUCTION**

Corporate Social Responsibility (CSR) is the Company’s commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

KSFE is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Indian Companies Act, 2013 and related Rules.

KSFE believes that corporate development has to be inclusive and every corporate has to be responsible for the development of a just and humane society that can build a national enterprise.

KSFE commits itself to contribute to the society in ways possible for the organization and has set up th, its core CSR team, as a means for fulfilling this commitment.

## **2. AIMS & OBJECTIVES**

(i) To develop a long-term vision and strategy for KSFE's CSR objectives.

(ii) Establish relevance of potential CSR activities to KSFE’s core business and create an overview of activities to be undertaken, in line with Schedule VII of the Companies Act, 2013.

(iii)KSFE shall promote projects that are :

(a) Sustainable and create a long term change;

(b) Have specific and measurable goals in alignment with KSFE philosophy;

(c) Address the most deserving cause or beneficiaries.

(iv) To establish process and mechanism for the implementation and monitoring of the CSR activities for KSFE.

## **3. COMMITTEE COMPOSITION**

The CSR Committee of the Board shall be composed of at least three (3) Directors. Members of the CSR Committee may be replaced by any other member of the Board.

## **4. COMMITTEE MEETINGS**

The CSR Committee shall meet as often as its members deem necessary to perform the duties and responsibilities but not less than quarterly.

## **5. DUTIES & RESPONSIBILITIES OF CSR COMMITTEE**

(i) Review of the CSR activities to be undertaken by KSFE. The CSR Committee shall be guided by the list of activities specified in Schedule VII to the Companies Act, 2013 and appended to this Policy as Appendix - 1. Appendix 1 may be revised in line with any amendments/inclusions made to Schedule VII of the Companies Act, 2014.

- (ii) Formulate and recommend to the Board the CSR activities/programs to be undertaken by KSFE.
- (iii) Recommend the CSR Expenditure to be incurred on the CSR activities/programs.
- (iv) Institute a transparent mechanism for implementation of the CSR projects and activities. Effectively monitor the execution of the CSR activities.
- (v) Prepare an annual report of the CSR activities undertaken for KSFE and submit such report to the Board.

## **6. RESPONSIBILITY OF THE BOARD**

- (i) Approve the CSR Policy and the CSR Expenditure after taking into consideration the recommendations made by the CSR committee.
- (ii) Ensure the CSR spending every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with the Policy.
- (iii) Ensure that CSR activities included in the CSR Policy are undertaken by KSFE and that such activities are related to the activities specified in Schedule VII of the Companies Act.
- (iv) Ensure disclosure of the contents of the CSR Policy on the KSFE website.
- (v) Directors' Report for FY 2014-15 onwards to include:
  - (a) Contents of the CSR Policy and Composition of the CSR committee;
  - (b) An annual report on the CSR in the prescribed format as per Appendix- 3;
  - (c) Reasons for failure (if any) to spend required amount on CSR activities.
- (vi) KSFE shall undertake the CSR activities directly. The Board may, in the future, decide to undertake and implement its CSR activities through a registered trust or registered society or a Section 8 company (Non-profit entity) established by the KSFE Group. In case the trust, society or a Section 8 company is not established by the company or its holding or subsidiary or associate company, then such an entity will need to have a 3 years track record of undertaking similar projects or programmes.

## **7. CSR EXPENDITURE**

- (i) In every financial year, KSFE shall spend a minimum of 2% of its average Net Profits in the immediately preceding three (3) financial years. Average Net profits shall mean the net profits of the Company as per the Profit & Loss Statement prepared in accordance with the Companies Act, 2013; Net Profits shall exclude dividend received from other companies in India.
- (ii) CSR Expenditure shall mean all expenditure incurred in respect of specific projects/programs relating to the approved CSR activities.
- (iii) CSR Expenditure shall not include expenditure on an item not in conformity or not in line with activities which fall within the purview of the CSR activities listed in Schedule VII.
- (iv) CSR Expenditure shall not include Projects or programs or activities undertaken outside India.
- (v) The surplus arising out of the CSR activities or projects shall not form part of the business profit of KSFE.

(vi) Contributions by other KSFE affiliates or employees may also be received and utilized in respect of the CSR activities undertaken.

## **8. CSR ACTIVITIES – PROJECTS**

(1) KSFE shall promote CSR activities/Projects in the field of :

- (i) Making available safe drinking water in schools, colleges, hospitals, selected villages etc. by installing tanks and pipelines, digging bore wells etc.
- (ii) Ambulances to hospitals, providing modern medical equipments and Gensets to hospitals and palliative care centres.
- (iii) Providing wheel chairs, tricycle, scooters and supporting equipments to differently abled people.
- (iv) Setting up old age homes and support to orphaned / blind students requirements.
- (v) Promoting gender equality empowering women etc. setting up e-library for the benefit of students and others.
- (vi) Taking measures for ensuring environment sustainability and conservation of natural resources.
- (vii) Promotion of sports and support to national/international level players to participate in such events.
- (viii) Contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief.

(2) KSFE may also undertake other CSR activities in line with Schedule VII.

(3) The CSR activities shall be undertaken in locations within India. KSFE shall give preference to the local areas and the areas around which KSFE operates while considering the activities to be undertaken and spending the amount earmarked for CSR activities.

## **9. IMPLEMENTING CSR ACTIVITIES**

(i) The day to day implementation and execution of the CSR activities/projects shall be carried out through a team constituted for the purpose and headed by the designated Officer.

(ii) KSFE shall undertake the CSR activities directly and also through various implementing agencies such as, NGO's, non-profit organizations, etc. Such implementing agencies shall have an established track record as prescribed under the law.

(iii) Some of the initiatives taken up by KSFE will facilitate the involvement of KSFE employees as volunteers in ongoing projects and events, giving them an opportunity to engage in socially meaningful activities, thus, enabling them to realize their full potential and role as socially responsible citizens (Employee Volunteer Programs).

(iv) The initiatives undertaken may be communicated to the employees through specific awareness campaigns, so as to enable maximum participation.

(v)KSFE may also collaborate or pool resources with other companies to undertake CSR activities in such a manner that each companies are in a position to report separately on such CSR projects

(vi) The following activities do not qualify as CSR Activities under the Companies Act, 2013:

- (a) Projects or activities not falling within Schedule VII (Appendix 1);
- (b) Activities undertaken in pursuance of normal course of business;
- (c) Projects or programs or activities that benefit only the employees of KSFE and their families
- (d) Direct or indirect contribution to any political party.

## **10. KSFE-CSR TEAM CAPABILITIES**

KSFE may build and enhance the CSR capabilities and skills of its own personnel through institutions with established track record of minimum three financial years. The expenditure shall not exceed 5% of the total CSR expenditure of KSFE in one financial year.

## **11. CSR REPORTING**

The Board in its Annual Report shall include the details of the CSR activities undertaken in the Financial Year. The particulars to be stated in the report shall be in the format prescribed in Appendix- 2

The CSR Committee shall provide a responsibility statement on the implementation and monitoring of the CSR Policy and that it is in compliance with CSR objectives of KSFE, which statement shall form part of the Boards' Report.

## **12. WEBSITE DISPLAY**

KSFE shall display on its website (www.ksfe.com) the contents of its CSR Policy and other information as may be required to be displayed.

## **13. REVIEW AND AUDIT**

The CSR committee shall be apprised on the implementation of the CSR activities and the progress shall be monitored on a quarterly basis.

KSFE shall through its internal controls, monitoring and evaluation systems implement, assess, document and report the impact of its CSR activities/projects.

Records relating to the CSR activities and the CSR Expenditure shall be meticulously maintained. The Records shall be submitted for reporting and audit.

The financial audits of the implementing agencies (wherever applicable) shall also be done through periodic audits. In this regard, KSFE may appoint independent external consultants for carrying out such audits.

## **14. AMENDMENTS**

The Policy may be reviewed and amended from time to time by the Board subject to the provisions of Companies Act 2013.

## **APPENDIX – 1**

### **CSR Activities Listed in**

## **Schedule VII of the Companies Act, 2013**

CSR shall focus on social, economic and environmental impact rather than mere output and outcome. Activities which are ad hoc and philanthropic in nature shall be avoided. Various activities that can be undertaken in general under CSR are outlined below:

1. eradicating hunger and poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water;
2. promotion of education; including special education and employment enhancing vocation skills especially among children, woman, elderly and the differently abled and livelihood enhancement projects ;
3. promoting gender equality and 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, agroforestry, conservation of natural resources and maintaining of quality of soil, air and water;
5. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
6. measures for the benefit of armed forces veterans, war widows and their dependents;
7. training to promote rural sports, nationally recognized sports, and paraolympic sports and Olympic sports;
8. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government; and
10. rural development projects.

### **APPENDIX – 2**

#### **Format for the annual report on CSR activities to be included in the Board's Report (As per the CSR Rules, 2014)**

1	2	3	4	5	6	7	8
Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1.Local area/others 2. Specify the state /district (Name of the District/s, State/s where project/programme was undertaken	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programme Subheads: 1.Direct expenditure on project, 2.Overheads :	Cumulative expenditure upto to the reporting period.	Amount spent: Direct/through implementing agency
1							
2							
3							
	<u>TOTAL</u>						