

# CORPORATE SOCIAL RESPONSIBILITY POLICY

Latest Review/Amendment Date

Date	Review/ Amendments	Reviewed/ Amendment Approved By
August 5, 2022	Review	Board of Directors

## CSR POLICY

[Pursuant to Section 135 of the Companies Act, 2013]

### BACKGROUND

This document outlines the vision of Paisalo Digital Limited, Formerly Known as S. E. Investments Limited) (Company/PDL), towards Corporate Social Responsibility (CSR), in accordance with the Section 135 of the Companies Act, 2013 and Rules made thereunder.

The CSR activities, projects and programmes that will be undertaken by the Company shall be those as may be approved by the committee that will be constituted / reconstituted by the Board of Directors of the Company in this regard (CSR Committee). The CSR Committee will approve the undertaking of such activities, projects and programs as set out in Schedule VII of the Companies Act, 2013.

### SCOPE AND APPLICABILITY

Company classifying only those projects/ programmes as CSR that are over and above Company's normal course of business and shall not include following

- activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
- activities carried out for fulfilment of any other statutory obligations under any law in force in India.

This policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 and rules made thereunder and is applicable to all CSR projects/programmes undertaken or to be undertaken by the Company and it will be further reviewed and updated from time to time.

### PURPOSE OF THE POLICY

The key purpose of this policy is to:

- Ø Define what CSR means to us and the approach adopted to achieve Company's CSR goal,
- Ø Define the kind of projects that will come under the ambit of Company's CSR,
- Ø Identify broad areas of intervention in which the Company will undertake projects,
- Ø Serve as a guide document which will help in executing and monitoring CSR projects,
- Ø Elucidate criteria for partner implementation agencies and
- Ø Explain the manner in which the surpluses from CSR projects will be treated.

## GUIDELINES

- Ø The Company's CSR program/project will be overseen under the aegis of Company's CSR Committee.
- Ø The CSR Committee is formulated with reference to Section 135 of the Companies Act, 2013 (the Act) and The Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, (the Rules).
- Ø **Company's Board of Directors will be responsible for:**
  - a) reviewing recommendations made by the CSR Committee,
  - b) approving the CSR Policy of the Company,
  - c) ensuring that in every financial year the funds committed by the Company for CSR activities are utilized effectively by regular monitoring implementation;
  - d) ensuring that in each financial year the Company spend at least 2% of the average net profit before taxation made during the three immediate preceding financial years.
- Ø Company's CSR Committee will consist of three or more Directors out of which, at least one will be an independent Director.
- Ø Company's CSR Committee will be responsible for:
  - a) Formulation & recommendation to Board a CSR Policy in compliance of Section 135 of Companies Act, 2013, which shall provide an indicative list of activities aligned to the CSR policy which shall be undertaken by the Company. The CSR Policy will also include the recommendation for the budget/expenditure as may be needed for the financial year,
  - b) monitoring the CSR Policy of the Company from time to time and recommending modifications to the CSR Policy, as and when required,
  - c) annual reporting to the Board, the status of the CSR activities and contribution made by the Company;
  - d) any other requirement mandatory under the Companies Act, 2013 and Rules made thereunder.
- Ø The Company shall upload its CSR Policy on its website.
- Ø A status report on the CSR activities carried out by the Company shall be disclosed every year as part of the Directors' Report in Annual Report and the said information shall also be uploaded on the website of the Company.

## EXECUTION OF CSR ACTIVITIES

- Ø The CSR activities shall be undertaken by the Company, as per its stated CSR policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

- Ø The CSR Activities may be undertaken by the Company directly itself or through any of the following entities as "Implementation Agency" being duly registered with the Central Government and having a unique CSR Registration Number (with effect from 1 April 2021)
  1. Company established under section 8 of Indian Companies Act 2013, or Trust, or Society registered under section 12-A and 80-G of the Income Tax Act 1961, being established by the Company, either singly or along with any other company; or
  2. Company established under section 8 of Indian Companies Act 2013, or Trust, or Society, being established by (Indian) Central Government or (Indian) State Government; or
  3. Any entity established under an act of (Indian) Parliament or a (Indian) State Legislature; or
  4. Company established under section 8 of Indian Companies Act 2013, or Trust, or Society registered under section 12-A and 80-G of the (Indian) Income Tax Act 1961, and having an established track record of at least three years in undertaking similar CSR activities.
- Ø Accordingly, Company may build CSR capacities of its own personnel by training its staff to think strategically about how and where the money is being spent, as well as how to effectively manage other organization through which or in collaboration with which the Company undertakes/ may undertake CSR activities or Board of the Company may decide to undertake CSR activities approved by CSR Committee, through itself or through implementing agency.
- Ø The Company shall conduct due diligence prior to selection of an entity as its implementation agency, to inter alia verify the credentials and ensure that the proposed implementation agency is eligible and capable to be appointed as such.
- Ø The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with applicable rules.
- Ø The Company may collaborate with the group companies / affiliates in consultation with the CSR committee, to identify, conduct due diligence and contribute to CSR projects. As part of such collaboration, the Company may engage with Implementation Agencies (including execution of the appropriate memorandum of understanding or any other documents as approved by the CSR Committee) on behalf of the Company.
- Ø The Company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- Ø The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
- Ø In case of failure to ensure the minimum CSR Expenditure i.e. 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years, detailed reasons for the same should be submitted to the CSR Committee and the Board. Further the Board shall duly include such explanation in their annual board of directors' report.

- Ø in case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

### PROCESS FOR UNDERTAKING CSR ACTIVITIES/PROJECTS THROUGH IMPLEMENTING AGENCY

The following procedure is required to be adhere to while undertaking/funding CSR activities/projects/programs through implementing agency:

- Ø formulating and recommending a letter of contribution for undertaking CSR activities through implementing agency submitted by the implementing agency, the contribution would be for a particular project or projects identified by the Company,
- Ø the disbursement of contribution amount by the Company to the implementing agency shall be made only if they have requisite approval and registration,
- Ø the disbursement will be made only upon receipt of a request from the implementing agency specifying the amount that is required and the activities & nature of expenditure for which it is required;
- Ø the Company whilst making any contribution may specify the activities for which it is made and the said amount and any interest earned on such amount shall be utilised towards the said activities only.

### CSR EXPENDITURE

- Ø The CSR Committee will recommend the annual budget for CSR programs/ activities to the Board of Directors for its consideration and approval.
- Ø The Company shall spend at least 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years in accordance with the Act and the Rules and the CSR Policy.
- Ø Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy and the annual action plan for the financial year in which such surplus has arisen
- Ø The Board shall be responsible for sanctioning the CSR Expenditure and along with the CSR Committee responsible for taking steps to ensure that the amount for the CSR Expenditure is available to the Implementation Group for application towards the CSR Activities.
- Ø In order to count towards CSR Expenditure, CSR Activities must be undertaken in compliance with the applicable laws and shall not include the following:
  - (i) activities undertaken in pursuance of normal course of business of the company any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
  - (ii) contribution of any amount directly or indirectly to any political party under Section 182 of the Act;

- (iii) activities benefitting employees of the company as defined in clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019);
- (iv) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
- (v) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

Ø The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

### CSR ACTIVITIES

- Ø The Board shall ensure that CSR Activities that are undertaken by the Company should be within the scope of the following activities:
- i. eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
  - ii. promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
  - iii. promoting gender equality, 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.
  - iv. 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;
  - v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;
  - vi. measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
  - vii. training to promote rural sports, nationally recognized sports, Paralympics' sports and Olympic sports; and rural development projects;
  - viii. contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
  - ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central

Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

- (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE), Department of Biotechnology (DBT), Department of Science and Technology (DST), Department of Pharmaceuticals, Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH), Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO), Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]

x. rural development projects and

xi. slum area development.

Explanation.- For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

xii. disaster management, including relief, rehabilitation and reconstruction activities.

- Ø CSR Activities shall be carried out in a manner that the preference is to undertake the CSR Activities in and around the local areas where the Company operates.
- Ø Based on the scope of activities set out above, the CSR Committee shall provide recommendations to the Board with respect to specific CSR Activities that may be undertaken by the Company.
- Ø The Board shall ensure that appropriate designated staff or personnel provide adequate assistance (viz. data collection, survey, quotations and costs involved etc.) to the CSR Committee to enable it to make necessary recommendations to the Board. For this purpose, the CSR Committee may also approach external consultants for necessary assistance as it may deem fit at such costs as may be approved by the Board.
- Ø In case any of the CSR Activities to be undertaken are anticipated to be long term i.e. an ongoing project being of a term of 3 (three) years excluding the financial year in which it was commenced, then a detailed estimate on implementation schedule or milestones should be submitted by the CSR Committee to the Board.

## MONITORING

- Ø The Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee of the Board which formulates and recommends to the Board the CSR policy and the annual action plan.
- Ø The CSR committee to monitor the progress of the annual action plan and the multi-year programs, their manner of execution, modalities of utilization of funds and implementation schedules along with details of need and impact assessment for projects as required.

- Ø The funds to be disbursed shall be utilised for the purposes and in the manner as approved by the Board.
- Ø The Chief Financial Officer or the person responsible for financial management shall issue a certificate to the Board every year certifying that the funds disbursed are utilised for the purpose and in the manner as approved by the Board.
- Ø The CSR Committee of the Company will receive and review all the CSR progress reports on an annual basis. Implementation of this policy will be monitored and reviewed periodically by CSR Committee of the Board.
- Ø The monitoring process will cover both programme and financial reviews.

**GENERAL**

Words, terms and expressions used in this Policy shall have the same meaning respectively assigned to them in the Companies Act, 2013 or rules made thereunder.

**AMENDMENT**

The Board of the Company may, subject to compliance with applicable law, at any time alter, amend or modify the CSR Policy as it deems fit to comply with the statutory obligation of the Company to undertake the CSR Activities.