

CORPORATE SOCIAL RESPONSIBILITY POLICY

Introduction:

Edelweiss Asset Reconstruction Company Limited (EARC/ the Company) is a public limited company incorporated under the Companies Act, 1956 and is a Securitisation / Asset Reconstruction Company registered with the Reserve Bank of India. EARC is a subsidiary of Edelweiss Financial Services Limited (EFSL).

Edelweiss Group is one of India's leading diversified financial services Group. EFSL along with its subsidiaries offers a large range of products and services spanning across asset classes and consumer segments.

Edelweiss Group's businesses are broadly divided into Credit including Retail Finance and Debt Capital Markets, Financial Markets including Asset Reconstruction and Asset Management, Commodities and Life Insurance.

Short title & Applicability:

This policy is titled as the '*EARC CSR Policy*' and it shall apply to all CSR initiatives and activities taken up by the Company for the benefit of the society.

CSR Philosophy and Vision Statement:

To leverage the capacity and capital to equip and enable the social sector achieve the greatest impact on the lives of the poor in India.

Scope of the activities:

- i. Eradicating hunger, poverty and malnutrition, promoting health care 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 centres 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, agroforestry, 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 art 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, paralympic sports and olympic sports;
- viii. Contribution to the prime minister's national relief fund and/or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government 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 Organization (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;
- xi. Slum area development; and
- xii. Disaster management, including relief, rehabilitation and reconstruction activities.

The above list is illustrative and not exhaustive. The CSR Committee of the Board of Directors may consider any other CSR activities which are permitted as per the provisions of Section 135 and Rules framed thereunder or any activities which are permitted by the Central Government, State Government, Regulatory Authorities, Statutory Authorities from time to time.

It is clarified that all the aforesaid activities or programs shall be undertaken in India only and that such programs and activities shall not include the following, namely:

- i. activities undertaken in pursuance of normal course of business of the company;
- ii. 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;
- iii. contribution of any amount directly or indirectly to any political party under section 182 of the Companies Act, 2013;
- iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and
- vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India;

The Annual action plan for selection and implementation of the CSR projects covering one or more of the above list of activities will be formulated by the CSR Committee and approved by the Board of Directors from time to time.

Funding & Allocation:

For achieving its CSR objectives, EARC shall allocate such amount of its average Net Profits as may be approved by the Board of Directors, as its Annual CSR Budget in each Financial Year. Allocation of the Annual Budget for CSR activities in any given year shall be as per the provisions of the Companies Act, 2013 and rules made thereof as amended from time to time. Any unspent/unutilized CSR allocation of a particular financial year for ongoing projects will be transferred to "Unspent CSR Account" within 30 days of the end of the financial year and utilized for the ongoing projects within a period of 3 years. The amount remaining unspent at the end of 3 financial years shall be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. Any unspent/unutilized CSR allocation of a particular financial year not relating to ongoing projects shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of such financial year.

It is clarified that, the surplus arising out of CSR projects or activities shall not form part of the business profit of the Company and shall be ploughed back to the CSR project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

If the Company spends an amount in excess of requirement provided under sub-section (5) of Section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of Section 135 up to immediate succeeding three financial years subject to the conditions laid down under the CSR provisions of the Companies Act, 2013 and the Rules framed thereunder.

Selection and Implementation:

CSR programmes of EARC may be undertaken by EARC directly or by EdelGive Foundation, a subsidiary of EFSL or any other implementing agency as may be decided by the CSR Committee and the Board of Directors of the Company. In addition to direct engagement or through EdelGive Foundation, in specific cases, the Company may partner with other organizations who have the technical expertise and experience to undertake various CSR programmes of the Company.

EdelGive Foundation (EdelGive) is the strategic philanthropic arm of the Edelweiss Group and was registered as a charitable company under Section 25 of the Companies Act, 1956. It has been established to drive large-scale sustainable change in the social sector.

EdelGive seeks to build a strong and high impact social sector for a better India by leveraging the capacity and capital of the for-profit world to equip and enable the social sector to achieve the greatest impact on the lives of the poor.

EdelGive makes efficient investments in non-profits through grant funding. Each investment involves intensive due diligence along with efficient monitoring and evaluation processes. EdelGive works closely with select NGOs to effectively tackle organizational development challenges and as such, utilizes the expertise and skills of Edelweiss Group employees to provide solutions to investee NGOs in the areas of strategic planning, financial sustainability, human resources and technology.

EdelGive Engagement:

EdelGive Foundation shall utilize the funds received from EARC towards projects undertaken in compliance with this CSR policy. Each project shall be adopted after clearly defining the objectives, activities, key performance indicators, monitoring and evaluating tools, and impact measurement techniques to be used.

EdelGive Foundation shall periodically report to the CSR Committee, details of projects undertaken by it in compliance with Section 135 of the Companies Act, 2013.

The EdelGive Approach:

Grants are used towards both the financial and non-financial needs of the NGO partners that EdelGive work with and support. Apart from adding capacity and scale, grants are used towards building the operating capabilities of this special cohort of NGOs. EdelGive follows four approach to grantmaking:

1. EdelGive grants - EdelGive individually funds organisations and their programmes;
2. Co-funding - Large funders, foundations and individuals join EdelGive in making grants;
3. Pooled funding – EdelGive builds structured and transparent collaborative models for pooled funding; and
4. Advisory – EdelGive provides strategic counsel to organisations on grant-making.

Current Sectors of Focus of EdelGive Foundation:

- **Access to Quality Education:** The Foundation is focused to go beyond literacy and enrolment and work on projects seeking to improve the public delivery system, particularly with respect to learning outcomes and competencies and shifts in attitudes and aspirations. The projects shall have high level of involvement with stakeholders and shall include life skills education that is crucial for vulnerable groups in deprived communities.
- **Building Resilient Livelihoods:** EdelGive seeks to enhance income levels and employability through models that aim to reduce the social and economic vulnerability of rural communities. This involves creating and enhancing sustainable livelihood opportunities in the area by harnessing the right resources as well as providing financial inclusion services to rural communities.
- **Social and Economic Empowerment of Women:** EdelGive supports women-centric programmes that are designed to empower both adolescent girls and women through education and livelihood initiatives.

Monitoring:

- i. To ensure effective implementation of the CSR activities / programmes undertaken by EdelGive / implementing agency, the monitoring shall be done by the CSR Committee on a periodic basis with regard to the progress on the CSR activities / programmes carried out by EdelGive / implementing agency.
- ii. CSR initiatives of the Company will also be reported in the Annual Report of the Company.

Impact Assessment

Impact assessment, when applicable as per the statutory regulations, will be carried out by an independent agency, which shall be selected by the CSR committee.

Miscellaneous:

In case of any doubt with regard to any provision(s) of the policy, a reference can be made to CSR Committee of Board of Directors. In all such matters, the interpretation & decision of the CSR Committee of the Board of Directors shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Government, from time to time.

The Board may review the recommendations made by the CSR Committee with respect to the Policy from time to time and make suitable modifications, as may be necessary.