

**CORPORATE SOCIAL RESPONSIBILITY
POLICY**

SBI GLOBAL FACTORS LIMITED

(Version CSR- 11/2023)

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CORPORATE SOCIAL RESPONSIBILITY POLICY

A. Preamble

Pursuant to the provisions of the Companies Act, 2013 ('Act') and rules made thereunder including any statutory modifications/ amendments from time to time, SBI Global Factors Limited hereinafter referred to as ('SBIGFL') or ('Company') has framed its Corporate Social Responsibility Policy ('CSR Policy' or 'Policy'), which is subject to review annually.

B. Vision, Objective and Applicability of the Policy

The CSR Policy sets out commitment of SBIGFL to ensuring that activities of the Company extend beyond business and include initiatives and endeavors for the benefit and development of community and society.¹

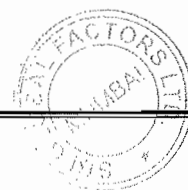
- 1) The policy shall be read in line with section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications as may be applicable and as amended from time to time and will, *inter alia*, provide for the following:
 - (i) Establishing guidelines for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects,
 - (ii) Ensuring the implementation of CSR initiative in letter and spirit through appropriate procedures and reporting.
- 2) (*Omitted*)²
- 3) *If the company is having any amount in its Unspent Corporate Social Responsibility Account as per sub-section (6) of section 135, it shall constitute a CSR Committee and comply with the provisions contained in sub-sections (2) to (6) of the said section.*³

¹ Inserted in Policy 2022

² Inserted in Policy 2022 and Omitted pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 dated September 20, 2022

Notwithstanding anything to the contrary contained in this CSR Policy but subject to applicable law, in the event that the Company fails to meet the thresholds set out under Section 135(1) of the Act for three consecutive financial years, it shall not be required to – (i) Constitute/maintain the CSR Committee; and (ii) Comply with the provisions of this CSR Policy till such time as it again meets the criteria specified in Section 135(1) of the Act²

³ Inserted in Policy 2022 pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 dated September 20, 2022



C. Definitions

- 1) "Act" means Companies Act, 2013.
- 2) "Board" means Board of Directors of the Company.
- 3) "Company" means SBI Global Factors Ltd.
- 4) "Corporate Social Responsibility" means Corporate Social Responsibility as defined in Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 & consequent Amendment(s).
- 5) "CSR Committee" means a committee constituted by the Board of Directors in terms of Section 135 of the Act and the CSR Rules.⁴
- 6) "CSR Expenditure" means the amount approved by the CSR Committee, which is to be incurred on the CSR Activities in India in terms of the Act and the CSR Rules notified from time to time.⁵
- 7) "Net Profit" means net profit as defined in section 135 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy Rules 2014. Average Net profit shall be calculated as per section 198 of the 2013 Act.

Any term not defined above, shall have the meaning assigned to it under the Act or the CSR Rules.⁶

D. CSR Implementation.

- 1) The Board of Company may decide to undertake its CSR activities approved by the CSR Committee, either by itself or through :
 - (i) a company established under section 8 of the Act or a registered public trust or a registered society 'exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961)⁷', established by the company, either singly or alongwith any other company; or
 - (ii) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature; or
 - (iii) a company established under Section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of

⁴ Inserted in Policy 2022

⁵ Inserted in Policy 2022

⁶ Inserted in Policy 2022

⁷ Inserted in Policy 2022 pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 dated September 20, 2022



*the Income Tax Act, 1961,*⁸ and having an established track record of at least 3 years in undertaking similar activities.⁹

- 2) 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.¹⁰
- 3) 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 these rules.¹¹
- 4) The Board shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer of the Company shall certify to the effect.¹²
- 5) The Board shall monitor the implementation of the ongoing projects with reference to the approved timelines and year-wise allocation and shall make modifications, if any, for smooth implementation of the project within the overall permissible time period.¹³

E. CSR Committee¹⁴

- 1) In terms of Section 135(1) of the Act, the Company constitutes the CSR Committee of the Board, consisting of three or more directors, out of which at least one shall be independent director.
- 2) The CSR Committee shall be responsible for providing recommendations to the Board with respect to CSR Activities that may be undertaken by the Company in accordance with the CSR Policy as well as the Act and the CSR Rules.
- 3) Without prejudice to the generality of the foregoing, the CSR Committee shall be responsible for the following activities:
 - (i) Formulating and recommending CSR activities to the board of directors;
 - (ii) Recommend amount of expenditure;
 - (iii) Monitor CSR policy of the company; and
 - (iv) Formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy in accordance with the applicable law and inclusive of the following namely:-
 - a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

⁸ Inserted in Policy 2022 pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 dated September 20, 2022

⁹ Inserted in Policy 2022

¹⁰ Inserted in Policy 2022

¹¹ Inserted in Policy 2022

¹² Inserted in Policy 2022

¹³ Inserted in Policy 2022

¹⁴ Inserted in Policy 2022



- b) the manner of execution of such projects or programmes;
- c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d) monitoring and reporting mechanism for the projects or programmes; and
- e) details of need and impact assessment, if any, for the projects undertaken by the company.

Provided that the Board may alter such plan at any time during the financial year, as per the recommendation of CSR Committee, based on reasonable justification to that effect.

- 4) All questions of interpretation or discrepancies which shall arise under, or as a result of, or pursuant to, or in connection with the implementation of the CSR Policy or any initiative or activities undertaken by the Company in terms of the CSR Policy, shall be referred to the CSR Committee for their inputs and the final decision/determination/interpretation shall rest with the Board.
- 5) No member of the CSR Committee shall be personally liable for any decision or action taken in good faith with respect to the CSR Policy.

F. CSR Expenditure¹⁵

- 1) The Company would spend, in every financial year at least 2% 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.
- 2) The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
- 3) The Board of the Company shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- 4) Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same 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.
- 5) Where a 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 that –
 - (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of Rule 7 of CSR Rules.
 - (ii) the Board of the company shall pass a resolution to that effect
- 6) If a Company fails to provide or spend such amount, the Board shall specify reasons for not spending the amount in its Directors Report under clause (o) of sub – section of section 134 of the Act.

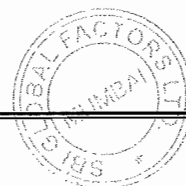
¹⁵ Inserted in Policy 2022



G. CSR Activities

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 including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation & making available safe drinking water;
- (ii) Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & 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 & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows & 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 recognised sports, paralympic sports & Olympic sports;
- (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 Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- (ix) Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- (x) Rural development projects;
- (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;



(xiii) Any other project as may be specified under schedule VII of the Companies Act 2013 from time to time.¹⁶

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

Activities not included in CSR

Following shall not be included in CSR:

- (i) Activities undertaken in normal course of business.
- (ii) Activities undertaken outside India
- (iii) Contribution to any political party.
- (iv) Activities benefiting only for employees of the Company.
- (v) Activities not covered within Schedule VII of the Companies Act 2013.

H. Allocation of Funds

The Company would spend, in every financial year at least 2% of average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

If a Company fails to provide or spend such amount, the Board shall specify reasons for not spending the amount in its Directors Report under clause (o) of sub – section of section 134, specify the reason for not spending the amount.

I. Planning & Coordination

- 1) Company will prepare an annual plan for CSR activities for each year within the budgetary provisions and will place the same before the CSR Committee and the Board of Directors for approval.
- 2) Based on the recommendation of the CSR Committee, the Board shall approve the CSR Activities of the Company for a given financial year.
- 3) The focus of benefits will be in line with activities mentioned in projects/ programs and schemes approved by the 2013 Act.

J. CSR Reporting¹⁷

- 1) The Board of Directors' Report as per section 134(3) of the Companies Act 2013 shall disclose the composition of the CSR Committee, annual report on CSR

¹⁶ Inserted in Policy 2022

¹⁷ Inserted by Policy 2022



Activities of the Company with requisite information and particulars as specified in Annexure of the Act and the Rules of 2014 and any amendment(s) thereof.

- 2) Activities undertaken shall be prepared in form Annexed to Companies (Corporate Social Responsibility Policy) Rules, 2014 and Amendment Rules of 2021.
- 3) In case of failure to ensure the minimum CSR expenditure, detailed reasons for the same to be adequately disclosed in the Board Report.
- 4) If the Company is having average CSR obligation of ten crore rupees or more in pursuance of Section 135(5) of the Act, in the three immediately preceding financial years, it shall undertake impact assessment, through independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- 5) The impact assessment reports shall be placed before that Board and shall be annexed to the annual report on CSR.
- 6) The content of the CSR Policy, composition of the CSR Committee and projects approved by the Board shall mandatorily be displayed on the website of the Company.

K. Amendments to the Policy

The Board of Directors, subject to compliance with the applicable laws, as per the recommendations of CSR Committee, at any time alter, amend or modify the Policy, as it deem fit. The policy would be subject to revision/ amendment in accordance with the Regulations issued from time to time by the Statutory Authorities.

The Policy will be subject to review every year, or at earlier intervals, if required.

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