Aryadhan Financial Solutions Private Limited

Corporate Social Responsibility (CSR) Policy

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Aryadhan Financial Solutions Pvt. Ltd.
H-82, First Floor, Sector-63, Noida,
Uttar Pradesh-201301

91-120-4859300
info@aryadhan.co.in
www.aryadhan.co.in

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POLICY STATEMENT

Corporate Social Responsibility ("CSR") at *Aryadhan Financial Solutions Private Limited* ("the Company" or "Aryadhan") fosters a culture of caring, trust and continuous learning while meeting the expectations of all stakeholders and society at large. As a responsible Corporate Citizen, the Company contributes towards inclusive growth by empowering communities and accelerating development

PURPOSE

Aryadhan fosters a culture of caring, trust and continuous learning while meeting the expectations of all stakeholders and society at large. As a responsible corporate citizen, the company contributes towards inclusive growth by empowering communities and accelerating development.

Aryadhan is committed to society and encourages its employees to serve the community in need and give back to society through developmental activities designed around thematic areas detailed in this policy. Simultaneously, Aryadhan also ensures that CSR programs are in line with statutory norms defined in Schedule VII of the Companies Act, 2013, or any other Acts, as applicable. The purpose of this document is to lay down the policies and procedures of the Corporate Social Responsibility initiatives ("CSR initiatives") of the Company.

SCOPE

This CSR Policy applies to CSR initiatives and activities taken by the Company in India.

COMPLIANCE STANDARD

This Policy is formulated aligned with Section 135 of the Companies Act 2013 and the Rules made thereunder and is reviewed and updated from time to time to incorporate best practices and statutory requirements as laid down by the Act and subsequent amendments / notifications/rules etc.

DEFINITIONS

A. In this Policy unless the context otherwise requires:

I. "Act" means the Companies Act, 2013, as amended from time to time.
II. "Administrative Overheads" means the expenses incurred by the company for general management and administration of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or program.
III. "Board" means the Board of Directors of the Company.
IV. "Company" means Aryadhan Financial Solutions Private Limited
V. "CSR" means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act per the provisions contained in Corporate

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Social Responsibility Rules, as may be notified from time to time, but *shall not include the following, namely*: -

- activities undertaken in pursuance of the 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 the national level or India at the 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 (29 of 2019).
- activities supported by the Companies on a sponsorship basis for deriving marketing benefits for its products or services.
- activities carried out for the fulfilment of any other statutory obligations under any law in force in India.

VI. "CSR Committee" means Corporate Social Responsibility Committee of the Company constituted by the Board.

VII. "CSR Rules" means Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereon.

VIII. "CSR Policy" means this Policy.

IX. "CSR Expenditure" shall include all expenditures including contribution to the corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee.

X. "Net profit" shall have the meaning ascribed to it in the Act.

XI. "Ongoing Project" means a multi-year project undertaken by the Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

B. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act or the Rules made thereunder, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

CSR THEMES

The Company will primarily focus on 'Building India's Social Infrastructure' as part of its CSR programme which will include, amongst others, the following themes, aligning to SDG1, SDG2, SDG3, SDG4, SDG5, SDG6, SDG8, SDG13. Specific activities which will be supported under the CSR policy are listed below.

Freedom from Poverty and hunger (SDG 1 & 2) - Company envisages to undertake activities in food and nutrition arena. Support livelihood strengthening along with securing community food systems. Support activities related to irrigation, wells, dams, produce storage structures etc for improving the livelihood of farmers and agriculturists.

Promoting good health and well-being of communities (SDG 3) - Company envisages to undertake or support activities improving health of communities, relief in event of natural disasters and

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incidences like pandemic. Form partnerships in improving psychosocial support systems and deepening and strengthening the social protection programs of government. May include but not limited to community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.

Improving quality and access to education (SDG 4) – Company envisages to undertake and support activities improving quality and access to education. Support opportunities to bridge the digital divide by training programs or donating digital learning equipment.

Gender equality and women empowerment (SDG 5) - Company envisages to undertake or support activities promoting fair gender representation in opportunities. Importance will be given to specific programs elevating status of women from labour to leader in agriculture.

Clean water and sanitation (SDG 6) - May include but not limited to programmes making clean drinking water available, conservation and purification of water.

Creating employment opportunities (SDG 8) - May include but not limited to vocational training such as skill building, computer training, women empowerment, support to ITI's, support to especially abled (infrastructure support & vocational training), CSTI's, providing employability skills at project sites, creating training centres.

Mitigate impact of climate challenge (SDG 13) - Undertake and support activities that can mitigate the aggravating concerns due to climate challenges. May include but not limited to conducting or supporting of workshops, seminars, funding awareness building initiatives by government and other not-for-profit agencies.

Also, in line with the above-listed themes, company may take related activities such as contributions to Prime Minister's Relief Fund or any such fund set up by the central government, contributions to technology incubators located within the academic institutions which are approved by the central government.

CORPORATE SOCIAL RESPONSIBILITY PROGRAMS AND ACTIVITIES

a) The Company will carry on its CSR activities in areas or subjects as prescribed under Schedule VII of the Act, as amended from time to time. An illustrative list of such areas or subjects is outlined below:

i. 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.
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, daycare centers, and other facilities for senior citizens, and measures for reducing inequalities faced by socially and economically backward groups.

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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 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 Paramilitary 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 or any other fund including Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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.
ix. 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.
x. 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 Defence 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).
xi. Rural development projects.
xii. Slum area development.
xiii. Disaster management, including relief, rehabilitation, and reconstruction activities.
xiv. Any other activity as may be specified under the Act or the CSR Rules from time to time.

b.) The Company's CSR projects and programs will be undertaken by the Company either by itself or through its subsidiary section 8 not for profit company - Aryadhan Foundation for Equitable Agriculture or jointly with other organizations.

c.) The Company encourages its employees, their family and friends, civic organizations, and volunteers to participate in its CSR Project activities.

d.) The CSR projects and programs may also be implemented through registered public charitable trusts or a registered society, registered under Sections 12A and 80G of the Income Tax Act, 1961, companies established under Section 8 of the Act (corresponding to Section 25 of the Companies Act, 1956) and/or through any implementing entity as permitted under the Act and CSR Rules.

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CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Aryadhan's programs and projects for CSR are governed by the CSR Committee of the Board and the CSR Program Management team. Pursuant to Section 135 of the Companies Act 2013, and the amendments thereof the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee.
The CSR Committee comprises the number of members mandatorily required by applicable laws. The committee is responsible for the overall governance of CSR projects in the chosen thematic areas. The members of the CSR Committee shall be appointed by the Board of Directors of the Company.

The CSR Program management team comprises designated Aryadhan officials who are responsible for implementing the CSR agenda of the organization including the administration of CSR Policy, execution of identified CSR projects, etc.

The responsibilities of the CSR Committee are outlined below:

a) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in thematic areas or subjects, specified in Schedule VII of the Act.
b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a).
c) monitor the CSR Policy from time to time.
d) formulate and recommend to the Board, an annual action plan, which shall include the following, namely: -
   - the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
   - the manner of execution of such projects or programs as specified in sub-rule (1) of Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.
   - the modalities of utilization of funds and implementation schedules for the projects or programs.
   - monitoring and reporting mechanisms for the projects or programs; and
   - details of need and impact assessment, if any, for the projects undertaken by the Company:
e) implement, oversee, and monitor the progress of the project or activity rolled out under this Policy.
f) provide regular updates to the Board on the CSR activities undertaken during the financial year; and
g) such other functions and responsibilities, as may be assigned from time to time.
h) The Committee shall meet at least once in a financial year.

FINANCIAL OUTLAY FOR CSR ACTIVITIES

Every year, upon the recommendation of the CSR Committee, the Board will make a budgetary allocation for CSR activities/projects for the year. The budgetary allocation will be based on the CSR obligation of the Company for that financial year arrived in the manner provided under the Act.

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The Company shall strive to spend the budgeted amount allocated for CSR activities/projects planned for each financial year, within that year. If for any reason, any of the provisioned annual budget remains unutilized, the same will not lapse and will be treated in the following manner:

I. In case of an Ongoing Project, the unspent amount shall be transferred to an account i.e., 'Unspent CSR Account' within 30 days of the end of the financial year, or within such other period as may be specified in the Act or CSR Rules from time to time, and such sum shall be spent during the next three financial years from the date of transfer, in the manner prescribed under the Act read with CSR Rules, failing which, the Company shall treat the unspent amount in the manner prescribed under the Act read with CSR Rules.

II. In case of activities/projects other than Ongoing Project, the same shall be transferred to funds specified in Schedule VII of the Act, or any such other fund(s) as may be specified under the Act or CSR Rules, within 6 months of the close of the financial year or within such other time as may be specified from time to time.

Any surplus arising out of the CSR activities, projects, or programs shall not form part of the business profits of the Company and shall be treated in the following manner:

a. ploughed back into the same project; or
b. shall be transferred to the Unspent CSR Account (if any) opened by the Company, from which the said amount shall be spent in pursuance of CSR policy and annual action plan of the Company; or
c. such surplus will be transferred to a Fund specified in Schedule VII of the Act, within six months of the expiry of the financial year.

The Board may during any financial year, approve to undertake CSR expenditure beyond the CSR obligation for that particular financial year. Such excess CSR spend shall be carried forward for set off against the CSR obligation of the Company for the next three consecutive financial years in the manner decided by the Board in compliance with the provisions of the Act and the Rules.

IMPLEMENTATION

a. Every year, the CSR Committee shall formulate and recommend to the Board, an annual action plan of the CSR projects to be undertaken. The annual action plan includes the following broad parameters or such other matters as may be required by the Act or Board:
   I. the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
   II. the manner of execution of such projects or programs as specified in the CSR Rules.
   III. the modalities of utilization of funds and implementation schedules for the projects or programs.
   IV. monitoring and reporting mechanisms for the projects or programs; and
   V. Details of need and impact assessment, if any, for the projects undertaken by the Company.

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

d) Ongoing Project(s) will be broken up into annual targets and activities to be implemented sequentially yearly, and the budget would have to be allocated for the implementation of these activities and achievement of targets set for each successive year, till the completion of the project.
e) The CSR program management team can avail the service of external agencies for the effective implementation of the CSR projects.
f) In the event an external agency is engaged for the CSR initiatives of Aryadhan, the following broad parameters shall be considered while appointing any external agency:
   - Legally authorized to undertake CSR activities.
   - Confirmation of the ethical and clean track record of the agency.
   - Agency having a track record of at least three years of working in CSR areas.
   - duly registered under Sections 80G and 12A of the Income Tax Act.
   - Has obtained a Unique CSR Registration Number from the Ministry of Corporate Affairs.
   - The agency shall have the requisite systems and processes in place for monitoring and reporting.
   - Such other conditions as may be decided by the CSR Committee from time to time.
g) The Board shall ensure that the Administrative Overheads shall not exceed such percentage of the total CSR expenditure of the Company as prescribed and notified in the Act read with CSR Rules.

MONITORING

a) Aryadhan recognizes that regular and robust monitoring is critical for CSR projects.
b) Implementation and monitoring of the CSR activities and projects will be overseen by the CSR Committee.
c) Monitoring is to be done periodically on key performance indicators- timelines, utilization of funds, targets, qualitative and quantitative impact, etc. depending on the nature and need of the CSR project.
d) Continuous feedback mechanism plays a pivotal role in monitoring to plan out the mid-course correction in implementation, whenever required.
e) If the projects are being implemented by an implementation agency, the program management team may in consultation with the CSR Committee designate special executives for monitoring of the CSR projects.
f) The monitoring and evaluation may also be assigned by the CSR program management team to an independent external agency for the sake of objectivity and transparency. The periodic report concerning the status of CSR activities should be submitted to the CSR program management team and thereon to the CSR Committee.
g) The CSR program management with the approval of the CSR committee, may also undertake a study to assess the impact caused by the CSR activities of the Company. For the said purpose, the CSR Committee may designate special executives for this purpose or avail the services of specialized agencies.

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EMPLOYEE VOLUNTEERISM

Aryadhan provides opportunities to its employees to participate in projects and programs undertaken in the social development sector. Participation in CSR initiatives by employees is voluntary and employees may choose activities they wish to participate in. Aryadhan also encourages family and friends of the employees to participate in CSR activities.

ACCOUNTING AND AUDITING

Aryadhan will follow the accounting and auditing Guiding note/standards duly approved/laid down by the Ministry of Corporate Affairs in India or by the prescribed regulatory authority and for other geographies, it will be aligned to local requirements and compliances.

DISCLOSURE

Aryadhan will comply with all the statutory guidelines, issued on the subject ensuring that it makes full disclosure of its CSR activities in the Annual Report as mentioned in the Act/ Rules. The Company's engagement in this domain shall be disseminated on its website, annual reports, and/or its in-house journals as and when deemed fit. The Company shall disclose the composition of the CSR Committee, the CSR Policy, and the Projects approved by the Board on its website. CSR annexure in the Annual Report, web link of the Policy along with salient features of the Policy, and details of change (if any) during the financial year, shall be disclosed in the Board's report.

REVIEW AND AMENDMENT OF THE POLICY

The CSR Committee shall review the CSR Policy from time-based on the changing needs and make suitable modifications as may be necessary with the approval of the Board.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

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