

# **CORPORATE SOCIAL RESPONSIBILITY ("CSR") POLICY**

## **VERSION CONTROL**

<b>Version</b>	<b>Date of adoption/renewal</b>	<b>Reason for adoption/change</b>	<b>Approving Authority</b>
1	October 2015	Pursuant to Section 135 of the Companies Act, 2013	Board of Directors
2	November 2018	To bring in line with the current CSR activities	Board of Directors
3	November 2019	Annual Review	Board of Directors

InnoVen Capital India Pvt Ltd (“the Company”) is committed to grow in a socially and environmentally responsible manner, and as a result the Company strives to contribute to socially responsible activities. The Company’s CSR initiative aims at having a long-term sustainable impact on the community.

## **1. Vision & Objectives**

The Company’s CSR Vision is to contribute to the social and economic development of the community. The Company’s strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each of its employees and business function to include these considerations into its operations.

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

## **2. Scope**

The CSR Policy (the “Policy”) shall be applicable to all CSR initiatives and activities undertaken by the Company and all its employees for the welfare and sustainable development benefit of different segments of the society at large. This Policy is in line with the Section 135 of the Companies Act, 2013 (the “Act”) and the rules made thereunder. The Policy would function as a self-regulating mechanism for the Company’s CSR activities and enable adherence to laws, ethical standards and international best practices in this regard. This policy will apply to all projects/programs undertaken as a part of the Company’s CSR Activities and will be developed, reviewed and updated by reference to the relevant codes of Corporate Governance and best practices.

## **3. CSR Committee**

The CSR Committee has been formed in line with Section 135 of the Companies Act 2013 (the “Committee”). The Committee which shall consist of two or more directors.

The Committee shall:

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) monitor the Corporate Social Responsibility Policy of the company from time to time.
- d) To review CSR projects/initiatives from time to time;
- e) To ensure regulatory compliance from CSR perspective;
- f) To ensure reporting and communication to the relevant stakeholders on the Company’s CSR projects/initiatives.

The Committee will report to the Company’s Board of Directors

The CSR activity within the company will be executed by the Chief Executive Officer. The CEO may designate certain employees within the Company (“CSR Team”) to execute

specific projects but will continue to retain full responsibility for the overall delivery and success of the CSR activity.

#### **4. CSR Budget & Expenditure**

##### **4.1. Budget**

The annual budget for the Company's CSR initiative shall be reviewed by the CSR Committee and recommended to the Board. The allocation of funds to specific projects or initiatives within the major heads may be decided by the Committee. All projects undertaken by the Company will be approved/ratified by the Committee.

##### **4.2. Expenditure**

The Company shall spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years, pursuant to this Policy.

*Note: "net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2018.*

If the Company fails to spend such amount, the Board shall, in its report, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Any amount remaining unspent pursuant to any ongoing project undertaken by a Company, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year

##### **4.3. Treatment of Surpluses**

Any surplus generated from CSR projects undertaken by the Company will be tracked and rechanneled into the Company's CSR corpus. The total amount rechanneled in such manner will be counted while calculating the total amount spent on CSR projects in that year. Further, the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

#### **5. CSR Focus Areas**

While the list of the specific CSR activities which the Company will undertake in any given year will be approved by the Committee at the beginning of each year, CSR activities will broadly cover the following activities permitted under the Act:

- 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, 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;
- vii. training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- viii. contribution to the prime minister's national relief 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. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) 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.
- xii. disaster management, including relief, rehabilitation and reconstruction activities.

*Note: '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.*

## **6. Implementation process**

CSR programs will be implemented through a combination of:

### **(a) Company's Employees**

Employee volunteering in execution, monitoring and evaluation of CSR programs is one of the key pillars of the Company's implementation strategy. It is expected that the employees will work in scoping opportunities for CSR activity and to the extent possible, get involved in actually implementing the activities.

- (b) Company's Portfolio companies  
The Company has a lending relationship with several privately held Indian companies which are funded by large institutional venture capital firms. These companies are involved in a range of businesses, some of which are within the areas of healthcare and education which are focus areas for the Company's CSR activities. The Company sees an opportunity in partner with clients in conducting its CSR activities.
- (c) NGO partners, registered societies etc. (hereinafter collectively referred to as "Specialized External Agencies"). Such agencies should be eligible for carrying out the CSR project. The Company will select its partners after appropriate due diligence.
- (d) Incubators within academic institutions which are approved by the Government.

## **7. Executing CSR Activities through Clients or External Specialized Agencies**

As described in Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company may carry out CSR activity by partnering with clients or through an External Specialized Agency. In either case, the Company will adhere to the following guiding principles:

- (a) In cases where a CSR project is executed through an existing Client:
- The Client must be an existing client of the Company with the loan exposure in Current status.
  - The Company must have a track record in carrying out its business for a period to the satisfaction of the Committee of not less than 3 years.
  - No director of the Company may be associated or affiliated as a trustee, governing body member or in any other manner with the Client and no personal benefit, directly or indirectly, should flow from such Client to any such director.
  - The funding provided by the Company must be used only for the project which has been identified by the Client and must not be paid to the Company or in any manner, adjusted against any loan commitments by the Client.
  - The Client shall provide specific project agenda, targets, target spending, accomplishments, manner of execution, etc.
  - The disbursement of funds to the Client for the project that has been identified must be done on a progressive basis so as to align with the funding needs of the project, and to permit the evaluation of the activity carried so far.
  - The Client must provide periodic reports, to the satisfaction of the Committee, about execution of the project.
- (b) In cases where a CSR project is executed through an External Specialized Agency:
- The Agency must be eligible for carrying the CSR Project, and must have track record in carrying similar project for a period to the satisfaction of the Committee, but not less than 3 years. Subject to the above, any director of the Company may be associated/ affiliated as a trustee, governing body member or in any other manner with the Agency, provided that no personal benefit, directly or indirectly, should flow from such Agency to any such director.
  - The Committee shall provide specific Project agenda, targets, target spending, accomplishments, manner of execution, etc. to the Agency.

- The disbursement of funds to the Agency must be done on a progressive basis so as to align with the funding needs of the Project, and to permit the evaluation of the activity carried so far.
- The Agency must provide periodic reports, to the satisfaction of the Committee, about execution of the Project.

## **8. Monitoring, Evaluation & Reporting**

### **8.1 Monitoring & Evaluation**

The Committee shall institute a well-defined evaluation mechanism to ensure that each CSR activity which is to be funded fulfils the following:

- Clear objectives
- Clear targets, timelines and measurable parameters, where possible
- A progress monitoring and reporting framework that is aligned with the requirements of the Act and the CSR Rules.
- Designated staff within the Company would have the responsibility of monitoring approved projects and funds disbursements for such projects. Monitoring mechanism would include visits, meeting and regular project status reports to the Committee.
- The Committee shall periodically monitor and evaluate the performance of the projects and achievement of targets including the spending thereon.
- The Committee shall review the reasons for Company's inability, if any, in spending the allocated amount or in meeting the timelines for execution of its projects.

### **8.2 Reporting**

The CSR Team will share regular reports with the Committee on the projects undertaken and will also ensure annual reporting in the format recommended in the CSR rules as part of the Company's Annual Report.

## **9. Amendment / Modification**

Based on changing requirements of the target beneficiaries and make such modification(s), as may be necessary, the Committee may amend or modify this Policy from time to time, subject to approval of the Board.