



**CORPORATE SOCIAL RESPONSIBILITY POLICY OF  
A.TREDS LIMITED**

**April 2024**

<b>Description</b>	<b>Name</b>	<b>Designation</b>	<b>Date</b>
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<b>Reviewed By</b>	Prakash Sankaran	MD&CEO	25.03.2024
<b>Approved By</b>	Board	-	12.04.2024
<b>Document maintained by</b>	Risk, Audit & Compliance team		

## **I. CSR Philosophy**

A.Treds' Corporate Social Responsibility (CSR) philosophy is to make meaningful and measurable contributions to the inclusive, equitable and sustainable development of India. The Company strives to support those from socially, economically, or physically excluded and disadvantaged communities, and strengthen the country's development ecosystem. The Company has adopted an integrated approach that focuses on, creating opportunities for secure and sustainable livelihoods, improving the quality of and access to education, strengthening financial inclusion and financial literacy amongst disadvantaged sections of society, supporting environmental sustainability, and providing humanitarian support and relief where needed.

## **II. CSR Policy**

The Company's CSR Policy ("The Policy") has been formulated and adopted, in accordance with the provisions of Section 135 of the Companies Act 2013 (the Act), the relevant Rules framed thereunder, and Schedule VII of the Act. The Policy shall apply to all CSR projects/programs/activities (hereon referred to as 'CSR Programs') which may be undertaken/supported by the Company either directly or through Axis Company Foundation (ABF), or through eligible Implementation Partner(s) under the CSR Rules 2021, or through any Schedule VII Fund(s) that may be set up by the Government of India.

The Company's CSR Programs are implemented directly by the Company, through Axis Company Foundation (ABF), or through its implementation partners, as set out in the Annual Action Plan (AAP) approved by the Board of Directors (the Board) of the Company.

## **III. CSR Focus Areas, Project(s)/Program(s)**

The Company shall undertake CSR Projects/Programs that are aligned with the areas listed in Schedule VII of the Act within the geographical boundaries of India. The Company's CSR Focus Areas are detailed as under:

### **i. Financial Literacy and Financial Inclusion (Clauses (ii), (iii), (x) of Schedule VII of the Act)**

The Company endeavours to undertake Financial Literacy & Financial Inclusion interventions aimed at reducing the social as well as economic inequalities prevailing in both urban and rural India. The Company's interventions shall focus on topics that strengthen financial awareness among individuals and communities and promote their greater economic participation and improving access to pertinent government schemes and initiatives. The Company's interventions may also focus on improving access to formal banking channels and relevant financial products and services among the unbanked and under-banked sections of society.

Its interventions may be undertaken directly or in conjunction with pertinent and eligible implementation partners. The Company may also support initiatives that strengthen the larger financial inclusion eco-system in India, including but not limited to research and capacity building.

### **ii. Lives and Livelihoods - (Clauses (i), (ii), (iv), (x), (xii) of Schedule VII of the Act)**

Creating sustainable livelihoods is an overarching theme that is pursued to contribute to poverty alleviation and integrated development, especially in some of the most socio-economically disadvantaged regions of the country. The Company also endeavours to

promote women empowerment through such activities by providing them skills and livelihood assets which can contribute to improvement in their socio-economic status.

**iii. Education (Clauses (ii), (ix) of Schedule VII of the Act)**

Under the theme of Education, the Company's primary focus shall be to support initiatives that aim to strengthen availability of and access to quality education for children and youth across India. The Company's efforts shall aim to especially focus on children and youth from socially or economically underprivileged backgrounds, and well as those living in remote or highly impoverished regions.

The Company shall also maintain a secondary focus towards supporting initiatives that contribute to strengthening India's larger higher education and research eco-system, which may include support towards technical education, research & development, emerging technologies, and incubation.

The Company's initiatives may be undertaken directly or through relevant and eligible implementation partners.

**iv. Other Areas of Interventions**

**(i) Environmental Sustainability (Clause (iv) of Schedule VII of the Act)**

The Company endeavours to support initiatives aimed at strengthening and protecting India's biodiversity and natural environment, maintaining and improving ecological balance, protecting flora and fauna, reducing human-animal conflict, and conserving its natural resources.

Through its initiatives, the Company may also aim to support communities dependent on biodiversity and natural resources for their sustenance and livelihoods or are most vulnerable to ecological disruptions and disasters.

Towards strengthening climate adaption, mitigation and resilience among vulnerable communities or regions, the Company may also support research, awareness and other capacity building activities.

**(ii) Humanitarian and Relief Activities (Clauses (i), (iii), (vi), (viii) (xii) of Schedule VII of the Act)**

The Company may support humanitarian activities that augment efforts to save lives, address malnutrition and preventive or curative healthcare, or alleviate human suffering. The Company may support relief and rehabilitation measures during natural and other calamities or otherwise including contributing to the Prime Minister's National Relief Fund (PMNRF) or any other eligible national funds.

**(iii) Healthcare and Nutrition (Clauses (i) of Schedule VII of the Act)**

With the aim to enhance general well-being of low-income households in India, the Company may take up interventions towards improving their health & nutrition, and also support interventions aimed at strengthening India's wider public healthcare eco-system.

**(iv) Others (Clauses (v), (vii) of Schedule VII of the Act)**

The Company recognizes that there may be a need for interventions in other activities listed under Schedule VII where it may support activities that strengthen national pride. In this light, the Company may also selectively support the protection of national heritage

under the theme of Arts and Culture, and national efforts towards Olympics and Paralympics Games under the theme of Sports.

#### **IV. CSR Governance Structure**

The Board of Directors of the Company (the Board) is the highest governing body responsible for the Company's CSR domain. The Board shall review the recommendations made by the CSR Committee (if applicable) in pursuance of the CSR Policy and Annual Action Plan (AAP) drawn up and approved by it encompassing activities like the selection of the project(s)/program(s) to be undertaken by the Company in alignment with Schedule VII of the Companies Act, 2013 and the Rules framed thereunder, the mode of utilization of funds, monitoring and evaluation of the project(s)/program(s) and such other responsibilities as may be prescribed by the Act and the Rules from time-to-time. However, till the time, CSR Committee formation is not mandatory, all activities of the Committee shall be undertaken by the Board itself on recommendations of the management.

#### **V. Annual Action Plan:**

The Board, on the recommendation of the CSR Committee, if applicable, shall review and approve the Annual Action Plan which shall inter-alia include the list of CSR project(s)/program(s) in the nature of both 'ongoing' and 'other than ongoing', manner of execution of such project(s)/program(s), modalities of funds utilization and implementation schedules, monitoring and reporting mechanism and details of need and impact assessments, if any.

The Board may, approve, with reasonable justification, converting an 'other than ongoing' program into an 'ongoing' program.

#### **VI. Manner of execution of CSR Project(s)/Program(s)**

The Company shall undertake its CSR project(s)/program(s) either directly or through any one or more of the following including but not limited to:

- i. Through direct implementation by the Company, or
- ii. Through ABF, or
- iii. Through partnerships with a company established under Section 8 of the Act, or a Registered Public Trust or a Registered Society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities, or
- iv. Through an entity established by the Central Government or State Government – a company established under Section 8 of the Act, or a Registered Trust or a Registered Society, or
- v. Through Statutory bodies – any entity established under an Act of Parliament or a State legislature, or
- vi. By making direct contributions to any Schedule VII Fund(s) set up by the Government as deemed necessary

With respect to the on boarding of eligible Implementation Agency/ies, the Company shall adhere to the norms and guidelines listed in Clause VIII of this Policy,

#### **VII. CSR Budget**

The Company remains committed to spending in each financial year, the mandated 2% of the average net profits of the preceding three financial years as calculated under the provisions of Section 198 of the Companies Act 2013 for undertaking CSR project(s)/program(s) outlined in Section III of this policy.

The Company shall ensure that surpluses, if any, arising out of its CSR project(s)/program (s) shall not form part of the business profit of the Company and shall be ploughed back to the respective project(s)/program(s).

The Company shall, in case of any unspent amount pertaining to an ongoing project(s)/program(s), transfer such amount into an '*Unspent CSR Account*' setup for the respective financial year or transfer such unspent amount if the same pertains to other than ongoing project(s)/program(s) to the Funds specified in Schedule VII respectively within the timelines as specified by the Act and the Rules.

### **VIII. On-boarding of Implementation Partners**

The Company shall identify credible implementation partners and conduct due diligence of the identified implementation partners prior to their on-boarding.

Such due diligence shall include but not limited to:

- a. assess the implementation partner's financial and governance parameters as well as its ability to undertake the identified project/program.
- b. Registration with the Ministry of Corporate Affairs (MCA) vide CSR Form 1;
- c. In case of any adverse findings against an existing or potential implementing partner, as the case may be, at any point prior to, during or after the implementation of a CSR project, the Company reserves the right to take corrective measures as required.
- d. The Company shall enter into a Memorandum of Understanding (MoU) or other binding agreements with implementation partners that it intends to onboard, setting out the terms and conditions relating to the proposed Project(s)/Program(s), as deemed necessary and appropriate.

### **IX. Monitoring Mechanism**

The Company shall establish and implement an effective monitoring mechanism to inter-alia ensure the following:

- i. Objectives of the Project(s)/Program(s) are developed basis societal needs and in line with the CSR Policy of the Company.
- ii. Targets, milestones and other measurable parameters, are prescribed, wherever possible.
- iii. Appropriate monitoring and reporting systems aligned to the requirements under Section 135 of the Companies Act, 2013 and the relevant Rules made thereunder, are in place.
- iv. Such monitoring systems may also include field visits to program sites by members of the Board, CSR Committee and/or officers of the Company, enhanced due diligence of implementation partner(s) or CSR project(s)/program(s), and such other actions as may be deemed appropriate by the Company.

### **X. Reporting Framework**

The Company shall, set in place a reporting framework that includes:

- i. The details of CSR Projects undertaken by the Company during a Financial Year, the status of its implementation, the impact thereof on targeted participants, the CSR Funds allocated and amounts spent and remaining unspent as at the end of every quarter/financial year, shall be put up to the CSR Committee/Board, as applicable, for their review and noting, as appropriate.

- ii. The Company shall disclose details of the CSR project(s)/program(s) undertaken by it during a Financial Year in the CSR Report which forms part of the Annual Report, in accordance with the provisions of Section 135 of the Companies Act 2013 and the relevant Rules framed thereunder, as amended, from time to time.
- iii. **CFO Certification:** The Chief Financial Officer (CFO) of the Company shall certify on a half-yearly basis that the CSR funds so disbursed have been utilized for the purpose and in the manner as approved by the Board.

## **XI. Impact Assessment**

Impact assessment of project(s)/program(s) shall be carried out in accordance with the Rules formulated and amended by the Ministry of Corporate Affairs (MCA) and notified from time-to-time.

Accordingly, CSR project(s)/program(s) with outlays of ₹1 crore and above and which have completed at least one year from the date of completion of the said project/program shall be identified for impact assessment. Agencies that are specialized in carrying out impact assessments shall be identified and onboarded followed by the necessary due process for carrying out such assessments. During the evaluation stage of a proposal for a Project/Program, the Company shall endeavour to capture the output, outcome and impact indicators to measure impact effectively.

Impact assessment reports for eligible Projects/Programs shall be placed before the Board and disclosed as specified in the Act and Rules.

## **XII. Review of CSR Policy**

This CSR Policy shall be reviewed annually or pursuant to any amendments to the CSR norms or for any reason as deemed appropriate by the Board. Any amendment to the CSR Policy would be subject to the review and approval of the Board.

This CSR Policy has been reviewed and approved by the Board of Directors (the Board) of the Company at its meeting held on 12<sup>th</sup> April, 2024 and shall come into effect from the same date.

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