

CORPORATE SOCIAL RESPONSIBILITY POLICY OF

Assets Care & Reconstruction Enterprise Ltd. (ACRE)

1. Preamble

The Corporate Social Responsibility Policy has been drafted with a view to provide a framework for establishing a process for allocation, distribution and spending of funds for the purpose of making an impact to the community in the locations that ACRE has offices. In view of the enactment of new Companies Act, 2013 ("Companies Act"), it is prudent that a proper framework be put in place for various activities that would qualify as Corporate Social Responsibility (CSR) initiatives by ACRE and which is in accordance with the requirement of the Companies Act.

2. Vision Statement & Objective

The CSR activities of ACRE need to be align with the business objective and the requirement as given in Companies Act, 2013. The main objective of CSR activities shall be aligned to the permitted activities under the Companies Act, enlisted in section 4 hereto and as may be amended from time to time.

3. Constitution of CSR Committee

Keeping in line with provision of Section 135 of the Companies Act, 2013, the Board of Directors of Company had in their meeting held on October 20, 2014 resolved that a Committee for CSR be constituted to carry out the following functions:

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and rules made thereunder.
- ii. Recommend the amount of expenditure to be incurred on the activities.
- iii. Selection of CSR activities within local limits where the Company operates and recommend to the Board;
- iv. Review the Corporate Social Responsibility Policy of the company annually.
- v. Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

The Members of CSR Committee shall be appointed by the Board of Directors of the Company which must consist of three or more directors, out of which at least one director shall be an independent director.

4. Activities to be pursued by Company as mentioned under Schedule VII of the Companies Act, 2013 read with CSR Rules.

- i. Eradicating hunger and poverty and malnutrition, promoting preventive health care and 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 centers 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, agro forestry, 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 arts 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), 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 Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the 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 Defense 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, slum area development;
- xii. Slum area development
- xii. disaster management, including relief, rehabilitation and reconstruction activities;
- xiii. Such other matters as may be prescribed by the Central Government from time to time.

The Company will review the sectors from time to time and make additions/deletions/clarifications to the above sectors.

5. Guiding Principles for Selection of CSR Activities

The Committee shall plan and implement the CSR activities in and around the location where the Company operates. The CSR activities plan shall include the following:

- i. Focus on CSR activities in the areas of Education, Healthcare and Skill Development;
- ii. Special focus on girls, children, old age people and weaker sections of the Society.
- iii. Allocation of CSR budget as per the applicable guidelines under the Companies Act, Rules and Notification issued by Ministry of Corporate Affairs time to time.
- iv. Prepare implementation schedule for each CSR activity identified. The implementation schedule shall include the project initiation date and end date, the impact that ACRE would achieve and the amount that would be spend out of the CSR budget on each such project. If the Committee is unable to spend any amount out of the total allocated budget, it needs to provide reasons for the same.
- v. Tailor-made CSR projects depending upon allocated spend and geographical presence
- vi. Partnering agencies/companies/firms
- vii. Targeted Beneficiaries & their key needs
- viii. Alignment with Schedule VII
- ix. Project Goals and milestones

6. Implementation of CSR Activities:

- a) The Board shall ensure that the CSR activities are undertaken by the company 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 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with 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
 - iii. any entity established under an Act of Parliament or a State legislature; or
 - iv. 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 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- b) Every entity, specified above, who intends to undertake any CSR activity, shall hold unique CSR Registration Number;
- c) The implementation modalities may be modified from time to time, as per recommendations of the CSR Committee.
- d) The Board of the company 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 or the person responsible for financial management shall certify to the effect.
- e) In case of ongoing projects, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year wise allocation and shall be competent to make modifications, if any, for the smooth implementation of the project within the overall permissible time period.

7. Action Taken Plan

- a) The CSR Committee shall formulate and recommend to the Board, an Annual Action Plan which shall include the following, namely:-
 - i. the list of CSR projects or programmes 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 programmes in terms with the applicable provisions;
 - iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - iv. monitoring and reporting mechanism for the projects or programmes; and
 - v. details of need and impact assessment, if any, for the projects undertaken by the company.
- b) 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.

8. Progress Monitoring

- a) To ensure effective implementation of the CSR programmes undertaken at each work center, a transparent monitoring mechanism will be put in place by the Committee. The Committee may authorise any suitable employee to monitor the progress of CSR programmes and to prepare and submit reports on the progress on a quarterly basis.
- b) The CSR Committee will conduct impact studies on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programmes.
- c) The CSR committee may delegate any employee of the Company to try to obtain feedback from beneficiaries under the programmes.
- d) Appropriate documentation of the CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

9. CSR Expenditure:

- a) The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- b) 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 spend in pursuance to this 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.
- c) Where 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 that –
 - i. the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance to the applicable provisions..
 - ii. the Board of the company shall pass a resolution to that effect.
- d) The CSR amount may be spent by a Company for creation of acquisition of a Capital asset, which shall be held by:
 - i. a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
 - ii. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - iii. a public authority

10. CSR Reporting:

- a) Half yearly report by CSR committee to the Board of Directors.
- c) The Board's Report of the company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021;
- d) In case of average CSR obligation of the Company becomes ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, the Company shall undertake impact assessment, through an 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.
 - (b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
 - (c) The Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.”.

11. Display of CSR activities on its website:

The Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

12. Transfer of unspent CSR amount:

Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.”.

13. Policy Review & Future Amendment

The Committee shall annually review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board.
