



CDSL VENTURES LIMITED

Corporate Social Responsibility Policy

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1. Introduction & Background

- 1.1 CDSL Ventures Limited (CVL) is a wholly owned subsidiary of Central Depository Services (India) Limited (CDSL), a leading securities depository in the country. CVL is the first entity to get approval from SEBI to act as a KYC Registration Agency (KRA). It has created the necessary infrastructure for handling the KYC in accordance to the KRA Regulations (2011). Since 2007, until issuance of KRA Regulations, CVL was the only entity authorized to process KYCs of investors in Mutual Fund Industry. The other areas of business of CVL are document processing, RTA, GSP, eSign AUA/KUA and NAD
- 1.2 CVL CSR policy has been largely guided by CDSL's CSR Policy. This policy aims to contribute towards sustainable development of the society and environment to make planet a better place for future generations.
- 1.3 The CSR Policy is formulated in accordance with the provisions of section 135 of the Companies Act, 2013 and rules made thereunder and other applicable laws to the company.

2. CSR Vision:

- 2.1 Enriching lives to create a healthier and happier world in which everyone can thrive through social, environmental and economic progress in ethical manner, with transparency and by adopting better corporate governance, continuously.

3. CSR Mission:

- 3.1 The company's mission will be to undertake CSR activities as mentioned in Schedule VII



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of the Companies Act, 2013, however the focus areas of these activities will be on the following aspects:

- a) Contribution towards Social Causes like promoting education and healthcare, empowering women, support to children/elderly, environmental sustainability, etc.
- b) Contribution towards research on public funded universities engaged in conducting research in science, technology, engineering and medicine or on autonomous bodies established under national research institutions
- c) Contributing towards disaster aid management

4. Definitions:

- a) “Act” means the Companies Act, 2013.
- b) “Board of Directors” or “Board” means the collective body of the directors of the company.
- c) “Company” means “CDSL Ventures Limited” (CVL).
- d) “CSR Committee” means Corporate Social Responsibility Committee constituted by the Board of Directors of the company.
- e) “CSR Policy” means CSR Policy of CDSL Ventures Limited (CVL).
- f) “CSR Rules” means the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

Any term used in this policy but not defined herein shall have the same meaning assigned to them under the Act and CSR Rules as applicable to the company.

5. CSR Philosophy:

- 5.1 CVL firmly believes that the Corporate Social Responsibility (“**CSR**”) must go beyond the scope of corporate philanthropy in execution to ensure that the target beneficiaries are truly better off and as such leaves a perceptible impact on their lives. Therefore, the CSR



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activities that CVL undertakes are such that the target beneficiaries are not based on any caste, creed, religion, region, language or any other criteria which negates basic tenets of humanity. It also aims to involve / engage the employees of the company / group companies in order to nurture a culture of “paying back to society” which leaves them with a sense of fulfilment of their social commitments.

6. **Scope and Applicability:**

This policy is applicable to CVL.

7. **Composition and Functions of CSR Committee:**

7.1 CVL has constituted a robust and transparent governance structure to oversee the implementation of its CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013 read with the CSR Rules. The Board of directors of CVL have formed a CSR Committee, which will report to the Board of Directors of CDSL.

7.2 CVL's CSR Committee shall consist of 3 (three) Board Members or more, **out of which at least 1 (one) is an Independent Director, as per the requirement of the Companies Act, 2013.**

7.3 The CSR Committee will carry out the following functions:

- a) To formulate and recommend a CSR Policy indicating the activities to be undertaken by the company in areas or subject specified in Schedule VII to the Act;
- b) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- c) To formulate and recommend an annual action plan in pursuance of CSR Policy covering the following aspects:



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- i. the list of approved CSR projects or programs to be undertaken in areas or subjects specified in Schedule VII to the Act;
 - ii. the manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules;
 - iii. the modalities of utilisation of funds and implementation schedules for the projects or programs;
 - iv. monitoring and reporting mechanism for the projects or programs; and
 - v. details of need and impact assessment, if any, for the projects undertaken by the company;
- d) Recommend changes to the Board, if any, needed in the annual action plan with reasonable justification to that effect.
- e) To monitor the CSR Policy as approved by the Board from time to time.

The CSR Committee should recommend the approach and direction of CSR activities to be undertaken by the company and also provide Guiding principles for

- i. Selection of CSR projects / programmes / activities
- ii. Implementation of CSR projects / programmes / activities
- iii. Monitoring of CSR projects / programmes / activities
- iv. Formulation of the annual action plan



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8. Selection of CSR Themes

8.1 The CSR themes will be selected from the focus areas mentioned in the CSR Mission statement above (Refer section 3.1). The focus areas are as per the CSR activities mentioned in the Schedule VII of the Companies Act, 2013.

8.2 On an annual basis, the CSR Team will review the top India level CSR Reports to analyse the CSR trends in India. The following indicative trends will be analysed in these reports:

- a) CSR Priority Areas
- b) CSR Sectoral fund Allocation
- c) CSR Spent Across Major Thematic Areas
- d) State wise distribution of CSR Funds
- e) Modality of Implementation

8.3 After analysing these reports, the CSR team will shortlist the proposed themes for the next financial year. The shortlisted themes and rationale will be placed before the CSR Committee for review and approval.

9. Selection of CSR Partners and Projects

9.1 The CSR team will use the following sources to approach the CSR partners based on the approved themes:

- a) Existing CSR Partners subject to an overall satisfactory performance
- b) Award winning CSR Organizations
- c) Information gathered through CSR Journals
- d) CSR Partners approaching CDSL through National eXchange Portal



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e) CSR Partners approaching CDSL directly or through references

9.2 A list of proposed CSR Partners will be created. Partners will be shortlisted based on the CSR themes approved by the CSR Committee. The partners will be further shortlisted based on the selection criteria mentioned below:

a) Selection Criteria:

- i. CSR partners shall be of Indian Origin only
- ii. Strong technical expertise and experience
- iii. Well planned methodology and Impact to the society
- iv. Organisations serving in National Interest

b) Location Criteria:

- i. PAN India coverage (including aspirational areas)
- ii. Border Areas
- iii. Areas with CDSL presence
- iv. Any other area based on need assessment

9.3 In order to ensure that the CSR Funds are distributed amongst various approved themes, the CSR funding has been capped at a maximum of Rs. 1 Crore per project. However, CSR funding of more than Rs. 1 Crore can be allotted to a project if approval from CSR committee and Board is duly obtained. The capping of Rs. 1 Crore shall be reviewed annually.

9.4 The proposed Annual Action Plan will be placed before the CSR Committee for review and approval.

10. Due Diligence

10.1 As per the proposed Annual Action Plan, due diligence will be conducted by an external



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vendor, for the approved CSR projects. The Due diligence process will be carried out based on the below mentioned parameters for the CSR projects prior to onboarding of the partner.

10.2 The due diligence will be performed as per the following parameters:

- a) Financial viability of the CSR partner
- b) Ethics and Compliance
- c) Governance structure
- d) Environment and Operations
- e) Project proposal evaluation

10.3 Once a clean due diligence report is received, agreement with respective CSR partners will be initiated.

11. Monitoring & Evaluation

11.1 Monitoring & Evaluation of CVLs approved projects will be performed internally as well as externally. An external vendor will be appointed for monitoring & evaluation of projects where:

CSR projects is Rs. 50 Lakhs OR
10% of Annual CSR expenditure
Whichever is higher

11.2 The above-mentioned thresholds are subject to review on an annual basis.

11.3 Internal monitoring & evaluation is done for projects not covered above. CVL CSR team conducts monitoring & evaluation through the following:



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- a) Site visits & virtual Visits
- b) Monitoring the pre-defined targets within agreed timelines
- c) Regular calls with the partners

11.4 It shall be noted that, reassessment will be done for the projects running continuously for a period of 3 years.

12. Exit Strategy

12.1 The CSR team shall evaluate an exit strategy for the CSR partners in case the following scenarios occur:

- a) CSR Partner fails to deliver the project on time
- b) CSR Partner decides to discontinue its operations
- c) CSR Partner informs that the funds will not be completely utilised
- d) Any other reason leading to discontinuing the agreement with the CSR partner

12.2 CSR Team shall propose to use the unutilised funds for any other ongoing CSR project (subject to need assessment) or a new CSR project. Such a proposal shall be presented to the CSR Committee for approval and further Board approval.

Once the exit strategy is approved, the CSR team will implement it.

13. CSR Activities:

13.1 The Scope of activities / focus areas shall be in accordance with the activities mentioned in the Schedule VII of the Companies Act, 2013.

A. The company shall undertake such activities which are broadly related to any of the following:



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- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation
- 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.
- 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, 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 and olympic sports
- viii. Rural development projects
- ix. Development of area declared as “slum area” by the Government or Competent Authority.
- x. Disaster management, including relief, rehabilitation and reconstruction activities.

B. The company may also contribute to the following funds as part of CSR activities:

- i. Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.



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- ii. Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- iii. 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 and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- iv. 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;
- v. 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).

The above areas as enshrined in Schedule VII to the Act and included in this policy aims to provide macro areas in which CSR projects should be undertaken by the company. The CSR Committee should consider details of CSR projects as elaborated in the annual action plan for each financial year.

Any CSR activity proposed to be undertaken as a CSR initiative, but not specifically covered in the aforesaid, may be undertaken only with the prior approval of the Board and CSR Committee.



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14. The Geographic Reach:

- 14.1 It should be endeavored to CSR spends in the vicinity and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. However, the Committee may identify such areas other than stated above, as it may deem fit and recommend it to the Board for undertaking CSR activities.

15. Annual Action Plan:

- 15.1 The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following:
- a) the list of CSR projects or programmes that are approved and to be undertaken by the company
 - 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.

The Board of Directors are empowered to alter the annual action plan during the financial year, if so recommended by the CSR Committee, based on the reasonable justification for such change.

16. CSR Spending;

- 16.1 CVL's total budget for the CSR projects will be reviewed and approved by the CSR Committee and Board of Directors in accordance with applicable provisions of the



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Companies Act, 2013 and CSR Rules.

16.2 The company shall endeavour to achieve the objectives of CSR Policy and allocate every year:

- a) Minimum 2% of its average net profits (CSR Obligation) made during the three immediately preceding financial years
- b) Any income or surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the company and the same shall be ploughed back for use in CSR activities

All the expenditure relating to CSR shall be pre-approved by the CSR Committee. The CFO shall monitor the utilization of funds for the purposes set forth and certify to this effect.

Unspent CSR amount, if any, shall be transferred to separate account in accordance with the applicable CSR Rules from time to time.

CSR Committee and Board shall decide whether the excess amount spent, if any in addition to CSR Obligation of the current financial year should be carried forward and adjusted against the CSR Obligation of next financial year.

16.3 The tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by the Central Board of Direct Taxes.

17. Mode of Implementation:

17.1 CSR programs, projects or activities of the company should be implemented through following methods:

- a) Directly by the company;
- b) Implementing Agencies;



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- c) Any foundation or body incorporated by the company and eligible to undertake such CSR projects.
- d) in collaboration with CDSL its holding Company /other organizations

While the company can engage suitable Implementing Agencies to undertake approved CSR projects. The company can also partner with local governance bodies, such as Gram Panchayats, Civic Bodies, Municipality to directly undertake approved CSR projects with the help and support of these bodies.

18. Information dissemination:

- 18.1 CSR Policy and activities undertaken shall be disseminated on website for public access and shall be published in the Annual Report of the company in the format prescribed under the Act and CSR Rules.

19. Review:

- 19.1 The CSR Committee shall be fully responsible for the monitoring and review of the implementation of this policy in accordance with applicable laws from time to time. The CSR Committee shall provide recommendations as and when it deems necessary to the Board so as to amend/ modify/ revise the CSR Policy.