



# WALLFORT

Financial Services Ltd.

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## CORPORATE SOCIAL RESPONSIBILITY POLICY

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### 1. CSR STRATEGY AND VISION

Wallfort Financial Services Limited ('the Company') acknowledges that our responsibilities to the communities in which we operate are essential to the long-term success of our business and to all its stakeholders.

We are committed to working with our customers, suppliers, employees and the society to achieve results that grow our company, reward our shareholders, our people and contribute to our communities.

### 2. MEANING OF CSR

Corporate Social Responsibility (CSR) is a concept whereby organizations serve the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations.

CSR is a Company's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. This commitment is beyond statutory requirements. CSR extends beyond philanthropic activities and reaches out to the integration of social and business goals.

### 3. STATUTORY NOTIFICATIONS 'REGARDING CSR

In India, the concept of CSR is governed by section 135 of the Companies Act, 2013, which has been notified on 1<sup>st</sup> April 2014, as the date on which the provisions of section 135 and Schedule VII of the Act shall come into force. Our Policy is also aligned with the relevant sections of the Companies Act.

### 4. CSR COMMITTEE

Clause 135 of the Companies Act, 2013 requires a CSR committee to be constituted by the Board of Directors. The CSR Committee shall be responsible for preparing a detailed plan of the CSR activities including, decisions regarding the expenditure, the type of activities to be undertaken, roles and responsibilities of the concerned individuals and a monitoring and reporting mechanism.

**Constitution of the CSR Committee is as follows:**

Three or More Director shall constitute the CSR Committee out of which at least one shall be member shall be an Independent Director.

### **Responsibilities of the CSR Committee:**

- a) Monitor CSR Policy regularly
- b) Approval / Recommendation of Budget
- c) Recommend and Execute CSR initiatives, as specified in Schedule VII of the Act
- d) Monitor CSR expenditure
- e) Report CSR activities in the Boards Report

### **Powers of Approval**

Every project, whether developed by the in-house team or an external agency, must be formally examined and approved by the CSR Committee. This is to ensure that each project is in line with the CSR strategy and policy, the monitoring indicators are clearly defined and relevant and there is an adequate budget available.

## **5. CRITERIA FOR IDENTIFYING EXECUTING AGENCIES**

To identify the executing agencies due diligence must be observed to determine the risks as well as the benefits of working with a potential implementation partner.

This process consists of five primary areas for investigation:

- a) Competence of the implementation partner: The competence of the executing agency shall be gauged on their capacity, their expertise and the number of years of experience they have in these activities.
- b) Identity: Legal Entity
  - a. The executing agency should exist and be registered under the appropriate law under which it is governed. It should comply with the provisions of the Act and other relevant laws.
  - b. The organization should be registered either as a trust, a society or Section 8 Company, a charitable company, a co-operative society or by any Indian legal statutory authority and have necessary affiliation with governments, local administration and international bodies.
  - c. The organization should have a track record of at least 3 years of handling similar projects.
- c) Income tax registration: The organization should have attained recognition under Section 12A of the Income Tax Act. (80G of the Income Tax Act is preferable).
- d) Accountability: Accountability and transparency are key requirements of good governance and necessary for building trust among stakeholders. The organization shall have a financial management policy, which they should adhere to.

- e) Transparency: The organization shall disclose their funding details i.e. the sources of funds, annual revenue and project expenditure. The organization shall produce timely reports on the use and management of funds. They should give out accurate information regarding their projects.

## **6. MOU BETWEEN COMPANY & EXECUTING AGENCY**

While working with an external agency, the Company shall enter into a formal arrangement, which is referred to as a Memorandum of Understanding or MoU.

It defines the roles, responsibilities, deliverables, commitments and consequences in case of any breach.

This is an essential formal acknowledgement that all the partners have voluntarily consented to work together to achieve an agreed outcome that requires each one to play their respective roles.

## **7. PROCESS FLOW**

1. Annually developing a CSR budget forecast that defines programs, geographies and budgets for the following financial year, aligned with the strategy.
2. Meet development experts, NGOs to understand priorities and identifying potential areas of Involvement and viable projects.
3. Select implementation partner/s i.e. executing agencies.
4. Review the CSR activities/proposals and examine their alignment with Schedule VII of the Companies Act, 2013.
5. Every project, whether developed by the in-house team or an external agency, must be formally examined and approved by the Committee to ensure that each project is in line with the CSR strategy and policy and there is an adequate budget available.
6. Determining the Implementation mechanism: viz. a) Grant making, b) Direct implementation/execution, c) Institutional mechanism: in-house CSR Committee, corporate foundation, and partnerships with executing agencies.
7. Once the project is approved & finalized the Company shall enter into a formal arrangement with Executing agencies, which is referred to as a Memorandum of Understanding or MoU. The methods for monitoring and reporting with Executing agencies shall be established in the MoU.
8. Align the necessary accounting, tax, finance, administration, HR and Engineering systems to deliver the commitments of the CSR activities.
9. Progress Monitoring and Reporting: Determine the monitoring schedule for

each project and obtain all relevant progress reports from the project based on what has been agreed in the MoU.

10. Report Consolidation and Communication closes the loop between intent and achievement and this is also a mandatory requirement in the context of the Companies Act, 2013. Finance department shall be responsible to prepare this report, which conforms to the requirements of CSR rules under the Companies Act, 2013 in terms of form and content so as to include it in Board report.

## **8. IDENTIFICATION OF INITIATIVES (SCOPE)**

CSR expenditure should be in line with the amended Schedule VII of the Companies Act 2013 as may be amended from time to time.

CSR activities should be undertaken only in India and preferably in the local area of the operation of the Company.

## **9. CSR ACITIVITIES**

The below list is illustrative and not exhaustive. The same is in line with the Schedule VII of the Companies Act 201. The Committee members shall be authorized to consider CSR activities not falling in this list:

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. 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;
4. 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;
5. 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 and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports. Paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes. minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government.

10. Rural development projects.

11. Such other areas as may be notified under the Schedule VII of the Companies Act from time to time.

**10. GENERAL**

The Company shall endeavor to spend atleast an amount of 2% of the average net profit of the Company for last 3 financial years. However if for some reason It is unable to do the same, the reason shall be specified in the Board's Report for that financial year.

The surplus arising out of CSR activities shall not form a part of the business profits and shall be transferred to the CSR corpus.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Board shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.