

**KKR INDIA ASSET FINANCE LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

### Summary of Policy

<b>Policy Name</b>	Corporate Social Responsibility (CSR) Policy
<b>Related policies and regulations</b>	Section 135, Companies (Corporate Social Responsibility Policy) Rules and Schedule VII of Companies Act 2013
<b>Issue date</b>	March 18, 2015
<b>Effective date</b>	March 18, 2015
<b>Review cycle</b>	<b>OT</b> <b>AN</b> – Annually <b>QT</b> – Quarterly <b>MO</b> – Monthly <b>OT</b> – Other, i.e. upon regulatory change, new products/business, etc.
<b>Date of last review</b>	March 19, 2021
<b>Date of next review</b>	Updated document will be presented in the event this Policy needs an update due to evolving regulations or where the Management feels the need to strengthen the same.
<b>Owner / Contact</b>	Chief Financial Officer
<b>Approver</b>	Board of Directors
<b>Appendices</b>	<b>Appendix A</b> – Policy Revision History

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## 1. Preamble

KKR India Asset Finance Limited (earlier known as KKR India Asset Finance Private Limited) (**'KIAF'** or **'the Company'**) is a Non-Banking Financial Company (**'NBFC'**) operating under Reserve Bank of India (**'RBI'**) regulations/directions and its activities are governed by the various Indian laws and RBI regulations/directions. Over the years, KIAF has created a niche place for itself in the Indian financial services market.

As a responsible corporate citizen, it is imperative that the business of the company is undertaken in a responsible and fair manner with all the stakeholders. KIAF is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations and meets the highest ethical standards.

## 2. Objective

With introduction of CSR regulations under the Companies Act, 2013, corporates now have a legal obligation to actively support and discharge their corporate social responsibilities. The intent of this Policy is to set out the framework for the Company's continued support of CSR activities within the corporate policy framework.

This Policy shall be read in line with section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014, CSR Amendment Rules, 2021 and such other rules, regulations, circulars and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and including any amendment from time to time.

## 3. CSR activities

The Policy recognizes that CSR is not merely a compliance; it is a commitment to support initiatives that measurably protect environment, spread/promote education, and improve the lives of underprivileged.

CSR activities that may be undertaken by the Company shall include all the items or activities that are recognized as such under the regulations as amended from time to time.

The Company may focus on the following activities:

- (a) Contribution to 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 scheduled castes, the scheduled tribes, other backward classes, minorities and women;
- (b) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swachh Bharat Kosh set by the Central Government for promoting sanitation and making available safe drinking water;
- (c) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (d) 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;
- (e) 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;

- (f) 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;
- (g) 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;
- (h) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports; 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;
- (i) 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 Organization (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).
- (j) rural development projects;
- (k) slum area development;
- (l) disaster management, including relief, rehabilitation and reconstruction activities.
- (m) Such other activities and projects covered in Schedule VII to the Companies Act, 2013 from time to time.

#### **4. Guiding principles for selection, implementation and monitoring of execution of CSR projects/ programs /activities**

##### **(A) Selection and Implementation:**

- (a) CSR programs/projects to be undertaken by the Company will be identified by the Company and presented before the CSR Committee for consideration;
- (b) CSR Committee shall evaluate each programs/projects based on the due diligence, background checks and such other information as presented for consideration. CSR Committee may perform any additional checks/due diligence, if required;
- (c) The mode of implementation of CSR project/programs may include direct implementation or through charity partners, collaborations with other entities, implementing agencies, civil societies, social partners etc.;
- (d) CSR Committee shall recommend to the Board for approval, the CSR project/programs, specifying all details required by the Board to decide on the project/program including the mechanism of its execution, expenditure to be incurred, time period over which the particular projects/programs to be specified etc.;
- (e) The Company may avail services of external expert agencies, consultancy firms etc., for carrying out any survey, assessment or report with regards to any CSR project/programs to be undertaken by the Company;
- (f) CSR Committee is authorized to settle all queries, differences or doubts that may arise in relation to the implementation of CSR project(s)/programs.

## **(B) Monitoring and Reporting:**

The Company will perform a periodic assessment of the relevance, performance, efficiency and impact of the CSR project/programs. The performance report on the project/programs will be submitted to the CSR Committee at regular intervals. Progress on CSR initiatives will be reviewed and monitored on by the CSR Committee and once in a financial year by the Board of Directors.

If the Company has a CSR obligation of ten crore rupees or more in pursuance to section 135 (5) of Companies Act 2013, in the three immediately preceding financial years, it shall undertake impact assessment as per prevailing rules.

## **5. Expenditure**

The Company shall spend, in every financial year at least 2 per cent of the average net profits of the Company made during the 3 immediately preceding financial years.

The surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR 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.

The expenses incurred by the Company for the “general management and administration” (“administrative overheads”) of CSR activities shall not exceed five percent of total CSR expenditure of the Company for the financial year.

Where a company spends an amount in excess of stipulated requirement, such excess amount may be set off against the requirement to spend 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,
- (ii) the Board of the company shall pass a resolution to that effect.

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by:-

- (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority;

## **6. Responsibility of the Board of Directors**

The responsibilities of the Board of Directors shall include:

- (a) To ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years;
- (b) To satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner approved by the Board;
- (c) To monitor the implementation of the projects/programs with reference to the approved timelines and year-wise allocation;

- (d) To make modifications, if any, for smooth implementation of the project within the overall permissible time period; and
- (e) based on the recommendations made by the CSR Committee, to approve the Corporate Social Responsibility Policy for the company and disclose contents of such policy in its report and also place it on the Company's website, if any, in such manner as may be prescribed.

## **7. Responsibilities of CSR Committee**

The responsibilities of the CSR Committee shall include:

- (a) Formulate and recommend to the Board, the following:
  - a. Annual action plan;
  - b. CSR policy and indicate activities to be undertaken by the Company
- (b) Disclose composition of CSR Committee;
- (c) Recommending the amount of expenditure for CSR activities mentioned in (a) above;
- (d) Ensure CSR activities are undertaken by the Company; and
- (e) Monitoring CSR activities from time to time.

## **8. Responsibility of the Chief Financial Officer**

The Chief Financial Officer or the person responsible for the financial management shall certify that the funds so disbursed for CSR activities have been utilized for the purposes and in the manner approved by the Board.

## **9. Location of CSR efforts/activities**

The Regulations provide that corporates should give preference to the local area and areas around where it operates, for spending the amount earmarked for CSR activities.

The Company will thus give preference to conducting CSR activities in the States, where it has its operations. However, the Committee may also identify such areas other than stated its operational place, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

## **10. Composition of CSR Committee**

The CSR Committee shall comprise of at least three Directors as may be appointed by the Board from time to time and in accordance with the applicable provisions of the Companies Act, 2013. The Company will not be required to constitute CSR Committee, if the amount to be spent by a company does not exceed fifty lakhs rupees. In such cases, the Board will discharge all functions of CSR Committee.

## **11. Disclosure**

The Company shall provide, in prescribed format as set out under Companies (Corporate Social Responsibility Policy) Rules, 2021, the details of CSR initiatives and activities in its Director's report, composition of CSR Committee, and CSR Policy and Projects approved by the board. Further, the same will also be placed on the website of the Company, if any.

## **12. Review of Policy**

This CSR policy document will be reviewed from time to time and any changes, if necessary, as recommended by the CSR Committee shall be approved by the Board.

## Appendix A – Policy Revision History

Include a revision history in the following table or you may direct the audience to a repository where this information is stored. The items below this point are for record-keeping purposes. Whether some or all of them are shown in the published document is at the discretion of the applicable Owner.

Version	Effective Date	Revision Date	Approved By	Date Approved	Revision History
1.0	March 18, 2015	-	Board of Directors	March 18, 2015	Original Version
1.1	December 15, 2020	December 15, 2020	Board of Directors	December 15, 2020	Revised version
1.2	March 19, 2021	March 19, 2021	March 19, 2021	March 19, 2021	Revised version