

eClerx

Corporate Social Responsibility (CSR) Policy



Project	Corporate Social Responsibility Policy
Company	eClerx Services Ltd.
Prepared by	Secretarial Team

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1. Context

While eClerx continues to provide expert outsourcing options, it has not lost sight of its commitment to play its role as an enlightened corporate citizen. Corporate Social Responsibility has always been on its agenda. Further pursuant to Section 135 of the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014, including any statutory amendments and modifications thereto, every Company having net worth of Rs. 500 crore or more or turnover of Rs. 1,000 crore or more or net profit of Rs. 5 crore or more during the immediately preceding financial year shall constitute Corporate Social Responsibility Committee ('CSR Committee') and the CSR Committee shall formulate and recommend Policy.

The CSR Committee so constituted formulated Policy on Corporate Social Responsibility (CSR Policy) and recommended the same to the Board of Directors of the Company ('Board') for its approval. The Board vide its resolution dated March 29, 2014 approved and adopted the CSR Policy with immediate effect. Further, the Policy was amended on July 31, 2014, January 30, 2015, August 10, 2015, November 2, 2015, January 29, 2016, August 29, 2016, May 30, 2017, August 11, 2017, June 10, 2021, May 25, 2023 and March 13, 2024.

The Board vide its resolution dated May 25, 2023 renamed the "CSR Committee" (CSR Committee) to "Corporate Social Responsibility and Environment Social & Governance Committee" (CSR & ESG Committee).

1.1. Objectives of the Policy

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, *inter-alia*, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting
- Creating opportunities for employees to participate in socially responsible initiatives.

1.2. Definitions

In this Policy unless the context otherwise requires:

1. 'Act' means Companies Act, 2013;
2. "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
3. 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy) Rules 2014 including any statutory amendments and modifications thereto;
4. 'Ministry' means the Ministry of Corporate Affairs;

5. 'Net Profit' means net profit as defined in Section 135 of the Companies Act 2013 and Companies Corporate Social Responsibility Policy) Rules 2014 including any statutory amendments and modifications thereto as set out below:

Net Profit as per financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:


- a. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
 - b. any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act
6. "Ongoing Project" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

1.3. CSR Activities

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules 2014 including any statutory amendments and modifications thereto:

1. Eradicating hunger, poverty & malnutrition, promoting health care including preventive health care & sanitation (including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation & making available safe drinking water;
2. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
4. 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;
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 art and handicrafts;
6. 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;
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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

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9. 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;
10. 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);
11. Rural development projects;
12. Slum area development;
13. Disaster management, including relief, rehabilitation and reconstruction activities

CSR activities shall be undertaken as projects, programs of activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company.

CSR activities shall also not include:

- Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019
- Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India;


1.4. The Geographic Reach

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. The Company will thus give preference to conducting CSR activities in the state of Maharashtra, union territory of Chandigarh and such other state(s) in India wherein the Company has/will have its operations. 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.

1.5. Annual spends/Allocation of Funds

1. The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.

2. The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

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2. CSR & ESG Committee

2.1. Guiding Principles for Constitution of CSR & ESG Committee

The CSR & ESG Committee shall consist of three or more directors, out of which at least one director shall be independent director.

The Committee will meet atleast twice in a year to discuss and review CSR activities and Policy as may be required. A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee members may attend the meeting physically or via such audio-visual means as permitted under the Act. The Committee shall have the authority to call such employee(s), senior official(s) and/or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

2.2. Committee Members

The Chairperson and Members of the Committee will be decided by the Board of Directors:

Email id – CSRCommittee@eClerx.com

2.3. eClerxCares Council

The eClerxCares CSR council is the extant framework, as on the date of approval of this Policy by the Board of Directors of the Company, which champions the philanthropic initiatives of the Company. The said Council consisting of employees of eClerx shall assist the CSR & ESG Committee in achieving the objectives and purpose of CSR Policy and ensure compliance of the Act.

1. eClerxCares Council Members

The Chairperson of the Committee shall act as the Chairperson of the Council.

Email id – eClerxCares@eclerx.com


2. The Chairperson of the eClerxCares Council, shall place periodic report(s) about CSR activities undertaken and status thereof, before the Committee at such intervals as may be directed by the Committee. The Council will work as per the directions of the CSR & ESG Committee.
3. The members to the eClerxCares Council can be added / removed with the approval of Chairperson of the Committee or Mr. PD Mundhra, Executive Director.
4. Extended Council Members
 - a. Extended members include employees in the Company and/or associated registered Trusts, Societies, or Section 8 companies operating in India, for supporting causes identified by the CSR & ESG Committee.
 - b. The Extended staff should also be provided with adequate facilities as required.
 - c. All Extended staff and volunteers must follow norms of confidentiality, if and as applicable

2.4. Scope of Functions of CSR & ESG Committee

The functions of CSR & ESG Committee will, *inter-alia*, include the following:

1. Notified CSR Activities

To ensure that the CSR activities are undertaken as per the provisions of Section 135 of the Act read with Schedule VII of the Act and as mentioned in Clause 1.3 of this policy.

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2. Ancillary Activities

- a. To publicise the CSR Policy and initiatives org-wide, especially through mailers, screensaver and Policy documentation and upload(s) on website.
- b. To plan and carry out workshops to increase employee awareness on various projects and initiatives.
- c. Such other activities as directed by the Board of Directors of the Company and/or as deemed appropriate and expedient by the Committee for the furtherance of CSR objectives of the Company, in pursuance with the Regulations.

3. Transparent Monitoring Mechanism

The CSR & ESG Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.

The CSR & ESG Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

4. Scope/terms of reference of CSR & ESG Committee:

- To formulate and recommend to the Board, CSR Policy of the Company
- To recommend the amount of expenditure to be incurred on the CSR activities
- Ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the company
- To ensure that company spend atleast 2% of average net profit of the company in every financial year.
- Monitor the CSR Policy of the Company from time to time.
- The Committee shall prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the company.
- To formulate and recommend to the Board, an annual action plan for CSR spending.
- To do all such acts, deeds and things as deemed necessary to achieve overall CSR objectives of the Company and to ensure compliance with relevant regulations.
- Set up a sustainability charter (or objectives) & roadmap
- Ensure organizational adherence to the charter/roadmap (including yearly targets)
- Independent functioning & oversee management sustainability performance Policy, strategy & budget approvals.
- Continuous monitoring of ESG risks, material issues and strategy changes
- Independent reviews & audits of policies, expenditure and performance by Management
- Ensure accurate & transparent reporting to regulatory authorities & public disclosures

3. Procedures

3.1. Funding

As per the Regulations the Company will set aside, for annual CSR activities, an amount equal to at least 2% of the average Net Profits of the Company made during the three immediately preceding financial years.

Provided that all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilised in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section (3) of section 134 of the Act, specify the reasons for not spending the amount and unless the unspent amount relates to any ongoing project, such amount shall be transferred to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.

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 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 of the Act, within a period of six months of the expiry of the financial year.

Where a 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 of sub-rule (2) of this rule.
- (ii) the Board of the company shall pass a resolution to that effect.

Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

3.2. Planning and Implementation


1. For the purpose of focusing its CSR efforts in a continued and effective, Education and Literacy Enhancement is identified as a main thrust area, besides other activities permitted under the Regulations.
2. The Projects may be divided into two main categories – Direct Project Funding and Employee Engagement. Projects which involve considerable financial commitment undertaken on a timeframe of 1-3 years where eClerx will be the primary sponsor, will be considered under Direct Project Funding and accorded due significance. Payroll Giving initiatives will fall under Employee Engagement.
3. Every year, the CSR & ESG Committee will place for the approval of the Board of Directors of the Company an annual CSR Action Plan which shall include:

- a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- 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 may alter such plan at any time during the financial year, as per the recommendation of its CSR & ESG Committee, based on the reasonable justification to that effect.

The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

4. Identification of projects and the executing agency/NGO will be made, *inter-alia*, by assessing the following:
 - a. Project Objectives
 - b. Baseline survey – As-is and To-be state basis, accordingly the outcome of the project will be measured.
 - c. Implementation schedules – Timelines for milestones of the project will need to be prescribed and agreed upon
 - d. Responsibilities and authorities
 - e. Major results expected and measurable outcome including the expenses/charges ratio as against the actual CSR spend.
5. If the Company decides to set up a Trust or Section 8 Company, or Society or Foundation or any other form of entity operating *within India* to facilitate implementation of its CSR activities in accordance with its stated CSR Policy, the following shall apply:
 - a. The Company would need to specify the projects/programmes to be undertaken by such an organization, for utilizing funds provided by it;
 - b. The Company shall establish a monitoring mechanism to ensure that the allocation is spent for the intended purpose only;
6. The Company may also conduct/implement its CSR programmes through Trusts, Societies, or Section 8 companies *operating* in India, which are not set up by the Company itself, herein collectively referred to as 'CSR Partner' or 'CSR Partner(s)'. All such entities shall be registered with the Central Government and shall have a unique CSR Registration Number.
7. Such spends may be included as part of its prescribed CSR spend only if such organizations have an established track record of at least three years in carrying on activities in related areas.
8. Company may collaborate or pool resources with other companies to undertake CSR activities within India. Only activities which are not for the benefit of employees of the company or their family members shall be considered as CSR activity.
9. The Board of a company shall satisfy itself that the funds so disbursed have been utilised 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

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10. In case of ongoing project, 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 smooth implementation of the project within the overall permissible time period.
11. 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:

3.3. Projects / Partners

CSR & ESG Committee in consultation with the Board of Directors of the Company will identify suitable projects for implementation in line with the objectives of the Company and requirements laid down under the Regulations. These projects would be executed either directly by the Company and/or through CSR Partner(s)

3.4. Criterion for CSR Partner(s) and Agreement

1. While identifying projects, CSR & ESG Committee will assess CSR Partner(s) organizations who would execute the projects at the grass root level. At a minimum they need to meet the following criteria:
 - a. The CSR Partner(s) has a permanent office/address in India;
 - b. The CSR Partner(s) is a Trusts, Societies, or Section 8 Company having an established track record of three years in undertaking similar CSR programs or projects in pursuance with the relevant regulations and shall be registered with the Central Government and shall have a unique CSR Registration Number;
 - c. Possesses a valid income-tax Exemption Certificate
 - d. The antecedents of the CSR Partner are verifiable
 - e. Have requisite framework to report progress/status of the projects on a quarterly basis on agreed parameters
 - f. Maintain a required level of auditable records on the CSR initiatives conducted in conjunction with eClerx as agreed mutually
2. Once the project/program is approved, eClerx and the CSR Partner will be required to enter into an agreement as per the standard MOU requirements

3.5. Review and Reporting

The CSR & ESG Committee will review the philanthropic activities of the Company and will provide progress update to the Board of Directors every six months/such other intervals as deemed fit.

The Company will report, in the prescribed format as given under the Act, the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company, as required under the Act. Such reporting will be done, pertaining to financial year(s) commencing on or after the 1st day of April 2014.

Every company having average CSR obligation of ten crore rupees or more in pursuance of Section 135(5) of the Act, in the three immediately preceding financial years, 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. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

A 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.

4. Monitoring

1. Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
2. Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
3. The CSR & ESG Committee and persons/entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.
4. Based on analysis of current projects, carry out roadmap planning for allocation of budget and selection of projects. The same will be done atleast once in a financial year.
5. Plan and publish an annual calendar of major events so as strive for maximum participation of stakeholders

5. Amendments to the Policy

The Board of Directors, as per the recommendations of CSR & ESG Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.