

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

I. CONSTITUTION:

1.1. The Board of Directors of SEPC Limited (“the Company”) at their Meeting held on 7th June 2018, resolved to constitute a Committee of the Board with the nomenclature “Corporate Social Responsibility Committee” (“the Committee”).

1.2. The Committee acts in accordance with the terms specified in Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 and amendments thereto.

II. DEFINITIONS:

a) “Act” means Companies Act, 2013 including any Statutory modification or re-enactment thereof;

b) “Board” means Board of Directors of the Company.

c) “Corporate Social Responsibility” generally means and includes but it is not limited to:
- Projects or programs relating to activities specified in Schedule VII of the Act; or -
Projects or programs relating to activities undertaken by the Board in pursuance of recommendations made by the CSR Committee as per CSR policy of the Company subject to the condition that such policy includes the subject covered under Schedule VII of the Act.

d) “CSR Committee” means Corporate Social Responsibility Committee of the Board.

e) “CSR Policy” refers to activities to be undertaken by the Company as determined by the CSR Committee and approved by the Board of Directors from such projects or programmes relating to activities specified in Schedule VII or covered as Corporate Social Responsibility as per this policy and the expenditure thereon, excluding activities undertaken in pursuance to normal course of business of the Company.

III. MEMBERSHIP:

3.1. The Committee members shall be appointed by the Board. The Committee shall be constituted with a minimum of 3 members out of which at least one shall be an Independent Directors.

3.2. The Committee Chairman shall be appointed by the Board. In the absence of the Committee Chairman, the members present at any meeting of the Committee shall elect one of their members to chair the meeting.

3.3. Only members of the Committee have the right to attend Committee meetings. However, all Directors may be invited to attend all or part of any meeting as and when appropriate. In addition, other individuals such as Company employees or external advisors may be invited to attend all or part of any meeting as and when appropriate.

SEPC Limited

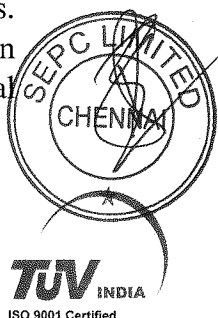
(Formerly Shriram EPC Ltd)

Regd. Office : ‘Bascon Futura SV’ - 4th Floor,

10/1, Venkatanarayana Road, T.Nagar, Chennai - 600 017. Phone : +91-44-4900 5555

E-mail: info@shriramepc.com Website : www.shriramepc.com

CIN: L74210TN2000PLC045167



3.4. The requisite quorum shall be any two members present at the Meeting.

3.5. The Company Secretary shall act as the secretary to the committee.

IV. ACTIVITIES TO BE UNDERTAKEN AND MODE OF EXECUTION:

4.1. The Committee undertakes one or more of the following activities, which relate to Schedule VII of the Companies Act, 2014 as its projects for CSR activity viz.,

a) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;

b) Promotion of education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

c) 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;

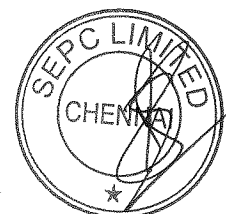
d) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

e) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

f) 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 Castes, the Scheduled Tribes, other backward classes, minorities and women;

g) Rural development projects and such other activated amended there to

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like to the underprivileged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar Programme;
- Promotion of rural sports, nationally recognized sports, Paralympic sports and Olympic sports through training of sports persons;
- Undertake rural development projects;



- Any other Programme that falls under our CSR purpose including those listed in schedule VII of the Companies Act, 2013 as may be amended from time to time or as maybe permitted by MCA from time to time and is aimed at the empowerment of disadvantaged sections of the society.

4.2. The Company may also collaborate with its Group/Associate Companies for undertaking the said activities.

V. GOVERNANCE

The approval of the CSR policy and oversight is the responsibility of the Company's Board of Directors. The responsibility of the CSR committee is to formulate the policy and to administer the policy through implementing partner(s) or via self-implementation.

The CSR Committee shall provide guidelines for projects/partner selection to the respective HR or CSR teams, wherever applicable. The CSR committee is to ensure that projects/programmes are compliant with regulations and are monitored and reported effectively.

As the Company's CSR activities evolve, the policy may be revised by the CSR committee and approved by the Board of Directors.

VI. ANNUAL ACTION PLAN

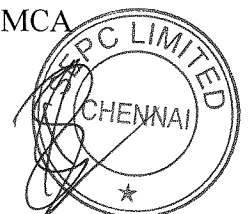
The CSR Committee shall formulate and recommend to the Board, an annual action plan as per the eligibility, in pursuance of this policy, which shall include the following, namely:

- (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 or as may be permitted;
- (b) the manner of execution of such CSR 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;

Based on the recommendation of the CSR Committee, the Board may alter the action plan at any time during the financial year, based on a reasonable justification to that effect.

VII. CSR EXPENDITURE

The CSR Committee shall recommend to the Board the amount of expenditure to be incurred on the CSR activities to be undertaken by the company in areas or subjects specified in Schedule VII of the Companies Act, 2013 or as may be permitted by MCA from time to time.



a) Unspent CSR amount:

Any amount remaining unspent pursuant to any ongoing project shall be transferred within the stipulated period stated in the Act/Rules to a separate bank account designated in the name of the Company.

The amount so transferred to the Unspent CSR Account should be utilized within three financial years from the date of such transfer failing which the amount unspent at the end of the third financial year should be transferred to a Fund specified in Schedule VII or by the Ministry of Corporate Affairs from time to time within the time prescribed in the Rules (currently six months from the expiry of the third financial year).

On-going project for the purpose of this policy means an on-going project as defined under the Rules*. Any amount remaining unspent in respect of any project not being an on-going project shall be transferred within the stipulated period stated in the Act/Rules to the Fund specified in Schedule VII or by the Ministry of Corporate Affairs from time to time.

* On-Going project for the purpose of this policy 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"

b) Surplus arising out of CSR spend

Any surplus arising out of CSR activities should form part of business profits of the Company. The surplus amount, if any should be:

- i) ploughed back into the same project (or)
- ii) transferred to the bank account designated in the name of the Company and spent pursuant to this policy and annual action plan (or)
- iii) transfer the surplus amount to the Fund specified in Schedule VII of the Companies Act 2013 within six months of the expiry of the financial year.

c) Excess CSR spend

Any amount spent in excess of the requirement under Section 135 of the Companies Act, 2013 may be set off against the CSR obligation under Section 135 of the Act up to immediate succeeding three financial years' subject to the conditions that:

- (i) the excess amount available for set off should not include the surplus arising out of the CSR activities, if any.
- (ii) Setting-off of the excess CSR spend requires the approval of the Board.



d) Creation or acquisition of capital asset:

The CSR amount may be spent by the 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

VIII. IMPLEMENTATION

The Company shall undertake CSR project/programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy.

The Company shall implement its CSR programmes/projects:

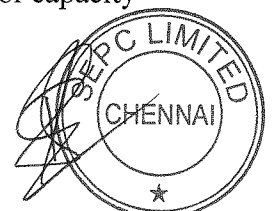
- a) Through an implementation partner that can be a public charitable trust or a society registered under applicable Acts or a Company registered under Section 8 of the Companies Act 2013 which satisfies the conditions prescribed in the Rules;
- b) established track record of at least three years in undertaking similar activities.
- c) Through the 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
- d) Through any entity established under an Act of Parliament or a State legislature; or

a company established under section 8 of the Act, or a registered public trust or a registered society, registered under the applicable Acts, and having an

With effect from 1st April 2021, implementation partners are required to register themselves with the Central Government in the manner as laid down in the Rules. The Company should engage with only registered implementation partners to undertake CSR activities.

- e) On its own, through the relevant HR or CSR department or
- f) through its own foundation (if applicable) specifically created for implementing its CSR initiatives.

The Company can engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of the Company's own personnel for CSR.





Engineering the Future

The Company may also enter into partnerships or alliances with NGOs, Trusts, or other Corporate Foundations etc. to effectively implement its CSR programmes/projects.

The Company can also collaborate with other company(ies) for undertaking projects or programmes or CSR activities in such a manner that the CSR Committee is in a position to report separately on such projects/ programmes.

The Company shall formulate criteria and procedure for selection, screening and due diligence of its implementing partners.

Any creation or acquisition of a capital asset out of the CSR funds should be strictly undertaken in the manner prescribed in the Rules.

IX. MONITORING OF CSR ACTIVITIES AND REPORTING

The CSR Committee will oversee the implementation and monitoring of all CSR projects/ programmes and periodic reports shall be provided for review to the Board.

The Company will institute a well-defined, transparent monitoring and review mechanism to ensure that each CSR project/programme has:

1. Clear objectives developed out of the societal needs that may be determined through need assessment studies and research (secondary or primary);
2. Clear targets, time lines and measureable indicators, wherever possible;
3. A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act 2013 and the CSR Rules.

The Board should ensure that the administrative overheads do not exceed five percent of the total CSR expenditure for a financial year.

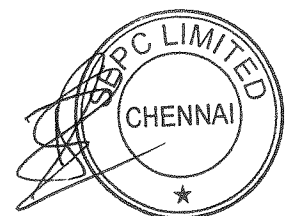
The Board should satisfy itself that the funds disbursed towards CSR have been utilized for the purposes and in the manner as approved by it.

The Chief Financial Officer shall certify to the Board at the meeting where the CSR spend utilization is reviewed for the financial year that the funds disbursed have been utilised for the purposes and in the manner as approved by it.

In case of ongoing projects, the CSR Committee should monitor the implementation of the project with reference to the approved timelines and year-wise allocation. The CSR Committee can make modifications for implementation of on-going projects within the overall permissible time period.

X. REPORTING AND DISCLOSURES

The Board's Report should include the Annual Report on CSR containing the particulars as specified under the Act and Rules.





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XI. IMPACT ASSESSMENT

In case the average CSR obligation in the immediately three preceding financial years is ten crores or more, than then Company shall undertake an impact assessment of its projects with outlay of one crore rupees or more.

The impact assessment report should be placed before the Board and annexed to the Annual Report on CSR.

XII. PUBLICATION OF THE POLICY:

The composition of the CSR Committee, CSR Policy of the Company and Projects approved by the Board should be displayed on the Company's website.

XIII. AMENDMENT

The Company or the Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or any law for the time being in force.

In the event of any conflict between the provisions of this Policy and of the Act, rules, the provisions of such Act, rules shall prevail over this Policy. Any subsequent amendment / modification in the Act and/or applicable laws in this regard shall automatically apply to this Policy.

For SEPC LIMITED



Managing Director