

CORPORATE SOCIAL RESPONSIBILITY POLICY

(In compliance of Section 134 and 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014)

Share Microfin Limited ('SHARE' or 'the Company') is a public Company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and is classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from December 18, 2014.

The Company is engaged in providing financial services to women in India through the organization of Joint Liability Groups ('JLG'). The Company provides small value, collateral free, loans and other loans to women. In the initial stages of group formation and mobilization, the operations also involve efforts on development training, efforts on financial discipline, advice on the micro enterprises carried out by the individual members, and later, constant monitoring through weekly/ monthly meetings.

This Corporate Social Responsibility (CSR) policy has been formulated and adopted in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules).

Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, requires SHARE to constitute a CSR Committee, adopt a CSR Policy, spend at least 2% of its average net profits made during the immediate preceding three financial years towards CSR activities as set out in Schedule VII to the Companies Act, 2013 and confirm compliance thereof in the Annual Report.

Accordingly, the Board of Directors at its Meeting held in September 27, 2018 approved and adopted this CSR Policy. This policy, post review by the CSR Committee and per its recommendation, has been amended by the Board of Directors of the Company at its meeting held on 4 September 2024

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1. PREAMBLE

Mandating CSR in the Indian context stems from the uneven economic and social development that the country has witnessed over the decades and also the endemic nature of poverty, poor health care and high illiteracy which have persisted even after independence which continues today. The objective of CSR, in a way, is to demonstrate how businesses need to shift from.

At SHARE CSR covers the entire process by which an organization approaches, defines and develops its relationships with stakeholders for the common good and demonstrates its commitment in this regard by adoption of appropriate strategies and projects. Thus, CSR is not charity or mere donations, but a way of going beyond business as usual, creating shared value and contributing to social and environmental good.

2. PURPOSE OF THE POLICY

SHARE is grateful to the society for the support and encouragement in the growth and development. The Company believes that no organization can make sustainable development without the patronage from the society.

It is the Company's CSR philosophy to develop the community in which the Company operates and make a sustainable improvement in the lives of economically, physically and socially challenged people living at the lower end of the society. The policy applies to all CSR initiatives and activities to be undertaken by the Company at various locations, within India, for the benefit of targeted segments of the society.

The CSR policy shall act as a mechanism for regulating the CSR activities of the Company and adhere to laws and regulation in force and adopt best practices.

In precise, the purpose of the policy is to:

- Shape sustainability for the organization by 'Engaging the Community';
- For other stakeholders, make it "an integral part of the Company's DNA, so much so that it has to be an organic part of the business".
- Planning and implementing various CSR activities towards the set objective of the organization and facilitating the CSR program, is the responsibility of SHARE.
- Aligning the vision of the Company, increasing value creation in the community in which it operates, through its services and CSR initiatives which are planned and implemented, so as to stimulate well-being for the community, in fulfillment of its role and responsibility as a corporate citizen.

3. POLICY STATEMENT /VISION

MISSION: The Company's CSR mission is to mobilize resources in order to provide financial and support services to the poor, particularly women, for viable productive income-generating enterprises enabling them to reduce their poverty. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to their lives.

VISION: Share Microfin Limited, a Company started its operations with a vision to improve the quality of life of the poor by providing access to financial and support services to poor, particularly women, and to be a viable financial institution developing sustainable communities enabling them to reduce their poverty. The Company's vision itself describes the social responsibility and commitment towards empowerment of poor.

4. DEFINITION

SHARE is well aware of its corporate and social responsibility and recognizes that good corporate governance and corporate social responsibility leads to growth in the trust of all the stakeholders. Corporate Social Responsibility Policy (hereinafter referred to as the "Policy") relates to the activities to be undertaken by the company as specified in Schedule VII to the Company's Act.

"Corporate Social Responsibility (CSR)" means and includes but is not limited to projects or programmes relating to activities specified in Schedule VII to the Act; projects or programs relating to activities undertaken by the Board of Directors of a company in pursuance of recommendations of the Corporate Social Responsibility Committee of the Board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

5. SCOPE OF THE POLICY

This Policy is also in line with Section 135 of the Company's Act and the Rules made there under. This policy shall apply to all projects, programs, donations and activities undertaken as part of the Company's CSR activities in fulfillment of its corporate social responsibility and shall be reviewed and updated from time to time with changes may also undertake activities specified under Schedule VII of the Act, including but not limited to providing financial assistance for deserving women for their study, organizing free health check-up camps, etc.

6. GOVERNANCE

SHARE has constituted a robust and transparent governing mechanism to oversee the implementation of its CSR projects in line with the CSR Policy, in compliance with the requirements of Section 135 of the Companies Act 2013 and Rules made thereunder as may be amended from time to time.

At the helm of this mechanism is the Board of Directors of the Company, who is ultimately accountable for the CSR projects undertaken by the Company.

The overall governance of CSR activities will be the responsibility of the Corporate Social Responsibility Committee of the Board. The Finance department of the Company will be responsible for administering and executing the Policy. As the Company's CSR activities evolve further, the Policy may be revised with the approval of the Board.

Composition of the CSR Committee, the contents of the CSR policy and Projects approved by the Board of the Company shall be displayed on the Company's website.

7. EFFECTIVE DATE

The Policy which was originally approved and adopted by the Board at its meeting held on September 27, 2018, is revised and approved by the Board of Directors at its meeting held on Sept 04, 2024 and the revised policy will be effective from that date.

8. CSR COMMITTEE OF BOARD

The Corporate Social Responsibility Committee of the Board shall comprise of three or more Directors, out of which at least one director shall be an independent director.

The Board shall ensure that the Company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years.

In case, if in any financial year, the company spends an amount in excess of the requirements specified under Companies Act, 2013 read with Rules made thereunder the Company may claim set off such excess amount against the requirement to spend next three succeeding financial years.

- The Quorum shall be two members. A duly convened meeting of the CSR Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the CSR Committee.
- The CSR Committee may invite any person as they may deem fit to attend meetings of the CSR Committee when required, notwithstanding that they are not members of the CSR Committee.
- The Company Secretary shall act as the Secretary of the CSR Committee and shall

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keep a record of the membership of and the dates of any changes to the membership of the CSR Committee. He/she shall be responsible to record the minutes of the meeting.

- Meetings shall be held at such times as the CSR Committee deems appropriate and in compliance with Companies Act 2013 and the Rules made thereunder as amended from time to time.
- Meetings of the CSR Committee shall be convened by the Company Secretary of the Company at the request of the Chairman or any Member thereof.
- CSR activities shall be activities as specified in Schedule VII of the Companies Act, 2013, and as amended by the Ministry of Corporate Affairs from time to time.
- The CSR Committee may at the direction of the Board of the Company, investigate any matter within its terms of reference. The CSR Committee may at the direction of the Board, secure external professional advice and attendance of third parties with relevant experience and expertise at meetings of the CSR Committee, if it considers this necessary.
- The CSR Committee shall have all necessary authority to carry out its duties and responsibilities. Without limitation to the generality of the foregoing, the Committee shall have the authority to engage (including authority to approve fees and other retention terms) and terminate the engagement of any social responsibility consulting firm to provide data or recommendations with respect to CSR projects.
- The Company shall provide and make available to the Committee, as it may determine, funds for undertaking CSR activities and to pay compensation to any advisers engaged by the Committee as per Companies Act 2013 and rules made there under as amended from time to time.
- The CSR Committee is empowered to frame, review and modify the criteria / processes for selecting the projects, laying down the criteria for performance evaluation of the projects, selecting the implementation entities / partners and decide on any matter that it may deem pertinent to effectively discharge its responsibilities which are in line with the objectives of the CSR policy.
- CSR Committee shall monitor the implementation of the CSR projects in line with the CSR policy through reviews of the activities of the external agencies/NGOs in compliance with the Act and ensure that funds spent on CSR programs are creating the desired impact.

The CSR Committee of the Board shall be responsible for the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act,
- To review the CSR project and activity and performance against the goals set,
- Monitor the implementation of the Corporate Social Responsibility Policy of the company and arrange for reporting of the company's CSR activities.
- Recommend the amount of expenditure to be incurred on the activities indicated in the policy.

9. CSR BUDGET

The overall amount to be committed to CSR will be approved by the Board as a part of the Company's overall Annual Budget / Plan. The CSR budget to be approved shall be in line with the provisions of the Company Act and relevant guidelines issued by RBI from time to time. Within the budgeted amount, specific CSR initiatives/projects will be approved in line with the process approved by the CSR Committee of the Board. All projects undertaken by the Company will be approved / ratified by the Company's CSR Committee.

As set out in the Act, in every financial year, minimum two per cent of the average net profits of the Company made during the three immediately preceding financial years shall form the fund available for implementation of CSR projects.

10. IMPLEMENTATION STRUCTURE

The Company will undertake CSR projects which are closely linked with the principles of sustainable development and shared value, with the involvement of local institutions and the Company at large. Initiatives and projects will be selected based on their relevance to the Company's selected areas of focus and their alignment with the guidelines provided under Schedule VII, Section 135 of the Companies Act, 2013. The designated person would assist in implementation and monitoring of the CSR projects/initiatives. The actual implementation of various initiatives will be broad based with the involvement of various employees /units of the Company or through implementing agencies like NGO'S, Trusts, Societies or Self-Help Groups, Government Agencies, Autonomous Organizations, Educational Institutions, Professional Consultancy Organizations, Registered Voluntary Organizations, or any other appropriate agency/ authorities.

In case of the implementing agency being a "not for profit" organization, the entity should typically have not less than three years of experience in implementing projects in the respective area.

11. CORE FOCUS AREAS

SHARE has adopted the following core focus areas for its CSR initiatives:

- **Livelihood security and enhancement:** Contribution to Central Government Relief and Welfare Funds (Help camps during natural calamities like floods, tsunami, earth quakes etc. as admissible under the Act). Also Helping in the issuance of ration cards, AADHAR cards, voter id cards
- **Food Security:** The CSR activities of company shall also focus on efforts to remove hunger and enhance food security of the poor. Specific programs to that effect shall be designed by the CSR team with the approval of the CSR Committee.

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- **Education:** Promoting Education (including specialized and employment oriented vocational skills by providing pen, paper, notebook to learn new skills, Financial literacy, Education for the clients children and the rural poor) and Livelihood enhancement projects.
- **Healthcare and Social welfare:** Promoting Healthcare (including preventive healthcare and sanitation) and Poverty Eradication and Gender Equality and Socio-economic Empowerment. Health care at its essential core is widely recognized to be a public good. Health care covers not merely medical care but also all aspects of pro preventive care too. The Company shall contribute in the effort to make basic health care available to the rural poor.
- **Environment Sustainability:** Ensuring Environmental Sustainability by recycling and reusing the waste, Water purification camps, Water and Sanitation, plantation of buds and trees, Distribution of dustbins or garbage bags.
- **Arts and culture:** Protecting and Preserving Culture and Art, we can showcase our client's innovative ideas for which they have taken loans from the company. Also we can teach on Handicrafts training programs.

** Any other focus areas as many evolved by the Board Committee/ Managing Director & CEO from time to time.

12. TARGET GROUP

SHARE target group cover all sections of the population who are vulnerable which shall include low income group people, those who are disadvantaged either due to very low asset base, physical or mental inadequacies, education, social status, or any other cause without any discrimination based on caste, creed, religion, gender etc. It may be for any of the cause that impacts the well being of general public at large.

The focus of the CSR activities would generally be SHARE clients and the geographical areas served by the company.

13. MONITORING OF CSR ACTIVITIES BY CSR COMMITTEE

The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of the projects/programs/activities proposed to be undertaken by the Company. The Designated person would have the responsibility of monitoring approved projects and funds disbursements for such projects. Monitoring mechanism will include visits, meetings and progress/status reporting by the project teams. The Company's CSR activities will be reviewed by the CSR Committee. Projects will be regularly monitored by the CSR Committee which will also be responsible for holding meetings for reviews.

The CSR team of the Company shall report to the CSR Committee on the various ongoing projects and the budget outstanding on a periodic basis.

The Company shall provide necessary resources and human capital for implementation and effective monitoring of the CSR projects and programs as may be directed by the CSR Committee.

- For effective implementation of the CSR initiatives undertaken, a monitoring mechanism will be set up under the guidance of the CSR Committee
- Company should undertake the CSR activities as per the program approved by the Board in the Policy
- The budget allocated for each of the project is utilized for the projects as per the approved plans
- The objective of the project/program is achieved as per the plans; and
- The surplus arising out of the CSR activities will not be part of business profits of the Company.

14. CSR AUDIT

The Internal Audit Team will submit the Internal Audit Report about the budget utilization and the progress activity initiated by the CSR team. They will also have to earmark the deviation between the work in progress for the initiative taken and submit the independent audit report in this regard.

15. REPORTING OF CSR ACTIVITIES

The CSR Committee of the Board periodically considers the progress report on the various CSR initiatives taken up by the Company. CSR activities and achievements will be reported as part of the Director's Report in the Company's Annual Report and also as per any other statutory and regulatory reporting requirements.

16. AMENDMENTS TO THE CSR POLICY

In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

The Board of Directors of the Company shall have the powers to revise/modify/amend this Policy from time to time, as the Board may think fit, based on the recommendations to be made by the CSR Committee to confirm to the revision/amendment, if any, to be made to the CSR Rules by the MCA, under the Act.

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