
CORPORATE SOCIAL RESPONSIBILITY POLICY**CONTENTS**

1. PREAMBLE	2
2. PURPOSE OF THE POLICY	2
3. POLICY STATEMENT /VISION	2
4. DEFINITION.....	3
5. SCOPE OF THE POLICY.....	3
6. GOVERNANCE	3
7. EFFECTIVE DATE	3
8. CSR COMMITTEE OF BOARD	4
9. CSR BUDGET.....	5
10. IMPLEMENTATION STRUCTURE	5
11. CORE FOCUS AREAS.....	5
12. TARGET GROUP	6
13. MONITORING OF CSR ACTIVITIES BY CSR COMMITTEE.....	6
14. CSR AUDIT.....	7
15. REPORTING OF CSR ACTIVITIES.....	7
16. AMENDMENTS TO THE CSR POLICY	7

1. PREAMBLE

Mandating Corporate Social Responsibility (“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.

A short term compliance perspective to a strategic long term commitment oriented perspective.

2. PURPOSE OF THE POLICY

SHARE MICROFIN LIMITED (“SHARE”, “company”) 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. The Company is committed to financing the economic and developmental activities of the nation with concern for human rights and environment.

The Company shall continue to have among its objectives, the promotion and growth of the national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders, employees and society.

The chief purpose of the Company’s CSR philosophy is 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.

3. POLICY STATEMENT /VISION

MISSION: The Company’s CSR mission is to mobilise 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 fulfilment 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, organising free health check-up camps, etc.

6. GOVERNANCE

The overall governance of CSR and approving of the CSR Policy will be the responsibility of the CSR 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.

7. EFFECTIVE DATE

The Policy was approved and adopted by the Board at its meeting held on **September 27, 2018** ("Effective Date") and will be effective from that date.

8. CSR COMMITTEE OF BOARD

Every company having net worth of Rs.500 Cr or more, or turnover of Rs.1,000 Cr or more, or a net profit of Rs.5Cr or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the board consisting of 3 or more directors, out of which at least one director shall be an independent director.

The Company shall have a CSR Committee of the Board constituted by the Board of Directors along with the representative from the Company's Senior Management as may be decided by the Managing Director. The Committee will meet at least once in a calendar year.

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Accordingly as SML net profit for FY 2017-18 is more than Rs.5 Cr, the company has constituted CSR Committee in the board meeting held on 27-Sep-2018 with the following members:

1. Mr. M. Udaia Kumar – Managing Director
2. Mr. K. Prahlada Rao – Independent Director
3. Ms. Ephatha Naresh – Independent Director

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 Company's budget on CSR activities shall be approved by the Board, based on recommendations of the CSR Committee, as part of the company's overall Annual Budgeting. 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.

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

In order to implement approved CSR projects, the CSR Team may implement the entire project itself, or Involve other employees and/or other departments or they may involve specialized agencies, such as NGOs, Trusts, Self-Help Groups, Govt./ Semi- Govt./ Autonomous Organizations, Educational Institutions, Professional Consultancy Organizations, Registered Voluntary Organizations, or any other appropriate agency/ authorities.

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.

Projects will be regularly monitored by the CSR department which will also be responsible for holding quarterly reviews with the relevant Implementing Agencies, if any.

The CSR Committee of the board shall meet annually to review project progress and revise the CSR policy as needed. Additional meetings may be called for by any member of the committee or on the recommendation of the CSR Department.

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.
- **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 Handy crafts training programs.

** Any other focus areas as many evolved by the Board Committee/ MD 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 of the Board institutes a transparent monitoring mechanism for implementation of CSR projects/ activities undertaken by the Company. The Committee

will be responsible for monitoring the various CSR projects / programs undertaken by the company directly or indirectly. The Committee shall ensure that:

- 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.

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.

14. CSR AUDIT

The internal audit team will submit the internal audit report about the budget utilisation 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. Significant 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 has the power to replace this Policy entirely with a new policy.

END OF THE DOCUMENT