



Corporate Social Responsibility Policy

VERSION 1.0



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I. Introduction:

This Corporate Social Responsibility (CSR) Policy reflects Upstox's commitment to fostering sustainable economic, social, and environmental development. Aligned with the provisions of the Companies Act, 2013, and the associated rules, this policy provides a comprehensive framework for the planning, implementation and monitoring of the company's CSR initiatives, ensuring they are conducted responsibly, transparently, and ethically.

The policy is dynamic and shall incorporate any amendments, updates, or modifications made in accordance with the Companies Act, 2013 (hereinafter referred to as "the Act"), and other applicable laws, rules, or regulatory requirements as they evolve over time.

II. Purpose and Applicability

The CSR Policy reflects dedication to extending our focus beyond core business objectives by actively engaging in initiatives that foster the welfare and development of communities and society at large. It establishes a structured framework for implementing programs designed to promote social welfare and address critical societal needs.

In accordance with applicable laws, and notwithstanding any provisions to the contrary in this CSR Policy, if the Company fails to meet the thresholds outlined in Section 135(1) of the Companies Act, 2013, for three consecutive financial years, it shall no longer be required to comply with the CSR provisions of this Policy. Compliance will resume only when the Company once again meets the criteria specified in Section 135(1) of the Act.

III. Definition and Interpretation

1. "Administrative overheads" mean 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;
2. "Board" means the Board of Directors of the Company.
3. "Company" means Upstox Securities Private Limited.

4. "CSR Activities" means such programs and projects as may be approved by the Board in terms of this CSR Policy.
5. "CSR Committee" means a committee constituted by the Board of Directors in terms of Section 135 of the Act and the CSR Rules.
6. "CSR Rules" means the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.
7. "CSR Expenditure" means the amount recommended by the CSR Committee to be incurred on the CSR Activities in India in terms of the Act and the CSR Rules as approved by the Board from time to time.
8. "Director" means a member of the Board of the Company.
9. "Implementing Agency" means an implementing agency as defined under paragraph IV(3).
10. "Implementation Group" means an implementation group as defined under paragraph IV(2).
11. "Net Profits" means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, *but shall not include*
 - (i) any profit arising from any overseas branch or branches of the Company (whether operated as a separate company or otherwise); and
 - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.
12. "Ongoing Project" means a multi-year project undertaken by the 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 of Directors based on reasonable justification.

Any term not defined above shall have the meaning assigned to it under the Act or the CSR Rules.

IV. CSR Implementation and Governance Framework

1. Board's Responsibility

The Board shall ensure that the CSR activities are implemented in accordance with the CSR Policy, the Companies Act, 2013, CSR Rules, and the annual action plan approved by the Board. Upon exceeding the prescribed threshold for mandatory CSR spending, the Board shall constitute a Corporate Social Responsibility (CSR) Committee as per Section 135 of the Act.

Until the formation of the CSR Committee, the Board shall directly oversee the planning, implementation, and monitoring of CSR activities.

2. Implementation Group

The CSR Committee or Board (as applicable) may constitute Implementation Group to execute CSR activities. The Implementation Group will be empowered to recommend the agency, finalize and execute agreements, documents, and modifications necessary for CSR implementation.

3. Modes of Implementation

CSR activities may be carried out directly by the Implementation Group or through an approved Implementation Agency, registered with the Central Government and holding a unique CSR Registration Number.

Eligible entities include:

- Companies established under Section 8 of the Indian Companies Act, 2013, or trusts/societies registered under Sections 12-A and 80-G of the Income Tax Act, 1961, formed by the Company or in collaboration with other companies.
- Entities established by the Central or State Government.
- Companies, trusts, or societies with a minimum three-year track record in similar CSR activities.
- Entities established under an act of Parliament or State Legislature.

Due diligence will be conducted to verify the eligibility and credentials of Implementation Agencies.

4. Minimum CSR Expenditure Compliance

In case of failure to meet the minimum CSR expenditure of 2% of the average net profits of the preceding three financial years, the Implementation Group shall report detailed reasons to the CSR Committee and/or the Board as applicable.

The Board shall include these explanations in its annual report.

V. CSR Committee: Roles, Responsibilities, and Functioning (As applicable)

If the amount a company spends on Corporate Social Responsibility (CSR) is fifty lakh rupees or less, the requirement to form a CSR Committee does not apply. In this case, the Board of Directors will assume the responsibilities typically handled by the CSR Committee.

The Company shall constitute CSR Committee basis following pointers as and when it is required to:

1. Formation of the CSR Committee

The CSR Committee shall be constituted by the Company when mandated by the applicable CSR provisions under the Companies Act, 2013. The Committee shall provide recommendations to the Board regarding CSR activities to be undertaken, in alignment with the CSR Policy, the Act, and CSR Rules.

Responsibilities of the CSR Committee

Without limiting its broader mandate, the CSR Committee shall specifically undertake the following:

- Recommend CSR Policy: The CSR Policy for approval by the Board of Directors.
- Recommend CSR Expenditure: Propose the amount to be allocated for CSR activities.
- Monitor CSR Policy: Oversee the implementation and compliance of the CSR Policy.
- Annual Action Plan: Develop and recommend an annual action plan to the Board, including:
 - A list of CSR projects or programs aligned with Schedule VII of the Act.
 - Execution methodologies for these projects or programs.
 - Fund utilization plans and implementation schedules.
 - Monitoring and reporting mechanisms for these initiatives.
 - Need and impact assessments, where applicable.

2. Composition and Powers

The CSR Committee shall consist of at least two directors, with membership and powers determined and modifiable by the Board, subject to applicable law.

3. Meetings

The CSR Committee shall convene meetings attended by a minimum of two members. Meetings may be held at the registered/corporate office or any other location agreed upon by the members. All meetings scheduled shall be in compliance with the Companies Act, 2013.

4. Interpretation and Decision-making

Any questions of interpretation, discrepancies, or issues arising in connection with the CSR Policy or initiatives shall be referred to the CSR Committee for recommendations. Final determinations or interpretations shall rest with the Board.

5. Good Faith Clause

No member of the CSR Committee shall be held liable for decisions or actions taken in good faith pursuant to the CSR Policy.

6. Responsibilities of the Board in Absence of CSR Committee

If the formation of a CSR Committee is not required, all responsibilities outlined above shall be carried out by the Board of Directors.

VI. CSR Expenditure

1. Mandatory CSR Spending

The Company shall allocate at least 2% of the average Net Profits earned during the three immediately preceding financial years towards CSR activities, as stipulated by the Companies Act, 2013, and associated Rules, in alignment with this CSR Policy.

2. Recommendation of CSR Expenditure

The CSR Committee (if constituted) shall recommend the method and allocation of CSR expenditure for the financial year in compliance with the Act, Rules, and the CSR Policy.

3. Approval and Oversight by the Board

The Board approves the CSR expenditure and, in coordination with the CSR Committee, ensure that the funds are made available for executing CSR activities.

4. Utilization of Surplus Funds

Any surplus generated from CSR activities shall not form part of the Company's business profits. Instead, such surplus shall be reallocated exclusively to CSR activities as defined in the CSR Policy and the annual action plan of the financial year in which the surplus arises.

5. Exclusions from CSR Expenditure

To qualify as CSR expenditure, activities must comply with applicable laws and shall exclude the following:

- i. activities undertaken in pursuance of normal course of business of the company and 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.
- ii. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- iii. Activities benefitting employees of the company as defined in clause (k) of Section 2 of the Code on Wages, 2019 (29 of 2019);
- iv. Activities supported by the companies on a sponsorship basis for deriving marketing benefits for its products or services; and
- v. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- vi. Projects/activities not falling within Schedule VII (i.e. activities mentioned under CSR initiatives and programs)

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

VII. CSR Activities

The Board shall ensure that the CSR Activities that are undertaken by the Company should be within the scope of the following activities:

- i. Eradicating hunger, poverty and malnutrition, promoting health care includes preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly, and the differently abled and livelihood enhancement projects.
- iii. 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 back ward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, 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.
- v. 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.
- vi. Measures for the benefit of armed forces veterans, war windows and their dependents, Central Armed Police Forces (CAPF) and Central Paramilitary Forces (CPMF) veterans, and their dependents including widows;
- vii. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- viii. 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 Government for social-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

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- ix. 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, and 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).
 - x. Rural development projects.
 - xi. Slum area development Explanation - For the purpose of this item, the item 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under law for the time being in force.
 - xii. Disaster management including relief, rehabilitation and reconstruction activities; and
 - xiii. Any other project as may be specified under Schedule VII of the Companies Act, 2013, from time to time.

CSR activities should prioritize implementation in and around the local areas where the Company operates to ensure a meaningful and positive impact on surrounding communities. The CSR Committee will provide recommendations to the Board on specific CSR activities, guided by the scope outlined in Schedule VII of the Companies Act, 2013 and all the amendments thereafter. Additionally, the CSR Committee may engage external consultants for expert support, with their associated costs subject to the approval of the Board.

For each proposed CSR activity, the CSR Committee will present detailed information to the Board for approval, ensuring transparency and alignment with the Company's CSR objectives.

- List of proposed CSR projects or programs in alignment with Schedule VII of the Act.
- Objectives and expected outcomes of the CSR activity.
- Sector and nature of the CSR activity.
- Focus area and location for implementation.

- Fund utilization modalities and allocation amounts.
- Implementation schedules with indicative timelines.
- Execution methods, specifying whether undertaken by the Implementation Group, an Implementing Agency, or in collaboration with other companies.
- Monitoring and reporting mechanisms.
- Need and impact assessments, if applicable.
- Any other relevant details deemed necessary.

In the absence of a CSR Committee, the Board shall independently evaluate and address all the aforementioned aspects to ensure effective planning, execution, and oversight of the Company's CSR activities.

For long-term CSR activities, defined as ongoing projects spanning three years or more (excluding the year of commencement), the CSR Committee shall submit a detailed implementation schedule or a milestone-based plan to the Board for consideration. Based on these recommendations, the Board shall review and approve the Company's CSR activities for the financial year, ensuring alignment with the CSR Policy and strategic objectives.

VIII. Monitoring Process

To ensure the effective and efficient achievement of the objectives outlined in the CSR Policy, the utilization of funds sanctioned for CSR activities shall be reported to the Board on a timely basis, in the manner directed by the Board. If any CSR activities are executed through an Implementing Agency, the Implementation Group shall gather relevant progress information from the Implementing Agency and ensure its timely submission to both the Board and the CSR Committee, as per the Board's directives.

For monitoring purposes, the Implementation Group may conduct site visits to the Implementing Agency to review the progress of CSR projects and carry out inspections as recommended by the CSR Committee. Upon receiving progress reports, the CSR Committee shall review and deliberate on the findings, offering inputs or recommendations to the Board as deemed necessary.

Notwithstanding the above, the Board retains the discretion to accept or reject the recommendations of the CSR Committee.

IX. Reporting and Record Keeping

- i. The CSR Committee shall maintain accurate and comprehensive minutes of all its meetings, ensuring proper documentation of discussions and decisions.
- ii. The Company's Board report shall include an annual CSR report containing all requisite particulars and any additional details as prescribed under the Act and the CSR Rules, as amended from time to time.
- iii. The Board shall ensure compliance with the following reporting requirements:
 - The Board report includes the annual CSR report detailing the Company's CSR activities, along with all the information mandated under the Act and the Rules.
 - The latest and updated version of the CSR Policy is incorporated into the Board report.
 - The CSR Policy, the composition of the CSR Committee, and the projects approved by the Board are published on the Company's website (if applicable).
- iv. In the event of non-compliance with the minimum CSR expenditure, the reasons for such failure are clearly disclosed in the Board report, and any unspent amount is transferred in accordance with the provisions of Sections 135(5) and 135(6) of the Act.

X. Amendment

The Board of the Company, subject to compliance with applicable laws, may alter, amend, or modify the CSR Policy at any time as it deems necessary to ensure alignment with the Company's statutory obligations to undertake CSR activities.