

CORPORATE SOCIAL RESPONSIBILITY POLICY – DSP Merrill Lynch Ltd

1. Introduction

Being a responsible business is integral to our success and that of the customers, shareholders and communities we serve around the world. Corporate Social Responsibility (CSR) is embedded in our values and informs how we conduct business, develop products and services and deliver on our goals and commitments. As a Company we follow responsible business practices in the communities in which we operate. We rigorously review our business practices and policies and are continuing to simplify information for customers, maintain a strong risk culture and manage our businesses to be accountable to shareholders and stakeholders.

Our CSR approach, aligned to our global strategy, will continue to focus on building strong economies, helping communities thrive, promoting arts and culture and environmental sustainability.

2. Objective

The CSR Policy sets out the framework that would guide all CSR initiatives and activities undertaken by the Company. The policy would also ensure compliance with section 135 of the Companies Act, 2013. Any project or program that is exclusively for the benefit of the Company's employees would not be considered as CSR. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company. The scope and ownership of this policy will be within India CSR and governed by APAC CSR and Global CSR.

3. Scope & Focus Areas

The scope and focus areas of the Company's CSR Policy shall be in alignment with activities enumerated in Schedule VII of the Companies Act 2013:

- 1) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation (including contribution to the Swachh Bharat Kosh set up by the Central Government for promotion of sanitation) and making available safe drinking water;
- 2) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- 3) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and 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;

- 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 arts and handicrafts;
- 6) measures for the benefit of armed forces veteran, war widows and their dependents;
- 7) training to promote rural sports nationally recognized sports and Olympic sports;
- 8) 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;
- 9) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- 10) rural development projects and
- 11) Slum area development¹

Currently, it shall interalia include:

- **Education & Skills Development** – promoting education especially among women, children and youth including skills development to enhance employability and livelihood enhancement
- **Sanitation & Hygiene** – supporting the creation of sanitation infrastructure as well as awareness programs aimed at changing hygiene behavior to help achieve the Nation's goals of being open defecation free
- **Arts & Culture** – promoting national heritage, arts and culture including restoration of historical sites and art works as well as supporting traditional arts and handicrafts
- **Clean & Renewable Energy** – facilitating environmental sustainability and supporting access to energy for disadvantaged communities

Within the scope of activities enumerated in Schedule VII of Companies Act 2013, the scope and focus of the Policy shall be modified from time to time.

4. Governance/Operational Framework

4.1. CSR Committee

Section 135 of the Companies Act, 2013 requires a CSR committee to be constituted by the Board of Directors ('Board') of the Company. The CSR Committee is the governing body that will promote, function,

¹ For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

operate and perform all matters related to and/or ancillary with regard to the CSR activities and ensure compliance with the Policy.

4.2. Modalities

The Philanthropy Committee of the Group along with the CSR team will screen, vet and shortlist various projects and proposals to be recommended to the CSR Committee. The CSR Committee will select suitable projects and proposals and recommend the same to the Board of Directors for their approval post Global CSR clearance.

4.3. Implementation, Monitoring & Documentation

To the extent possible, funding for CSR projects will be for such period as may be determined by the CSR Committee, with potential for future funding contingent on programming and outputs assessed from the interim and final reports.

The Company will institute a robust monitoring mechanism for all CSR programs, generating half yearly progress reports. These reports will be reviewed by the CSR Committee with an aim to assess the impact of our CSR interventions (either new or ongoing), including but not limited to the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism etc. These reports will also form the basis of any external reporting that is required under the Act.

5. Review & Amendments

The CSR Committee shall review and reassess this policy at least annually; the Policy may be amended from time to time by the Board on the recommendation of the CSR Committee.

6. Disclosures

The Board's Report shall include an annual report on CSR Activities containing particulars as prescribed under the Rules. The Company shall include in its annual report the following information on CSR:

- i. Description of contents of the CSR policy;
- ii. An overview of the CSR activities and reference to the web-link to the CSR policy and projects or programs;
- iii. The composition of the CSR Committee;
- iv. Average net profit for the preceding three financial years;
- v. Prescribed CSR expenditure;
- vi. Details of amount spent in the prescribed format;
- vii. Amount unspent, if any, and reasons for not spending the amount
- viii. Responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and CSR Policy.
- ix. Such other matters as may be specified from time to time for inclusion in the annual report.