



FRANKLIN TEMPLETON
INVESTMENTS

Franklin Templeton Asset Management (India) Pvt. Ltd.

Corporate Social Responsibility Policy

1. Background

Section 135 of the Companies Act, 2013 (“the Act”), *inter alia*, requires every company including its holding or subsidiary, and a foreign company defined under Section 2 (42) of the Act having its branch office or project office in India, having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year to formulate an internal Corporate Social Responsibility Policy to indicate the activities to be undertaken by the company as specified in Schedule VII of the Act.

2. Scope

This policy provides the guidelines and framework for charitable contributions and related expenses incurred by Franklin Templeton Asset Management (India) Pvt. Ltd. (the “**Company**”) under its Corporate Social Responsibility (CSR) activities.

3. Policy Statement

Franklin Templeton is committed to being recognized as a responsible global corporate leader. As such, the Company’s CSR Policy is to invest in the sustainable long term prosperity of the communities in which it operates.

4. Committees

4.1. CSR Board Committee shall consist of three or more directors of the Company, out of which at least one director shall be an independent director.

4.2. CSR Management Committee shall also be formed to recommend the activities to be carried out by the Company for the approval of the Board through CSR Board Committee and be responsible for execution and monitoring of those activities.

5. Activities

5.1. Any projects or programs relating to any of the activities as may be prescribed from time to time under Schedule VII of the Act or otherwise by the government may be undertaken by the Company, subject to the approval of the Board of Directors.

5.2. The activities undertaken in pursuance of normal course of business of the Company shall not form part of the CSR activities.

5.3. The Contribution, if any, of any amount made directly or indirectly to any political party under Section 182 of the Act, shall not be considered as CSR activity.

6. CSR Corpus:

The CSR corpus for every financial year, shall include at least two per cent of the average net profits of the Company, computed as per the Companies (Corporate Social Responsibility) Rules, 2014, made during the three immediately preceding financial years.

Any surplus arising out of the CSR activities shall not form part of the business profit of the Company.

7. Area of operation

The amount earmarked for Corporate Social Responsibility activities shall be preferably spent in the locations where the company has a business presence, including:

- Maharashtra
- Tamil Nadu
- Any other location where the Company has office set up / branch / or any business interest

The Board of Directors may change the said list of locations from time to time.

8. Responsibility

8.1. **CSR Board Committee** in consultation with the **CSR Management Committee** shall be responsible for formulating and recommending projects/ programmes to be carried out by the Company in each financial year to the Board of Directors. It shall also be responsible for having a transparent monitoring mechanism for implementation of the approved CSR activities. The Committees may also give its recommendation to the Board on various matters including change in area of operation, exit from any approved CSR project, etc.

8.2. Board of Directors shall be responsible for approving the CSR projects/ programmes and estimated budget recommended by the CSR Board Committee for each financial year and ensuring implementation of this policy. They shall also be responsible for allocating the surplus funds, if any, amongst the pre-decided activities or to any of the ad hoc activities in accordance with this policy.

9. Selection and mode of implementation of Activities/ Projects

Projects/ Programs:

9.1. Project Selection Criteria

9.1.1. The selection of CSR projects shall be based on the following criteria:

- Projects shall be undertaken within India.
- Projects chosen should not exclusively benefit the employees of the Company or their family members.
- Project shall not present a conflict of interest or be contrary to the Corporate Citizenship messages or strategic giving areas within Franklin Resources Inc.'s Community Relations group
(http://www.franklinresources.com/corp/pages/carousel/about_us/corpCitizenship.jsf)
- The projects/ programmes will be selected as per Franklin Templeton's internal grantmaking evaluation processes.

9.1.2. Projects which are sustainable with measurable goals and outcomes and which reflect the Company's values will be preferred.

9.2. Modes of implementation

- **Employees** of the Company may enrol themselves for voluntary participation in the CSR activities by writing to the CSR Team¹ about the activities that they would like to support. CSR Team shall review and recommend the names of select employees to the CSR Management Committee for being associated with specific projects.
- The Company may undertake its CSR activities through a registered trust or a registered society or Section 8 company (company formed with charitable objects, etc.), established by the Company or its holding or subsidiary or associate company or otherwise (collectively called NGOs hereinafter). If such NGOs are not established by the Company, their selection criteria shall include:
 - Established, reputable organization with proven track record of at least three years in undertaking similar programs/projects.
 - Clearly defined program, goals, and success criteria.
 - Good financials: audited financials, clear budgets and strong cash flow management.
 - Broad-based support, with funds received from a variety of sources and self-reliant: Functioning of the NGOs shall not be affected adversely after the source of income from the Company is stopped post completion of the project.

¹ CSR Team indicates the key contact persons for CSR activities.

- Strong monitoring system to ensure that the funds are adequately utilized for the selected project and necessary results are duly being achieved.
- The NGOs shall be able to demonstrate to the Company the outcome/ results of utilization of CSR funds and provide necessary reports, data, etc. as may be requested by the Company.

The Company shall specify the projects to be undertaken through such NGOs, modalities of utilization of funds on such projects and monitoring and reporting mechanism to ensure proper utilization of funds.

- **Collaborate/ pool resources with other companies** - The Company may also collaborate or pool resources with other companies to undertake CSR activities in such a manner that the respective CSR Board Committees are in a position to report separately on such project in accordance with the Act or rules thereunder. Established track record, financial status, brand image, geographical reach, social standing, etc. shall be taken into consideration while finalizing such companies.
- Company may appoint institutions with established track record of at least three financial years as Implementing agencies. However, expenditure (including expenditure on administrative overheads) to build own CSR capacities and those of Implementing agencies shall not exceed 5% of the total CSR expenditure of the company in one financial year.

The details of the CSR Activities undertaken by the Company for a particular financial year will be identified in the Directors' Report of that financial year. The Directors' Report of the Company shall be uploaded on the website of the Company. The web-link to the CSR Policy shall be indicated in the Directors' Report.

9.3. Project Exit criteria

The Board of Directors may decide to exit from any approved CSR project on account of various factors including but not limited to the following:

- Completion of project or part thereof;
- Fulfilment of the financial commitment towards the project;
- Misappropriation of funds by the NGO/other company;
- Unsatisfactory project progress; or
- Any other breach of terms of engagement/collaboration with NGO/other company.

10. Execution and Monitoring

The CSR Team shall overview the execution of the approved projects as follows:

- Regular, ongoing communication with NGOs;
- Project review visits;
- Call for reports from the NGOs/ companies associated with;
- Measure and monitor the CSR activities against budgets and plans.

The CSR Team shall provide a summary report including the project status update, monitoring etc. to the CSR Management Committee and CSR Board Committee. The report along with comments of the CSR Board Committee shall be placed before the Board of Directors for their review.

A summary report on the CSR projects that are approved by the Board of Directors, shall be submitted by the Implementing agencies to the CSR Board Committee. The summary report along with comments of the CSR Board Committee, if any, shall be placed before the Board of Directors for their review.

11. Disclosure

The Annual Directors' Report under sub-section (3) of section 134 of the Companies Act, 2013 shall include the details on the CSR activities of the Company as per the Annexure to the Companies (Corporate Social Responsibility) Policy Rules, 2014.

12. Review and Reporting

The Auditor's report on the CSR activities along with comments of the CSR Management Committee shall be placed before the CSR Board Committee.

The Board of Directors shall review and update this policy on a periodic basis. Wherever necessary, midcourse corrections shall be taken.

If the Company ceases to meet the specified criteria for 3 consecutive financial years, it will not be required to comply with the provisions of CSR and this CSR Policy shall not be effective till such time it meets the specified threshold.

Notwithstanding anything contained in this policy, the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 (including any amendments thereto) shall be applicable. In the event of any conflict between the provisions of the Act and Rules and this Policy, the Companies Act, 2013 and Rules issued thereunder shall prevail.

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