

**Policy Title : Corporate Social Responsibility ('CSR') Policy for Interactive Brokers (India) Private Limited ('IBI')**

Author : Sachin Maheshwari, Director  
Bina Shah, Compliance Officer

Approval Date : October 22, 2014

Last Updated : March 8, 2021

Abstract : Policies, Procedures and Control that IBI has adopted to undertake Corporate Social Responsibility (CSR) activities in accordance with the provisions of Section 135 of the Indian Companies Act, 2013 and related Rules.

---

## Table of Content

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page</b>
1.	Corporate Philosophy.....	3
2.	Role of the Board.....	3
3.	Role of the CSR Committee.....	3
4.	Constitution of the CSR Working Group (CWG) .....	4
5.	Role of the CSR Working Group.....	4
6.	CSR Budget & Delegation of Power.....	5
7.	CSR Activities.....	5
8.	Shortlist Criteria & Empanelment Process.....	5
9.	Implementation process.....	6
10.	Employee Engagement.....	7
11.	Monitoring of CSR projects or programs or activities.....	7
12.	Reporting Template.....	7
13.	Policy Review Mechanism.....	7
14.	Guidelines under the Companies Act, 2013.....	8
15.	Corporate Social Responsibility (CSR) Association Form.....	10
16.	Contact Us.....	10

## **IBI'S CSR POLICY:**

### **1. Corporate Philosophy:**

---

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Businesses derive their primary benefits from operating in society and no business can function without caring for societal and community development. We understand that as a Corporate Citizen with resources at our command, it is our solemn duty to reach out and support the less fortunate and underprivileged sections of our society. The Company also encourages its staff members to actively follow, understand and contribute to social causes, to remove indisputable social and developmental lacunae and to promote self and community development.

### **2. Role of the Board:**

---

IBI being governed by the rules of The Companies Act, 2013, our CSR policy & programme is aligned with Section 135 of the Act (*The related definitions & clauses with respect to Sec 135 are appended in Annexure A*).

As such, the IBI Board shall constitute a CSR Committee consisting of three Directors as mandated by the Act.

The Board shall additionally oversee the below;

- a) After taking into account the recommendations made by the Corporate Social Responsibility Committee (as constituted above), approve the Corporate Social Responsibility Policy for the company and disclose the contents of such Policy in its report and also place it on the company's website - [www.interactivebrokers.co.in](http://www.interactivebrokers.co.in) in such manner as may be prescribed;
- b) Ensure that the activities included in the CSR Policy are in compliance with the activities in Schedule VII of the Act;
- c) Ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company; and
- d) If the Company fails to spend the said amount, disclose reasons for not spending such amount, in its report under clause (o) of sub-section (3) of Section 134, of The Companies Act, 2013.

### **3. Role of the CSR Committee:**

---

The Corporate Social Responsibility (CSR) Committee constituted by the Board of Directors of IBI shall have the following terms of reference:

- a) To formulate, review and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company;
- b) To review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

- c) To monitor the CSR Policy implementation of the Company from time to time;
- d) To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;
- e) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

#### **4. Constitution of the CSR Working Group (CWG):**

---

For planning, implementation, monitoring & reporting of the Company's CSR Policy and its objectives, a CSR Working Group (CWG) comprising the Directors and other members of the Group as may be nominated by the Board of Directors of the Company will be formed. The CWG will run the Company's CSR policy in accordance with the set objectives & focus areas. The Director & Compliance Officer will be the nodal officer for all activities.

#### **5. Role of the CSR Working Group:**

---

The CSR Working Group (CWG), as constituted above, will perform the below functions:

- a) Draft a CSR strategy document for the corresponding financial year that will identify the broad areas of work, the activities to be undertaken by the Company in the selected areas and the budget to be spent on them, The CSR strategy document will be updated every corresponding financial year to reflect the Company's focus areas and CSR budget for the year;
- b) CWG will present and take approval for areas of work and corresponding estimates on expenditure planned for the full financial year from the CSR Committee at the beginning of every financial year;
- c) The CWG will be responsible for designing, developing, executing and monitoring the projects in the short listed focus areas of the Company's CSR Policy and as approved by the CSR Committee;
- d) The CWG shall prepare an overview document for every project that it propose to undertake including but not limited to activity definition, expected local impact areas, budgeted investments, expected benefits (Re value wherever possible) and success parameters;
- e) The CWG will take decisions on day to day activities of the CSR activities;
- f) The CWG will be responsible for periodic reporting of the activities to the CSR Committee as per the reporting format outlined in Section 12 or in any format as desired by the CSR Committee;
- g) Accounting guidelines and Audit process (Internal/ external) will be as per the guidelines laid down in the Companies Act, 2013 and in accordance with approved business processes and policies;

- h) Create a mechanism} deemed appropriate to and in line with achieving the objectives of the individual CSR projects undertaken by the Company.

## **6. CSR Budget:**

---

As enshrined under Sec 135 of The Companies Act, IBI's budget in pursuance of its Corporate Social Responsibility Policy will be, but not restricted to, at least two percent of the average net profits made by the company during the three immediately preceding financial years. The CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the CSR Policy. If CSR expenditure in a financial year exceeds the statutory limit, such excess may be set-off against CSR expenditure for the next three financial years with the approval of the Board, on the recommendation of the CSR Committee.

If the Company fails to spend such amount which relates to any ongoing project, then such unspent amount shall be utilised/spend as prescribed under Sec 135(5) of The Companies Act.

The CSR Budget for the corresponding financial year, will be updated, with due consideration, in the CSR Strategy document & revised each financial year.

All CSR initiatives, screened & shortlisted by the CWG, will be put up for approvals to the competent authority.

## **7. CSR Activities:**

---

The Company's CSR Policy would encompass all the activities listed under Schedule VII of the Companies Act, 2013 including any statutory modification or re-enactment thereof. However, The Company may be re-aligned the below focus areas and new focus are as incorporated, as and when deemed necessary, by the Company's CSR Committee to create a sustainable & meaningful impact & to align with the Communication and business strategy of the Company:

CSR shall focus on social, economic and environmental impact rather than mere output and outcome. Activities which are ad hoc and philanthropic in nature shall be avoided.

IBI shall give preference to undertake CSR activities and spending the amount earmarked for CSR activities into the local areas and the areas around which IBI operates.

## **8. Shortlist Criteria & Empanelment Process:**

---

The empanelment process for any partner /vendor, working in the focus areas listed in Section 7 above, will follow processes and methods as may be outlined by IBI's sourcing policy & compliance requirements and shall be in accordance with the Section 135 of the Companies Act and Rules made thereunder. A CSR Association Form to be filled-in and submitted by any partner/vendor, to help the Company evaluate and screen CSR proposals for possible association, is appended as Annexure 'A'.

## **9. Implementation Process:**

---

The Company will implement initiatives under its CSR Policy, which may also include activities for or on behalf of its eligible Indian subsidiaries, as deemed applicable.

The following entities will oversee the CSR Policy, its implementations and execution of CSR projects, programs and activities:

1. The Board;
2. The CSR Committee, as constituted by the Board; and
3. The CSR Working Group (CWG)

The CWG will be responsible for the implementation process

The key implementation steps and processes have been summarized below:

1. Develop a CSR Strategy Document - the CWG will draft a CSR Strategy document aligned with the overall objectives of the company on social interactions and the focus areas listed in Section 7 above. Specific initiatives, shortlisted projects & associations under each of the above focus areas, will be incorporated in the CSR Strategy Document, during the course of the year.
2. Allocation of geographical budgets, if any
3. Operationalizing the institutional mechanism – CSR Committee, CSR Working Group (CWG), team identification & capacity building
4. Shortlist Implementing Agencies and conducting due diligence, if required
5. Project Development - Detailed Project Report (DPR)
6. Clear identification of CSR Budget
7. Project approval
8. Finalizing agreements with the implementing agencies
9. Project Implementation
10. Documentation, monitoring (at Board and CSR Committee level)
11. Evaluation (Concurrent, final & if possible, by an Independent third party)
12. Project impact assessment
13. Preparation of reporting format and placement in public domain

The CSR projects or programs or Activities will be undertaken in India only.

The Company may also collaborate with other companies/other fellow subsidiaries for undertaking projects or programs or CSR activities in such a manner that it is in a position to report separately on such activities in accordance with the rules.

The company may decide to undertake the CSR projects or programs or activities approved by the CSR Committee directly and also through various implementing agencies such as, NGO's, non-profit organizations, etc. Such implementing agencies shall have an established track records of at least three financial years but such expenditure including expenditure on administrative overheads, shall not exceed five percent of total CSR expenditure of the company in one financial year.

The following activities do not qualify as CSR Activities under the Companies Act, 2013:

- (a) Projects or activities not falling within Schedule VII;
- (b) Activities undertaken in pursuance of normal course of business;
- (c) Projects or programs or activities that benefit only the employees of Interactive Brokers and their families.

(d) Direct or indirect contribution to any political party.

**10. Employee Engagement:**

---

IBI actively encourages its employees to volunteer for/participate in social causes. Employees are free to offer suggestions and pass on recommendations as well as be a part of related activities in the short listed focus areas, under the Company's CSR Policy. The Company, will make all efforts to engage its employees to participate in and promote the causes that it endorses, under its CSR outreach, across all its locations & business centres.

**11. Monitoring of CSR projects or programs or activities:**

---

The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company. The Committee will review the progress on the CSR initiatives and discuss the budgetary utilization on regular basis. This meeting may include the relevant NGO Partners, if required by the CSR Committee. In order to ensure that the amounts spent by the Company on CSR activities get properly utilized for the projects for which they are earmarked, the CWG may also nominate two to three officials (from the Company or any of its affiliates) to monitor the actual implementation of those projects, depending on the scale of the project.

**12. Reporting Template:**

---

The Board in its Annual Report shall include the details of the CSR activities undertaken in the Financial Year. The particulars to be stated in the report shall be in the format prescribed in Section 16 below.

**13. Policy Review Mechanism:**

---

The CSR policy will be under the ownership of the CSR Committee and will be reviewed annually. The changes will be documented in the change log and signed off at the end of every review cycle by all members of the CSR Committee.

Version	Approval Date	Issue Date	Effective Date	Comments
1.0	22 October 2014	22 October 2014	22 October 2014	
2.0	8 March 2021	8 March 2021	8 March 2021	

#### **14. Guidelines under the Companies Act, 2013:**

---

Section 135 under the Companies Act, 2013 mandates that the Board of every company as applicable shall ensure that the company spends, in every financial year, at least two percent of the average net profits made by the company during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The details of eligibility, net profit calculation and use of funds will be as set out in the Companies Act, 2013 or Rules made thereunder and subsequent amendments / clarifications/ circulars/ notifications.

Definitions;

1. ('Act') means the Companies Act, 2013
2. "Corporate Social Responsibility (CSR)" means and includes but is not limited to.-
  - a. Projects or programs relating to activities specified in Schedule VII to the Act; or
  - b. Projects or programs relating to activities undertaken by the Board of Directors of the Company (Board) in pursuance of recommendations of the CSR committee of the Board as per the declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
3. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
4. "CSR Expenditure" shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.
5. "CSR Policy" relates to activities to be undertaken by the company as specified in Schedule V to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the company.
6. "Net Profit" means the net profit of the company as per its financial statements, prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely;
  - a, any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - b. any dividend received from other companies in India, which are covered under and complying with the provisions of the section 135 of the Act
7. If Average Net Profit" shall be calculated in accordance with the provisions of Section 198 of the Act.



Additionally:

- The CSR activity shall be undertaken by the company as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- Only projects or programs or activities undertaken in India shall amount to CSR expenditure.
- The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities CSR projects or programs or activities that benefit only employees of the company and their families shall not be considered as CSR activities.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity.
- Expenses incurred by the company for the fulfilment of any Act/ Statute or Regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- One-off events such as marathons/ awards/ charitable contribution/advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

## 15. Corporate Social Responsibility (CSR) Association Form:

---

Please fill in the below form in brief to help us evaluate and understand your requirement:

Name of the Organisation	
Registration Type	
Address	
Website	
Tax exemption details	
References	
Contact Person	
Short description of the cause/activity	
Specific area of expertise (if any)	
Scale of operations	
Team Strength	
Awards/Recognition	
Request/proposal for IBI	
Any other details	

## 16. Contact us

---

For queries related to the CSR Policy, please write to us at: [indiahr@interactivebrokers.com](mailto:indiahr@interactivebrokers.com)

***Note: Any or all the provisions of the CSR policy would be subject to revision / amendment by the Board of Directors of the Company based on the recommendations of the CSR committee in accordance with the guidance on the subject issued by the Government authorities from time to time.***