

Corporate Social Responsibility (CSR) Policy w.e.f 11.02.2020

1.0 PREAMBLE

Section 135 of the Companies Act, 2013 (the 'Act') and Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) requires every company having net worth of Rs. 500 cr or more or turnover of Rs. 1000 cr or more or a net profit of Rs. 5 cr during the immediately preceding financial year to constitute a CSR Committee and spend 2% of its average net profits of last three financial years towards Corporate Social Responsibility.

- 1.1. It is also provided that the Board, after taking into account recommendations of CSR Committee, shall approve the Corporate Social Responsibility Policy. The company shall be required to disclose contents of such Policy in its Directors' report and also place it on the company's website, if any, in such manner as may be prescribed. If the company fails to spend such amount, the Board shall, in its Directors' Report specify the reasons for not spending the amount.
- 1.2. CSR policy encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism in this regard.

2.0. CSR VISION STATEMENT

As a Responsible Corporate Citizen, PNB Gilts would endeavor to :

- ✓ Ensure an increased commitment at all levels in the organization to operate its business in an economically and socially sustainable manner, while recognising the interests of all its stakeholders.
- ✓ To directly or indirectly take up programmes that benefit the society by making sustained positive contribution to the welfare of society at large.
- ✓ To generate, through its CSR initiatives, a community goodwill for the company and help reinforce a positive & socially responsible image of PNBG's corporate entity.

3. CSR Committee

To achieve the objectives as stated above and in terms of Section 135 of the Act and rules made thereunder, the CSR Committee formed by the Board would perform the following functions:

- a. To formulate and recommend to the board, a CSR programme each financial year incorporating the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Act.

- b. To recommend the budget/ expenditure for each of these activities.
- c. To monitor the implementation of the CSR policy and programme periodically.
- d. To carry out such other functions as are assigned to it by the Board.

4. Funding and resource allocation –

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate upto 2% of average net profits of last three financial years, as computed under Section 198 of the Companies Act, 2013, as its Annual CSR Budget or such other higher amount as is approved by the Board.

Further, the Company shall not allocate more than 20% of the total CSR Budget of the financial year to any private trust/society.

Thrust Areas for CSR initiatives.

While the Company may undertake CSR projects in areas or activities covered under Schedule VII of the Act but the Company, amongst others, will strive to focus on the following key areas:

Thrust Area	Scope of activities
Contribute towards eradicating hunger, poverty and malnutrition, promoting health care including 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	<ul style="list-style-type: none"> ✓ Creating/Augmenting infrastructure in hospitals/healthcare centers for patients/attendants ✓ Health Check up camps/blood donation camps/vaccination camps ✓ Providing ambulances/x-ray machines or such other machines etc. to the hospitals/healthcare centers and Improving medical infrastructure in SHC (Sub-health center) / PHC (Primary Health Center) / CHC (Community health center) / Hospitals / Clinics. ✓ Measures for combating malnutrition/improving diet and nutrition ✓ Awareness camps regarding illness /yoga camps etc. ✓ Promoting and distributing sanitary napkins ✓ Provision of food, nutrition supplement, clothes etc for the poor, children and other deprived sections of the society ✓ Supporting nutrition in anganwadi centres and building capacities of anganwadi workers to this effect. ✓ Establishing day care centers for underprivileged and differently abled children

	<ul style="list-style-type: none"> ✓ Providing medicine & treatment facilities, ✓ Providing pre natal & post natal healthcare facilities, prevention of female foeticide through awareness creation, program for preventing diseases and building immunity. ✓ Construction of Toilets and improving sanitation facilities at public places ✓ Construction of drainage system ✓ Providing drinking water facilities ✓ Providing Dustbins / garbage collection vans or vehicle ✓ Garbage collection and waste management programs ✓ Sewerage treatment plants
<p>Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects</p>	<ul style="list-style-type: none"> ✓ Improving infrastructure in Schools/ colleges or such educational institutions like construction of class rooms /laboratories/toilets/drinking water facilities/sports facilities/halls/auditorium/ reading room/ library etc. ✓ Supporting children in higher education ✓ Construction of hostels for students ✓ Providing scholarship or financial assistance to students belonging to financially weaker section of society ✓ Inclusive education programme for differently abled children/persons ✓ Contributions to academic institutions ✓ Skill development training especially for women and providing infrastructure for the same. ✓ Supply & installation of tools/machinery etc. required for skill development training ✓ Creating and supporting self help groups ✓ Adult literacy and Women literacy
<p>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 backward groups</p>	<ul style="list-style-type: none"> ✓ Setting up or assist /co-partner in old age homes or home/day care center for women and orphans and providing other facilities such homes and day care centers ✓ Setting up hostels for working and student women, day care centers for kids of working women ✓ Rehabilitation of old age people/mentally and physically challenged people. ✓ Child rehabilitation centers
<p>Ensuring environmental</p>	<ul style="list-style-type: none"> ✓ Plantation drives in schools/educational

<p>sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, 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</p>	<p>institutions and areas near to business premises of the Company.</p> <ul style="list-style-type: none"> ✓ Reviving endangered plant, promoting agro-forestry ✓ Afforestation/tree plantation/tree guarding ✓ Green belt development ✓ Rain water harvesting ✓ Renovation and restoration of ponds and water bodies ✓ Conservation of water ✓ Watershed management programmes ✓ Contributing funds to clean ganga fund ✓ Setting up of animal shelters / biogas plant ✓ Promoting Biodiversity ✓ Developing gardens and river fronts
<p>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 art and handicrafts</p>	<ul style="list-style-type: none"> ✓ Restoration/repair and rehabilitation/maintenance of sites of historical importance/heritage structures ✓ Adopting heritage site ✓ Participating / contributing towards activities promoting and developing traditional art and handicrafts ✓ Documenting India's rich heritage for the benefit of future generations ✓ Support and promotion of artists and craftsman
<p>Rural Development and Slum Area* Development</p>	<ul style="list-style-type: none"> ✓ Installation of Street Lights ✓ Construction of Road/Drain Culverts/bridges ✓ Community center/panchayat ghar ✓ Construction of shed at bus stand/public place ✓ Digging/renovation of well ✓ Construction of toilets/drinking water facilities/schools/health centers etc ✓ Improving sanitation/drainage in slums
<p>Others</p>	<ul style="list-style-type: none"> ✓ Measures for the benefit of armed forces veterans, war widows and their dependents ✓ Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports ✓ Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women ✓ Contribution to incubators funded by Central Government or State Government or any

	<p>agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)</p> <ul style="list-style-type: none"> ✓ Disaster management, including relief, rehabilitation and reconstruction activities including building capacities of local communities to respond to disasters and developing expertise and resources to respond to disaster. ✓ Any other program/project relating to the activities defined in Schedule VII of the Companies Act, 2013, as applicable for the time being and as amended from time to time
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*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.

NOTE: The above list is illustrative not exhaustive.

The CSR Committee shall recommend the activities to be carried under CSR to the Board every financial year

If the allocation made for the CSR activities is not utilized for the said projects, the amount so set aside will be carried forward to the next year for its subsequent utilization and the reasons for non utilization will have to be reported in the Directors' report.

Surplus arising out of CSR activity will not be part of business profits of the company.

5. IMPLEMENTATION

Company is committed towards improving the lives of India's most marginalized and vulnerable communities and others in the society.

Engagement Model shall be –

- Direct engagements - initiatives to be conceptualized and executed directly through a team of professionals.
- through Partnering Organizations – In addition to the direct engagement, the company may partner or collaborate with;
 - any other company established under section 8 of the Act (erstwhile Section 25 company under Companies Act, 1956) or a registered trust or a registered society, established by the company, either singly or alongwith any other company; and/or
 - through a company established under section 8 of the Act (erstwhile Section 25 company under Companies Act, 1956) or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature, who have the technical expertise and experience to undertake various programs in the identified thrust areas defined under Para 4 above.

Partnering organization not covered above, such as section 8 of the Act (erstwhile Section 25 company under Companies Act, 1956) or trust or society must have atleast three years track record in carrying out activities in related areas. While engaging with any external partner(s), the Company to evaluate the credentials of the implementing entity and seek documents as per Annexure 1.

Company may also collaborate with other companies or institutions for undertaking projects or programs for CSR activities.

6. BASELINE SURVEY, MONITORING AND OUTCOME

A baseline survey would be done before the start of the project. A quarterly/half yearly progress report will be presented before the CSR committee and the Board of Directors of the Company and the Memorandum of Understanding (MoU) signed with other agencies should cover this aspect as well and must factor in accountability as well as performance aspects.

The CSR Committee shall be responsible for monitoring the execution of CSR projects of the Company. For the said purpose, the Committee may utilize the employees of the Company or can hire the services of any external consultant. The CSR Committee may also undertake necessary impact assessment survey to analyze the benefits of CSR activities carried on by the Company.

CSR initiatives of the company will be reported in the Annual report of the company.

Employee engagement in CSR activities

PNB Gilts encourages involvement of its employees in its CSR activities.

OVERHEADS

The expenditure towards Baseline Survey, Impact Assessment, Trainings for employees' sensitization towards CSR, Identification of CSR Activities / Projects Monitoring / Coordination Activities, Consultant Fee and/or any other administrative overheads shall form part of CSR expenditure and would be covered under CSR Head if the total of such CSR expenditure is upto 5% of total CSR expenditure of the Company in one financial year.

General

- ✓ In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, the interpretation & decision of the CSR Committee shall be final.
- ✓ Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines/rules/regulations on the subject as may be issued by Government, from time to time.
- ✓ The Board of Directors of the Company reserves right to modify, cancel, add, or amend any provisions of this Policy.

Annexure 1

Indicative list of aspects to be considered while engaging with other entities –

1. Due diligence of the implementing agency would be conducted to check the credentials of the other entity. The following information from the interested implementing agencies would be sought, as relevant –
 - i. Memorandum/Articles of Association or Constitution
 - ii. Registration Certificate
 - iii. Registration Certificate under Section 12A of Income Tax Act, 1961
 - iv. Audited Accounts of last 3 years
 - v. IT Exemption Certificate under Section 80G (life time validity)
 - vi. PAN Card
 - vii. Acknowledgement of Income Tax Return alongwith IT return filed (last three years)
 - viii. FCRA registration (if any) and latest copy of FCRA return FC-3.
 - ix. Track record of executing similar projects in past along with project report
 - x. Description of the Project.
 - xi. Duly filled in Proposal Form as per PNB Gilts Template
2. Ensure that the project/programme is consistent with areas covered in Schedule VII of the Companies Act, 2013.
3. The team, as may be constituted by the CSR Committee or delegation thereof, may visit /and or meet the representatives to assess the organization (as required)
4. Reserving the rights, to be exercised at its sole discretion, of stopping the funding at any stage of the project, if the program is not being implemented as per program schedule/objectives/goals approved.