

Corporate Social Responsibility (CSR) Policy w.e.f 24.02.2021

1. 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 comply with the provisions of CSR contained in the Act.

It is also provided that the Board of Directors of PNB Gilts Limited (the Company), after taking into account recommendations of CSR Committee, shall approve the Corporate Social Responsibility Policy.

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. CSR VISION STATEMENT

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

- i. 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.
- ii. To directly or indirectly take up programmes that benefit the society by making sustained positive contribution to the welfare of society at large.
- iii. 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. DEFINITIONS

- 3.1. '**Act**' means the Companies Act, 2013;
- 3.2. '**Board**' means the Board of Directors of PNB Gilts Limited;
- 3.3. '**Company**' means PNB Gilts Limited;
- 3.4. '**Corporate Social Responsibility (CSR)**' means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely: -
 - a) activities undertaken in pursuance of normal course of business of the company;
 - b) 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;

- c) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- d) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- e) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- f) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

3.5 '**CSR Expenditure**' shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities specified in this policy as approved by Board on recommendation of CSR Committee

3.6 '**CSR Committee**' means the committee constituted under the provisions of Section 135 of the Act;

3.7 '**Directors**' shall mean the directors of the Company;

3.8 '**Net profit**' means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following namely: -

- 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.

3.9 "**Ongoing Project**" means a multi-year project undertaken by a 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 based on reasonable justification;

4. CSR COMMITTEE

The Board of Directors of the Company shall constitute a CSR Committee from time to time in compliance with statutory requirements. The CSR Committee shall comprise of a minimum of three directors, out of which at least one director shall be an independent director.

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 Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- b. To recommend the budget/ expenditure for selected activities referred in clause (a) in a financial year.
- c. To monitor the implementation of the CSR policy and programme periodically.

- d. To formulate and recommend to the Board for its approval, an annual action plan every financial year detailing the entire process from execution to impact assessment, if any related to the CSR projects or programmes.
- e. Any other matter/thing as may be considered expedient by the members/Board in furtherance of and to comply with the CSR Policy of the Company and/or specified under the Act and the rules made thereunder.

5. 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.

While approving any CSR project or programme, the Board of Directors of the Company shall determine, whether it will be an Ongoing Project or otherwise. Further while approving any CSR Project or programmer which will be treated as an Ongoing Project, the Board shall lay down the following:

- Estimated budget outlay on CSR project or programme during the course of its implementation
- Estimated budget outlay during every financial year.
- Manner of implementation

In case of multiple Ongoing Projects, Unspent CSR Account may be opened for each project separately for better implementation or a single such account shall be opened.

In case of Ongoing Projects or otherwise, where during any financial year, the budgeted expenditure for that financial year is not spent fully as a result of which CSR obligation for that financial year is not fully met, then the unspent amount will be treated in accordance with provisions of the Act.

The CSR Committee while recommending project or programmes for approval of the Board shall also recommend an annual action plan during every financial year covering the following:

- a) the list of CSR projects or programmes that are to be undertaken in areas or subjects specified in Schedule VII of the Act;
- b) the manner of execution of such projects or programmes;
- c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d) monitoring and reporting mechanism for the projects or programmes; and
- e) details of need and impact assessment, if any, for the projects undertaken by the company.

6. 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
<p>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</p>	<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 ✓ 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 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>	<ul style="list-style-type: none"> ✓ Plantation drives in schools/educational institutions and areas near to business premises of the Company. ✓ 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

	<ul style="list-style-type: none"> ✓ 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 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) ✓ 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
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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

7. SURPLUS ARISING FROM CSR ACTIVITY

The surplus arising from CSR projects, programs or activities shall not form part of the business profit of the Company and shall be treated in the following manner:

- a. ploughed back into the same project; or
- b. shall be transferred to the Unspent CSR Account opened by the Company, from which the said amount shall be spent in pursuance of CSR policy and annual action plan of the company; or
- c. such surplus will be transferred to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year.

8. 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;
 - a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or
 - a company established under section 8 of the Act) 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; or
 - a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Such above referred agencies shall have the unique CSR Registration Number.

While engaging with any external agency(ies) as referred above, the Company to evaluate the credentials of the implementing entity and seek documents as per Annexure 1.

9. 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.

In case of Ongoing Project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

At the end of every financial year, the CSR Committee shall submit requisite information and documents to report the progress of implementation of the CSR projects or programmes, to the Board. Further the Chief Financial Officer of the Company and in its absence, the person responsible for financial management, shall certify to the Board every financial year as to whether funds disbursed for CSR projects or programmes were used for the said purpose or not.

10. CARRY FORWARD OF EXCESS CSR EXPENDITURE

The Board may during any financial year, approve to undertake CSR expenditure beyond the CSR obligation for that particular financial year, as may be decided from time to time. Such excess CSR spend may be carried forward for setting-off against the CSR obligation of the Company for next three consecutive financial years.

11. IMPACT ASSESSMENT

In case the Company's CSR expenditure obligation is ten crore rupees or more, in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The Company may also voluntarily decide to undertake impact assessment of its CSR project in order to gauge the real benefits reaped by the beneficiaries of its projects.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

Any expenditure incurred on impact assessment may also be booked towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

12. EMPLOYEE ENGAGEMENT IN CSR ACTIVITIES

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

13. OVERHEADS

The expenditure towards incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company shall not exceed 5% of total CSR expenditure of the Company in one financial year. Expenditure incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme shall form part of the CSR expenditure,

14. DISCLOSURES

The Board's report, shall disclose the composition of the Corporate Social Responsibility Committee, details of the CSR initiatives undertaken in accordance with format prescribed under the Act and weblink of CSR Policy along with details of changes/modification in the CSR Policy since last report. This CSR Policy shall also be placed on the website of the Company.

The composition of the CSR Committee, CSR Policy and Projects approved by the Board shall mandatorily disclose on the website of the company and be updated on regular intervals, for public access.

15. 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.
- ✓ The meaning/definition of the words/ abbreviations used in this policy shall have the same meaning as defined under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.

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.