
CORPORATE SOCIAL RESPONSIBILITY POLICY

PNB Gilts Limited
Regd. Office: 5, Sansad Marg, New Delhi, Delhi 110001

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1. Context

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 a net worth of Rs. 500 crore or more or turnover of Rs. 1000 crore or more or a net profit of Rs. 5 crore during the immediately preceding financial year to constitute a CSR Committee and comply with the provisions of CSR contained in the Act.

The CSR Policy of PNB Gilts Limited (referred to as the Company) has been framed in accordance with the provisions of section 135 of the Companies Act, 2013 ("Act") and the Rules prescribed thereunder (as defined hereinafter), (collectively referred as "Applicable Laws").

The Policy is applicable to PNB Gilts Limited w.e.f. the date of its approval by the Board of Directors i.e. DD MM YYYY.

2. Guiding Principles

2.1. The Company shall follow the following guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the Annual Action Plan:

- i) In undertaking CSR Activities, the Company shall give preference to the local areas wherein the Company operates or has its offices.
- ii) The Company shall undertake only such CSR Activities, as are identified as Focus Areas under this Policy and the Applicable Laws and which are objectives as per international, national, or state level guidelines, priorities and standards.
- iii) The Company shall not discriminate against the beneficiaries of the CSR Activities, on any grounds whatsoever, including race, gender, age, ethnicity, caste, religion, domicile, but may focus its CSR activities to benefit the economically or socially weaker, or marginalised sections, of the society.
- iv) The Company shall endeavour utmost transparency in selection, implementation, monitoring and reporting of CSR Activities.
- v) The Company shall ensure that all CSR activities undertaken directly or indirectly, meet applicable standards of quality followed by the Company and/or are the market standard for such activities
- vi) The Company shall either undertake the project directly or through Implementation Agency and shall to the best of its ability also ensure that the partners or vendors selected by the Company or the Implementation Agency, satisfy the criterion specified by the Rules (if any).

3. Governance Mechanism

3.1 We follow the below structured governance procedures to monitor CSR activities. Below are the rules and responsibilities assigned to Board of Director and CSR committee.

S. No.	Particular	Roles and Responsibilities
1	Board of Directors	Board will inter alia do the following: <ul style="list-style-type: none">• Approve the CSR Policy of the Company and make necessary disclosures• Ensure that the CSR activities are undertaken by the Company as per Annual Action Plan and as required under law, taking

		<p>into account the approved timelines, year-wise allocation etc.</p> <ul style="list-style-type: none"> • Ensure spending of at least 2% of Net profits calculated as per section 198 of the Companies Act 2013 • Ensure that the CSR activities are undertaken directly or through the entities specified in the applicable Rules • Approve the Annual Report on CSR with the prescribed disclosures and reports & place the same on the Company's website as required under law • Company complies with the provisions of law on CSR
2	CSR Committee	<p>CSR Committee will inter alia do the following:</p> <ul style="list-style-type: none"> • Formulate and recommend to the Board a CSR Policy for the Company. • Formulate and recommend to the Board an Annual Action Plan in pursuance of a CSR Policy. • Recommend to the Board the amount of expenditure to be incurred on CSR activities. • Monitor the implementation of the CSR Policy of the Company from time to time. • Review the CSR projects / initiatives from time to time.

4. Focus Areas

- 4.1. The Company is committed to support the CSR Activities undertaken in any of the activities as per Schedule VII to the Act, as amended, attached as **Annexure A**. The list is illustrative and must be interpreted liberally to capture the essence of the subjects enumerated above.

5. CSR Expenditure

- 5.1. Every year the Company shall spend at least 2% of its average Net profit as defined under the Rules ("CSR obligation") during the three immediately preceding financial years, on CSR Activities as per approved Annual Action Plan.
- 5.2. Any amount remaining unspent at the end of the financial year, if any, except in case of an ongoing project, shall be transferred to a Fund to be specified in Schedule VII for this purpose, within six months of the expiry of the relevant financial year.
- 5.3. In case the Company undertakes any Ongoing Project, any amount remaining unspent and earmarked for the Ongoing Project, shall be transferred within thirty days from the end of the financial year to a special account to be opened for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent within three financial years from the date of such transfer, failing which, the unspent amount shall be transferred to the Fund to specified in Schedule VII for this purpose, within thirty days from the date of completion of the third financial year.
- 5.4. The CSR activities undertaken/to be undertaken by the Company are not expected to lead to any additional surplus. However, if any additional surplus is generated, it would be dealt with in compliance with the provisions of the Act.

6. Approval of CSR Activities

- 6.1.** The CSR Activities to be undertaken by the Company under the Policy shall be approved by way of the Annual Action Plan by the Board on the recommendation of the CSR Committee.
- 6.2.** The Annual Action Plan shall, inter alia, contain the following information with respect to the CSR Activity proposed to be undertaken by the Company:
 - i) list of projects or programmes to be undertaken, in the relevant financial year;
 - ii) local area where the CSR Activities are to be undertaken;
 - iii) manner of execution;
 - iv) modalities of utilization of funds,
 - v) implementation schedule
 - vi) monitoring and reporting mechanism and
 - vii) details of need and impact assessment, if any.
- 6.3.** The Board on the recommendation of the CSR Committee shall be the absolute authority to update, alter, modify, amend, withdraw and replace the Annual Action Plan for justified reasons

7. Implementation of CSR activities

- 7.1.** CSR activities will be undertaken either by the Company directly or through the implementing agencies, having such registrations as required under the said Act/Rules.
- 7.2.** In case the Company undertakes any CSR Activity through any Implementation Agency, such Implementation Agency shall satisfy requirements under the Applicable Law and shall be approved by the Board.
- 7.3.** The Company will specify the project or programme to be undertaken through these entities, the modalities of utilization of funds on such projects or programs and the monitoring and reporting mechanism.
- 7.4.** The Company may also collaborate with other companies for undertaking projects or programs in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with the prescribed CSR Rules.

8. Monitoring and Assessment of CSR Activities

- 8.1.** The CSR activities of the Company will be duly monitored. The monitoring process adopted by the Company may include obtaining reports of different kinds, self-declaration, On-site visits, pictures or videos of project sites, etc. Further, the monitoring process may involve the below aspects:
 - **Review by Board/CSR committee:** On a periodical basis, the Board of Directors and CSR Committee will review the implementation of CSR. The CSR Committee shall review the progress on the Annual Action Plan preferably on quarterly basis but not less than twice a year. The Board shall review the status of implementation and fund utilization of the various projects and programmes as per approved Annual Action Plan at least once a year.

- **Audited Utilisation Certificate:** Funds released to the implementing agency would be generally based on a satisfactory utilization certificate duly certified by a third party audit agency and an authorized officer/CEO/CFO of the donee entity and satisfactory performance report submitted by the said person, as may be decided by the CSR Committee.
- **External Agency assessment:** The CSR Activities will be effectively and objectively monitored using appropriate monitoring tools that may include one or more of the third-party audit or certifications, impact assessment, self-assessment report, field visit, periodical review or any other appropriate mechanism.
- **Audit:** The amount spent on CSR by the Company will be subject to audit as may be determined by the CSR Committee and as per applicable laws.
- **Reporting in the Annual Report of the Company:** CSR Policy and initiatives of the Company will be reported in the Annual Report of the Company in the manner prescribed under the CSR Rules. All the reports would be documented and hosted on the Company website also.

9. General

- 9.1. This Policy shall remain in force unless amended or withdrawn.
- 9.2. Details of CSR committee composition, CSR policy, CSR Committee charter and details of CSR activities approved by the Board shall be available on the Company website.
- 9.3. The Board may, in accordance with Applicable Law, alter, amend, review and substitute this Policy as and when required without any prior intimation to any stakeholder for justified reasons.

Annexure A

- i.** Eradicating hunger, poverty and malnutrition, promoting health care including preventive health and sanitation including contribution to the Swatch Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii.** promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii.** 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;
- iv.** 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;
- v.** 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;
- vi.** Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPE) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- vii.** Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- viii.** Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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;
- ix.** (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)
- x.** Rural development projects.
- xi.** Slum area development.
- xii.** Disaster management, including relief, rehabilitation and reconstruction activities.