

*This draft policy is yet to be approved and adopted by Board.



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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INTRODUCTION

Section 135 of the Companies Act, 2013 and allied Rules prescribe that every company having Net worth of Rs. 500 crore or more, or Turnover of Rs.1000 crore or more, or a Net Profit of Rs. 5 crore or more during the immediately preceding financial year shall ensure that it spends at least 2% of the average net profits made during the immediately preceding three financial years. The provisions pertaining to CSR as prescribed under the Companies Act, 2013 are applicable to the Company.

This Corporate Social Responsibility (hereinafter referred to as 'CSR') Policy is framed in terms of the Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as 'the CSR Rules'), as amended from time to time.

COMPANY PHILOSOPHY

Operating in a responsible and sustainable manner is important. Whilst we run our business in line with the expectations of diverse global stakeholders, we also see corporate responsibility as a discipline that helps to manage risks and maximize on opportunities presented to us in the changing world.

Our CSR initiatives are independent of the normal conduct of our businesses and are aligned to the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 and the allied CSR Rules.

Programmes, projects and activities (hereinafter collectively referred to as 'CSR Programmes') carried out in this regard are the subject matter of this Policy.

OBJECTIVE

This Policy has been framed with a view:

- To contribute actively and voluntarily to the social and economic development of the communities in which we operate.
- To be a good corporate citizen.
- Provide a safe and congenial work environment.
- To create awareness and sensitization amongst employees towards social responsibility and encouraging them to participate in all such initiatives.
- Partner with different NGO's and support Govt. Initiatives in the social developmental activities.
- Comply with the amended Companies (Corporate Social Responsibility Policy) Rules, 2014 under the Companies Act, 2013.

SCOPE

This policy has a very wide range of coverage, which includes most of the activities listed under Schedule VII of Companies Act, 2013:

- Promoting education, including special education and employment enhancing vocational skills.
- Rural Development Projects.
- Promoting health care including preventive health care
- Protection of National Heritage, Art and Culture.
- Ensuring environmental sustainability, ecological balance, conservation of natural resources.

But it is not limited to the above, and includes other activities considered as part of Schedule VII and projects approved by the Central Government.

CSR POLICY

Divgi-TTS is committed to good corporate citizenship. We strive to supply goods and services of superior value to our customers; to create jobs that provide meaning for those who do them and to contribute generously of our talents and our wealth to the communities in which and for whom we do business.

Since the 'Responsibility to our Communities' is one of our core values, Divgi-TTS strives the efforts in the area of social and community development under the initiative of Corporate Social Responsibility with planned and systematic actions put in investment projects which focuses on below principles:

श्री Vidyadaayini

Promoting Education: Strengthen the educational and knowledge base, for promoting education based on the fundamental conviction that education can help provide the answers to some of the greatest challenges like poverty, inequality and environmental degradation. To inculcate and develop leadership qualities in underprivileged children through innovative and creative programs, by developing soft skills through music, games and sports.

श्री Kalyanam

Rural development: To improve the living standards of rural people by development of infrastructure in rural areas. Initiatives that will ease the stress of rural households and help in building better and progressive communities, youth development and better family living.

श्री Aarogyam

Promoting Health Care: Health Initiative to focus on the overall well-being of the underprivileged both in the rural and the urban communities. The Health and Wellness Programmes range from supporting institutions with diagnostic and monitoring equipment to other healthcare projects.

श्री Sanskriti

National Heritage, Art and Culture: The initiative for the protection of our national heritage, art and culture. Programmes for the promotion and development of traditional music, dance and handicraft.

श्री Vasundhara

Environment Protection: Programmes designed for environmental sustainability, ecological balance, protection of flora and fauna, animal welfare and agroforestry.

CSR EXPENDITURE

Pursuant to the provisions of the Act, the Company shall allocate required budget towards the CSR activities for every financial year. The CSR committee shall calculate the total funds and recommend the same for the approval of the Board.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendations of the CSR Committee but does not include any item or expenditure not in conformity or not in line with the activities which falls in the purview of Schedule VII of the Companies Act, 2013.

RESPONSIBILITY

The Board of Directors shall periodically review the CSR activities and take note of all the updates periodically given by the CSR Committee and the standing Committee and advise as appropriate.

- **CSR COMMITTEE**

The CSR Committee shall be comprised in accordance with the requirements of applicable laws. This CSR Policy, details of the composition of the CSR Committee and projects approved by the Board shall be hosted on the Company's website at www.divgi-tts.com.

The Committee responsibilities are as below:

- a. The committee shall exercise powers and perform functions as assigned to it by the Board of Directors of the Company pursuant to Section 135 of the Act and the CSR Rules notified with regards thereto
- b. Take up the relevant proposals for the approval of the Board. The proposal should carry cost benefit and justification including the amount of financial involvement and a detailed project report.
- c. Shall monitor and review the progress of activities undertaken/completed.
- d. All expenses for project proposals needs to be approved by the CSR Committee.
- e. Review monthly report on CSR activities submitted by the Standing Committee.
- f. Hold periodic meetings and have their decisions approved/ratified by the Board from time to time.
- g. Prepare an annual report of the CSR activities undertaken for each financial year and submit such report to the Board.
- h. 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, or as may be specified under CSR legal framework, from time to time.

The Standing committee responsibilities are as below:

The Standing Committee comprising of company's employees along with CSR consultant have responsibilities as below:

- a. Each member would understand the CSR initiatives for the year, support in its implementation and also evangelize CSR as a way of life.
- b. Committee members would prepare a detailed implementation plan for each of the focus areas and the same shall be discussed by the standing Committee before submitting the report to the CSR Committee.
- c. Shall coordinate with external entities/NGO's/social organizations for collation of Information required for the initiative.
- d. Shall enlist the support of volunteers for each of the activities under the implementation plan.
- e. Shall ensure that the planned activities are executed as per the agreed schedule.
- f. Utilization certificate shall be obtained with statement of expenditure duly certified by an authorised auditor to the CSR Committee where the expenditure is through any other organization or institution.
- g. Report monthly on the progress on the initiatives under the focus area to the CSR Committee highlighting the cumulative outlays and outcomes of the programme in specific details.
- h. Provide a monthly update on the CSR initiatives for the year to the CSR Committee.
- i. Meticulous documentation of the CSR approaches, programmes, expenditures, procurement, etc should be available and made available to the CSR Committee in their meetings.

The Board responsibilities are as follows:

- i. Approving the CSR Policy, annual action plan, CSR Activities and projects and the CSR expenditure after taking into consideration, the recommendations made by the CSR Committee or any modification there under,
- ii. The Board may alter annual action plan at any time during the financial year, as per the recommendation of CSR Committee, based on reasonable justification to that effect.
- iii. Ensure the CSR spending for every financial year of at least 2% of average net profits made during immediately preceding 3 financial years, in pursuance with 4 this CSR Policy. If the Company fails to spend the aforesaid amount then the Board's Report prepared under section 134 of the Act, shall specify the reasons for not spending the amount and transfer the same as specified under this Policy and CSR Legal Framework.
- iv. Ensure that CSR Activities included in the CSR Policy are undertaken by the Company and such activities are related to the activities specified in CSR Legal Framework.
- v. Ensure that the CSR Activities are undertaken either by the Company itself or through Implementing Agency, as permitted under the CSR Legal Framework.
- vi. In case of ongoing projects, monitoring the implementation of the project in line with the approved timelines and year – wise allocations and shall be further authorized to make modifications thereto if required subject to the same being within the overall permissible time period.
- vii. Satisfy itself that the funds have been utilized for the purpose and in the manner, as approved by them and the Chief Financial Officer / person responsible for the financial management of the Company, to certify to the effect.
- viii. Ensure the administrative overheads shall not exceed the limits specified under the CSR Legal Framework, presently being 5% of total CSR Expenditure of the Company for each Financial Year.
- ix. Ensure any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or be transferred to the Unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company or transfer such surplus amount to the Fund specified in Schedule VII within the stipulated period of time.
- x. Ensure that surplus or unspent amount earmarked for CSR in any financial year is given effect as required under the CSR Legal Framework.
- xi. Approve the set off of the excess amount of CSR spent in a financial year, against CSR spent of upto immediate next three financial years;
- xii. Ensure that Directors' Report includes: • Contents of the CSR Policy and Composition of the CSR committee; • An annual report on the CSR in the prescribed format; • Reasons for failure (if any) to spend required amount on CSR Activities.]

GUIDELINES FOR IMPLEMENTATION

- a) The investment in CSR shall be project based and for every ongoing projects, periodic milestones should be finalized at the outset.
- b) Project activities identified under the CSR shall be implemented either by direct contribution to the Project or through Specialized Agencies. Such specialized agencies should be those who comply with the requirements of Companies Act 2013.
- c) Where the implementation of the CSR activities is done through outside agency(ies) then following points should be kept in mind;
 - a. Check credentials of such agency including the track record of such agency, work carried on by such agency in the past especially in the areas mentioned in Schedule VII to the Companies Act, 2013 and such other areas as may be prescribed by the Government from time to time.
 - b. Ask for and take on record its relevant details such as constitution, bye laws, formal project report, registration certificate under applicable laws, PAN, TAN, CSR-1 registration certificate-MCA, account details, cancelled cheque and the impact analysis of the project enrolment.
 - c. Ask for and take on record the status / progress report and statement of account of the CSR activities carried out on behalf of and with the funds provided by the Company.
 - d. Place such status / progress report before the CSR Committee / Board for its information and approval.
- d) Project proposal for any CSR activity shall be examined by the Standing Committee consisting of executives from across the organization and submit report/ recommendations to the CSR Committee, which shall be a Board Committee.
- e) The CSR Committee shall analyze the same and make out a proposal to the Board of Directors for approval.

COMPLIANCE MONITORING AND REPORTING

The Board of Directors after taking into account the recommendations of the CSR Committee, approve the CSR policy and disclose the composition of CSR Committee and contents of such policy in its report and the same shall be displayed on the company's website.

Compliance with this policy will be continuously monitored and subject to review by the Board, supported by the CSR Committee and Standing Committee.

The Board's report of the company shall include an Annual report on CSR containing particulars specified in Annexure II of the clause 8 of the CSR Rules.