

## CENTRUM CAPITAL LIMITED

### CORPORATE SOCIAL RESPONSIBILITY POLICY

#### **Short Title & applicability**

The Ministry of Corporate Affairs, has, vide its notification dated February 27, 2014 made the provisions of section 135 of the Companies Act, 2013 and Schedule VII of the said Act relating to CSR applicable to the Company with effect from 1st April, 2014. The Companies (Corporate Social Responsibility Policy) Rules 2014 ("CSR Rules") are notified on 27th February, 2014 and are made effective from 1st April 2014.

The Companies Act, 2013 vide sub-section (1) of section 135 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 makes it mandatory for the Board of Directors of a prescribed class of companies to constitute a Corporate Social Responsibility Committee which is entrusted with certain duties in alignment with the objectives of corporate social responsibility.

#### **Concept**

Corporate Social Responsibility is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also considering the social and environmental consequences. As a Corporate Citizen receiving various benefits out of society, it is our co-extensive responsibility to pay back in return to the society in terms of helping needy people by providing foods, clothes, etc., keeping the environment clean and safe for the society by adhering to the best industrial practices and adopting best technologies, and so on. It is the Company's intent to make a positive contribution to the society in which the Company operates.

This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the "Centrum Capital Limited CSR Policy". It has been prepared keeping in mind the Company's code of business ethics and to comply with the requirements of Companies Act, 2013 (hereinafter called as "the Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014, notified by the Ministry of Corporate Affairs vide Notification dated 27th February, 2014.

This policy shall apply to all CSR initiatives and activities taken up at the various work- centers and locations of the Company, for the benefit of different segments of the society, specifically the deprived, under-privileged and differently abled persons.

#### **Policy Objective**

Corporate Social Responsibility is a form of corporate self-regulation integrated into a business model. Therefore, the Policy will function as a built-in, self regulating mechanism whereby the business will monitor and ensure its active compliance with the spirit of law, ethical standards and international norms. The main objective of this Policy is to set guiding principles for carrying out CSR activities by the Company and also to set up process of execution, implementation and monitoring of the CSR activities to be undertaken by the Company.

## **CSR Committee**

### i. Composition:

The Corporate Social Responsibility Committee (CSR Committee) shall consist of three or more directors, out of which at least one shall be an Independent Director.

### ii. Role:

The Committee, referred above, shall

- a) Formulate and recommend to the Board the CSR Policy and any amendments thereof which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
- b) Recommend the amount of expenditure to be incurred on the activities, as per CSR Policy;
- c) Be responsible for implementation and monitoring of CSR projects or programs or activities of the Company.
- d) Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

### iii. Meetings:

The CSR Committee shall meet as and when deemed necessary.

### iv. Sitting Fees:

The Sitting Fees for attending the meeting shall be determined from time to time by the Board of Directors.

### v. Quorum:

Quorum of meeting of CSR Committee shall be as prescribed in the Companies Act, 2013 and the rules made thereunder, presently being one third of the total strength or two directors, whichever is higher.

- vi. The CSR Committee may invite Executives, Advisors, representatives of Social Organizations, Auditors of the Company and such other person (s) as it may consider necessary to attend the meeting.

## **Definitions**

Some of the key terms used in the Corporate Social Responsibility Policy are as under:

1. 'Act' means the Companies Act, 2013 including any amendments as may be applicable from time to time.
2. 'Average Net Profit' means net profit as computed in accordance with section 198 of the Act.
3. 'Board' means the Board of Directors of Centrum Capital Limited or the Company.
4. 'Corporate Social Responsibility ("CSR")' means and includes but is not limited to:-
  - i) Projects or programs relating to activities specified in Schedule VII of the Act; or
  - ii) Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the Corporate Social Responsibility Committee of the Board as per this policy of the Company and will cover subjects enumerate in Schedule VII of the Act.

5. 'CSR Activities' means the activities which may be included by the Company in its CSR Policy in accordance with Schedule VII of the Act.
6. 'CSR Committee' means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
7. 'CSR Policy' means the Corporate Social Responsibility Policy of the Company formulated and recommended by the CSR Committee to the Board of the Company.
8. 'Net Profit' as defined in the said CSR Rules means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act.
9. Word and expressions used and not defined in the Rules but defined in the Act shall have the same meaning respectively assigned to them in the Act.

### **CSR Activities**

1. The CSR activities shall be undertaken by the Company as per this policy by way of projects or programs or activities (either new or ongoing) in India, excluding the activities undertaken in pursuance of the normal course of business. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
2. The Board may decide to undertake CSR activities approved by the CSR Committee directly through employees of the Company or through a registered trust or a registered society or a company established by the company or subsidiary or associate company under Section 8 of the Act or otherwise and subject to conditions as specified in the CSR Rules.
3. The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with the CSR Rules.
4. CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities, approved by the Board on the recommendation of CSR Committee, but shall not include: a) 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. b) CSR projects or programs or activities that benefit only the employees and their families. c) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
5. The Company may fulfill the CSR obligation by way of a donation to a fund established / approved by the Government or any other appropriate authority on the recommendation of the CSR Committee.
6. CSR activities include:-
  - i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
  - ii) Promoting education, including special education and employment enhancing vocational 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 balances, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
  - v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of arts, setting up of public libraries, promotion and development of traditional arts and handicrafts;
  - vi) Measures for the benefit of armed forces veterans, war widows and their dependents,
  - 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 any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
  - ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
  - x) Rural development projects.
7. The list of CSR projects or programs which the Company plans to undertake will fall within the purview of schedule VII of the Act. The modalities of execution of such project or programs and implementation schedule for the same will be monitored as per Annexure to this CSR Policy.

### **Amount of CSR expenditure**

The Board shall ensure that the Company spends, in every financial year, at least two percent of Average Net profits of the Company made during the three immediately preceding financial years, in pursuance of this CSR Policy. If the Company fails to spend such amount, the Board shall, in its report made under Section 134 (3) (o) of the Act specify the reasons for not spending the amount.

### **Disclosure**

The Company shall disclose the contents of the CSR Policy in its Board's report in the format given in the CSR Rules and the same shall be displayed on the Company's website.

### **Amendment to CSR Policy**

1 This CSR Policy is constituted under the provisions of the said Act and CSR Rules. In the event of any difference between the contents of this CSR Policy and the Act and CSR Rules, the provisions of the Act and CSR Rules will be made applicable to the matter. This CSR Policy shall stand amended in accordance with the amendments in the said Act and CSR Rules from time to time.

2 The CSR Committee may from time to time recommend to the Board amendments to this policy as it may deem fit.

3. Any amendment to this CSR Policy will be in writing except as stated in 1 above.

### **Approval**

This CSR Policy is approved by the Board of the Company at its meeting held on 15<sup>th</sup> May, 2015 on the recommendation of the CSR Committee of the Company.

## Annexure

### **Monitoring and Reporting Framework**

The Company's CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities of supported Foundation and/or Educational and other Institutions. The respective heads of the supported institution will present their list of programmes, projects and activities for which support is sought from the Company, to the CSR Committee for its approval. The Committee will in turn recommend suitable projects/activities to the Board for its final approval.

In compliance with the Act and to ensure funds spent on CSR programmes are creating the desired impact on the ground a comprehensive Monitoring and Reporting framework will be put in place. The monitoring and reporting mechanism is divided into distinct areas like:

- I. Programme Monitoring
- II. Evaluation
- III. Reporting and Documentation

### **Programme Reporting**

- Programme monitoring mechanism will ensure:
  - The CSR policy is implemented as per the Act and the Rules
  - The CSR policy is implemented ensuring that all projects/programmes as budgeted are duly carried out.
- CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans. This may include monthly field visits, comprehensive documentation, and regular interaction with beneficiary institutions/communities.
- CSR spends will be audited in an accountable and transparent manner.
- Quarterly reporting and review by the CSR committee and quarterly/six monthly reviews by the Board.

### **Evaluation**

- A robust MIS monitoring mechanism and evaluation plan will be put in place.
- Expected outcomes, outputs and inputs will be clearly defined for each programme as per stated timelines.
- There shall be clarity about the scope of the programme and the need before evaluations are undertaken.
- Third parties may be engaged to ensure objective assessment across baseline and end line parameters.
- The CSR Committee will decide whether it will be internal, external or third party evaluation.

**Documentation and Reporting**

The CSR Committee will prepare the annual CSR report to be filed by the Company on approval of the Board. This report will ensure:

- CSR projects and programmes are being properly documented.
- An MIS is maintained on expenditure across sectors, geographies and beneficiaries impacted. The MIS structure will be in alignment with the prescribed reporting format.
- Accountability is fixed at each level of CSR process and implementation.
- A repository of case studies and good practices will be maintained for planning and future reference.