

# **CORPORATE SOCIAL RESPONSIBILITY POLICY**

Version 2.0

Approved by the Board of Directors on June 25, 2021

**TUV India Private Limited**

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## **1. Preamble**

TUV India Private Limited (TUV India) is committed to maintaining high standards of corporate social responsibility (CSR) in its business activities. The CSR policy aims to focus the organization's commitment to integrate economic, social and environment objectives into the company's activities.

The Ministry of Corporate Affairs (MCA) had issued the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) which came into force on April 1, 2014. Further, the MCA on various occasions has amended the CSR Rules from time to time.

The MCA vide its notification dated January 22, 2021, issued the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (CSR Amendment Rules). The Amendment Rules brought major changes in the Companies (Corporate Social Responsibility Policy) Rules, 2014 on various aspects including changes in definitions section, CSR Registration Number to be obtained by implementing agencies, amendment in CSR expenditure and CSR Reporting.

## **2. Purpose**

The main objective of this policy is to revise the existing CSR Policy of the Company to align it with the CSR Amendment Rules 2021 notified under the relevant provisions of the Companies Act 2013 (the Act).

## **3. Definitions**

(1) "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

(2) "Corporate Social Responsibility (CSR)" means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the CSR rules, but shall not include the following, namely:

(i) activities undertaken in pursuance of normal course of business of the company;

(ii) 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;

(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(v) activities supported by the companies on a sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

(3) “CSR Policy” means this statement containing the approach and direction given by the board of the company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

(4) “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:

Any other term used and not defined herein shall have the same meaning as defined in the Companies Act, 2013, rules framed thereunder, or any other applicable law or regulation.

#### **4. CSR Activities/ Implementation [Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules)]**

The Company will identify those projects/ activities that are in compliance with the conditions stated under paragraph 2 above and conforming to the nature of activities included in Schedule VII of the Companies Act, 2013, as amended from time to time. The activities mentioned in Schedule VII of the Companies Act, 2013 as on date are given as Annexure-1 to this Policy.

The implementation of CSR activities/projects will be either through company’s personnel or through external implementing agency as permitted under rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014. The external agency would be engaged based on the following criteria:

(i) The entity should be registered with the Central Government and have a unique CSR Registration Number.

(ii) The entity would be engaged after ascertaining the credibility of the agency and its track record in implementing projects. The entity shall generally have established track record of three years in implementing such projects.

Annual action plan: The Company will present an Annual action plan / CSR Plan for approval of the Board in the earlier part of the financial year. The annual action plan / CSR Plan will also include the modalities of utilization of funds and the monitoring and reporting mechanism.

## **5. Governance**

### **Board level committee**

In terms of the provisions of Section 135(1) of the Companies Act, 2013, the Board of Directors have constituted the CSR Committee. The CSR governance structure will be headed by the CSR Committee that will be responsible for the CSR projects undertaken as per the annual action plan approved by the Board. The CSR Committee will report to the Board of Directors.

The powers delegated to the CSR Committee are:

1. To formulate and recommend to the Board of Directors, a Corporate Social Responsibility Policy in compliance with the Act and Rules framed thereunder;
2. To formulate and recommend to the Board, an annual action plan in pursuance of Corporate Social Responsibility Policy, which shall include the following, namely:-
  - i. the amount of expenditure to be incurred on the activities
  - ii. the list of Corporate Social Responsibility projects or programmes that are to be undertaken;
  - iii. the manner of execution of such projects or programmes as specified in the annual action plan;
  - iv. the modalities of utilization of funds and implementation schedules for the projects or programmes;
  - v. monitoring and reporting mechanism for the projects or programmes; and
  - vi. details of need and impact assessment, if applicable, for the projects undertaken by the company;

The Board may alter such plan at any time during the financial year, as per the recommendation of its Corporate Social Responsibility Committee, based on the reasonable justification to that effect.

3. To monitor the Corporate Social Responsibility Policy from time to time;

4. To institute a transparent monitoring mechanism for implementation of the Corporate Social Responsibility projects or programs or activities undertaken by the company;
5. To review the annual report on Corporate Social Responsibility for the financial year;
6. To review and recommend the appointment of independent agency to conduct impact assessment of Corporate Social Responsibility projects, if such provisions become applicable to the company.

## **6. CSR expenditure [Rule 7 of the CSR Rules]**

The CSR expenditure will include all expenditure, direct and indirect, incurred by the company on the CSR projects undertaken in accordance with the approved CSR Policy. The administrative overheads of the project to be undertaken shall not exceed five percent of total CSR expenditure of the Company for the financial year.

Moreover, any surplus arising out of the CSR projects or activities shall not form part of the business profit of the company and shall be ploughed back into the same project or shall be transferred to the unspent CSR Account and spent in pursuance of CSR policy and annual action plan or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Where a company spends an amount in excess of requirement provided under section 135(5) of the Companies Act, 2013, such excess amount may be set off against the requirement to spend under section 135(5) up to immediate succeeding three financial years subject to the condition that the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of rule 7(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and approved by the Board of the company

## **7. CSR monitoring**

The progress of all the CSR projects undertaken will be reported to the CSR Committee by the company's personnel or the external agency implementing the project. The Board of Directors will review the progress of the CSR activities annually.

The Board shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it.

## **Impact Assessment:**

The Company will undertake an Impact Assessment Study through an independent agency whenever the average CSR obligation of the Company, in the three immediately preceding financial years, is ten crore rupees or more and the outlay of any CSR project is more than one crore rupees with completion schedule of not less than one year.

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

## **8. CSR Reporting (Rule 8 of the CSR Rules)**

The annual report, in the prescribed format, on CSR activities will be included as a part of the report of the Board of Directors.

**Annexure – 1****Activities covered under Schedule VII of the Companies Act, 2013****(As at 25<sup>th</sup> June 2021)**

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh 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 centers 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 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 (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- (vii) training to promote rural sports, nationally recognised 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) 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 Biotechnology (DBT), Department of Science &



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);

- (x) rural development projects;
- (xi) slum area development; disaster management, including relief, rehabilitation and reconstruction activities.