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Policy

**CORPORATE SOCIAL
RESPONSIBILITY**

The Peerless General Finance &
Investment Co. Ltd.

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CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. Preamble

"Corporate Social Responsibility (CSR)" covers the process by which an organization approaches, defines and develops its relationships with stakeholders for the common good and demonstrates its commitment in this regard by adoption of appropriate strategies, processes and activities. CSR in The Peerless General Finance and Investment Co. Ltd. (PGFI) constitutes an integral part of the core value "Sustainability" including Environment, Social and Governance Considerations.

2. Purpose

The PGFI is committed to identifying and supporting programmes aimed at developing and advancing the underprivileged community.

The CSR Policy means a 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.

The CSR Policy would function as a self-regulating mechanism for the PGFI's CSR activities and enables adherence of laws and ethical standards.

3. Philosophy

The PGFI, in its more than 90 long years of glorious existence, has been committed to the philosophy of '**Bahujana Hitaya, Bahujana Sukhayacha**' ('**Welfare for Many and Happiness for Many**'). As a natural consequence, compassion for the community at large, particularly for the upliftment of the underprivileged segment of the society is the essence of Peerless' Corporate Social Responsibility ("CSR") Policy.

4. Vision

To empower backward and underprivileged communities socially within a sustainable ecosystem.

5. Mission

The PGFI's mission for social participation through CSR activities is not restricted to the mandatory obligation of 2% of Net Profits of the 3 preceeding financial years. The Company aspires to scale up its CSR activities phase wise as the Centennial year 2032 approaches.

6. Scope

This policy will apply to all projects/programs undertaken as part of the PGFI's Corporate Social Responsibility activities and will be developed, reviewed, and updated by reference to relevant codes of corporate governance and / or best practices. This policy is in line with Section 135 of Companies Act, 2013 ("the Act") and Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

7. Governance

Overall governance of CSR and approving of the CSR Policy will be the responsibility of the Board through the CSR Committee.

- The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.
- The Board shall ensure proper implementation of the CSR Policy along with monitoring and reviewing CSR Activities undertaken by the PGFI and provide inputs as and when required.
- The Board shall satisfy itself that the CSR funds so disbursed are alignment to the CSR Policy of the company and have been utilized for the purposes and in the manner approved by it. The CFO or appropriate authority shall certify the same to the effect.
- The Board shall also ensure appropriate disclosures pursuant to the Act and Amendments thereof in the Annual Reports and company's Website in prescribed formats.
- In case of ongoing project, as defined under the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021, the Board of a Company 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. The CSR Department of the company will be responsible for administering and executing the policy.

8. CSR Committee

The eligible company shall constitute a CSR Committee of the Board consisting of three or more directors including at least one Independent Director. The committee will also oversee the PGFI's performance within the requisite legal framework and advise on various matters concerning the same. The Committee shall broadly address the following areas.

- To formulate the PGFI's CSR strategy, policy and goals and revision thereof, as may be required and recommend to the Board, an Annual Action Plan pursuant to the Act.
- To identify the areas of CSR activities as prescribed in Schedule VII of the Companies Act, 2013 and amendments thereof to the Act and recommend the amount of expenditure to be incurred on such CSR activities / projects within the Board approved budget plan.
- To monitor the company's CSR policy and performance from time to time to ensure the company meets the mandatory CSR compliance requirements.
- To review the CSR projects/initiatives from time to time and recommending any alteration in annual action plan, if any, to the Board
- To ensure legal and regulatory compliance from a CSR viewpoint
- To ensure reporting, communication and appropriate disclosures to stakeholders on the company's CSR projects/initiatives
- To ensure that the surplus arising out of the CSR projects or programs, or activities do not form part of the business profit of the company.
- To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.
- To review and reassess the adequacy of the Charter annually and recommend any proposed changes to Board for approval.

9. CSR Budget

The Board shall ensure that the minimum 2% of average net profit of the immediately 3 preceding years is spent on CSR initiatives undertaken by the company. The overall amount to be committed to CSR will be approved by the Board as recommended by the CSR committee through its Annual Action Plan carrying list of CSR projects or programs approved to be taken. The following guiding principles to be adhered to in terms of CSR Budget Outlay and Expenditure –

- The administrative overheads shall not exceed five percent (5%) of the total CSR expenditure of the company for the financial year.
- Any surplus generated from CSR activities shall not form part of the business profit of the company and shall be treated as follows:
 - a) Ploughed back into the same project; or
 - b) Transfer to a designated Unspent CSR Account (UCSRA) and spent in pursuance of CSR policy and Annual Action Plan of the Company; or
 - c) Transfer to a Fund specified in Schedule VII, within the prescribed timeline as specified in the CSR Rules.
- Any unspent amount shall be reported by the Board in its report specifying the reasons for not spending the amount and shall be dealt with in accordance to Section 135 of the Act and rules under Amendments thereof.
- In case, the company spends an amount in excess of requirement of its CSR obligations in a financial year, such excess amount may be set off against the requirement of CSR spending up to immediate succeeding three financial years subject to fulfilment of conditions specified under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 as maybe amended from time to time.
- The company may spend its CSR budget for creation or acquisition of a capital asset subject to fulfilment of conditions specified under the Companies (CSR Policy) Amendment Rules, 2021 and any amended to the same

10. Supervision

The company's CSR activities will be driven by a dedicated CSR team under the guidance and support of senior functionaries. The CSR Committee and CSR Department under the direction of the Board would play a significant role in ensuring that the CSR policy is embedded across the company's operations and the CSR initiatives are in line with the policy.

11. Disbursement

The disbursement of funds will be either in tranche drawdown form or one-time payment depending on the nature and requirement of the project and the Annual Action Plan as recommended by the CSR Committee and approved by the Board. The terms, conditions and timing of disbursement will be discussed and agreed to with the CSR Department and project teams and will typically form part of the Memorandum of Understanding with the entity implementing the project.

12. Reporting

Mandatory filing of Form CSR-2 on MCA portal and / or as may be applicable from time to time within the prescribed due date. Appropriate disclosures and reporting on all CSR activities will be done as part of the Director's Report in the company's Annual Report and official website in the prescribed formats as per statutory and regulatory reporting requirements of the Act.

13. Guiding Principles for initiating CSR Programmes / Projects

To provide a focused and structured approach to the program, the company will focus its support and CSR spends on specific pre-determined causes and areas of intervention. The CSR Committee through the CSR Department shall formulate an annual action plan in pursuance of this CSR policy, which shall include the following and recommend it to the Board for Approval: -

- a) the list of CSR projects or programmes that are approved 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 utilization of funds and implementation schedules for the projects or programmes.
- d) monitoring and reporting mechanism for the projects or programmes; and
- e) **Guiding Principles on formulation of the Annual Action Plan to initiate CSR project:**
 - i) The Company shall prepare Action Plan at the beginning of every Financial Year stating the minimum amount it is required to spend in that Financial Year which currently should not be less than 2% of the average net profit of the Company made during the three immediately preceding financial year as per relevant provision / Act.
 - ii) The Action plan shall also include tentative allocation of funds for the Financial Year under different heads of activities with flexibility in allotment of funds in different

activities as per CSR Policy of the Company, Schedule VII and other relevant provisions of the Companies Act, 2013

- iii) The company will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations.
- iv) The programs/ projects will be within the areas recommended / listed in the Schedule VII of the Act and mentioned in the Policy.
- v) The activities will focus on the areas which are not related to the business activities of the Company.
- vi) Programs/Projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted /undertaken exclusively in pursuance of the normal course of business
- vii) The programs/ projects should exclude activities that are to be supported on sponsorship basis for deriving marketing benefits for its products or services.
- viii) The programs/ projects should exclude activities carried out for fulfilment of any statutory obligations under any law in force in India.
- ix) To review the existing 'ongoing' projects as defined under the CSR Amendments and its progress against the approved timelines for those projects.
- x) To review the excessive amount approved by the Board for setting off against the budget of any financial year as eligible under the Act and its amendments.
- xi) To review any unspent amount from preceding FYs as aggregated in 'Unspent Corporate Social Responsibility Account (UCSRA)
- xii) Any surplus, generated out of the CSR activities will be ploughed back to the CSR Initiatives of the company and Unspent amount (if any) from CSR program/project will be spent / transferred in accordance to CSR rules of the Act and amendments thereof

The above Action Plan shall be placed before the CSR Committee and, on its recommendation, to the Board of Directors of the Company for approval

During any financial year, the Annual Action Plan of the Company may be modified with approval of the board to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved projects.

f) AREAS OF CSR INITIATIVE

Enumerated below are the areas of intervention in accordance with Schedule VII of the Companies Act, 2013 as amended :

- i. **Promoting Healthcare:**
Eradicating hunger, poverty and malnutrition, promoting healthcare 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. Funds may be spent for various activities related to Covid 19 as well.
- ii. **Promoting Education**
Education including special education and employment enhancing vocational skills especially among children, women, the elderly, and the differently-abled, and livelihood enhancement projects.
- iii. **Gender Equality, Women Empowerment & Development of Old age people & orphans**
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. **Environmental Sustainability**
Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, 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. **Heritage, Art & Culture**
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. **War veterans**
Measures for the benefit of armed forces veterans, war widows and their dependents.
- vii. **Sports**
Training to promote rural sports, nationally recognized sports, Paralympics and Olympic sports.
- viii. **Contribution to Specified Funds**
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 Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

ix. Contribution to Specified Institutions

- a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central 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 Defence 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

Rural development projects.

xi. Development of Slum

Slum area development. Slum area shall mean any area declared as such by Central Govt. or any State Govt. or any other competent Authority under any law.

xii. Disaster Management

Disaster Management including relief, rehabilitation and reconstruction activities.

g) Location of projects

Preference would be given to projects located in West Bengal for ease of control and monitoring. However, the company may identify other areas if deemed fit, which CSR Committee may recommend to the Board for approval.

h) Guiding principles of Selection process

- I. Proposals to select under different heads of activities shall be in accordance with Schedule VII of the Companies Act 2013 and amendments to it from time to time, and to ensure that it fulfils all the eligible criteria defined in the company's CSR Policy.

- II. Visit by CSR department's Officials at the site, preparation of report and its submission to the CSR Committee with all related documents for approval.
- III. The activities which benefit the underprivileged and the downtrodden will be given preference.
- IV. The activities identified by the Company are to be carried out by entities with proven track record, to be eligible for funding by the Company.
- V. Any CSR activity which is proposed to be completed during a financial year is single year project. However, if an "ongoing project" is selected, funding shall be done in each year during the duration of the project out of the funds earmarked for each Financial Year.

"Ongoing Project" means a multi-year project undertaken by the company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced. However, they may include projects that were initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board, based on reasonable justification.

- VI. Select projects which are monitorable with the fund disbursed and activities performed in accordance with predetermined milestones.
- VII. Maximum priority shall be given to projects where benefits to recipients are clear and measurable.

i) Guiding Principles of Implementation and Monitoring process

- I. The Board shall ensure that the CSR activities are undertaken by the company itself (Direct Projects) with the involvement of various employees / units or indirectly through implementing agencies like NGOs, Trusts, Societies, Section 8 / Section 25 companies who are having unique Registration Number permitting them to carry out CSR activities in conformity with the prescribed Rules, DST certified incubation center or through collaborative projects with other corporates as eligible under the act and amendments thereof. The CSR Department, under the guidance of CSR Committee would assist in implementation and monitoring of the CSR projects / initiatives.
- II. Every CSR project shall have a time-frame and periodic milestones shall be finalised before selection.

- III. All connected and related formalities shall be followed as per relevant Rules and the Act in processing and implementing CSR project.
- IV. Monitoring of CSR activities shall include visit and inspection by officials of Company's CSR team, periodic reports on progress on implementation of a project, etc. However, the methodology of monitoring shall be determined by the CSR Committee on the recommendation of Company's CSR team, depending upon the nature of the CSR activity and the manner and scope of implementation.
- V. Funds allocated for a CSR project shall be disbursed depending on the nature of the project. Where the amount to be allocated is in tranches, such disbursement shall be made on the basis of the schedule, progress of the project and utilization of the amount already disbursed. For the purpose, the CSR team shall carry out inspection and shall prepare and submit monitoring report for approval and release of subsequent payment.
- VI. Wherever any CSR activity is implemented through an approved Agency, besides inspection by CSR Team on the progress made, suitable certificates from such agency shall be obtained on utilization of the funds provided by the Company and reports on the progress/status of implementation and/or completion of the project, as the case may be, be obtained.
- VII. Status Report on the progress of CSR project undertaken shall be reported to CSR Committee by the CSR team at every meeting of the CSR Committee.
- VIII. As and when considered appropriate, services/ assistance of Group/ Associate Companies located near the project site for CSR related activities may be availed of. In such cases, the CSR team shall also ensure that it receives a report on the progress of implementation of each of the project and actual use of funds periodically for release of payment, if any.
- IX. In case of an ongoing project, the Board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be entitled to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

14. Certification

The CFO shall certify that fund disbursed by the Company has been utilized properly for the purpose and in the manner as approved by CSR Committee / Board. The CFO for such purpose may engage an Internal Auditor to carry out such exercise.

15. Audit

The entire CSR activities of the Company are covered under the scope of Internal and Statutory Audit.

16. Review Mechanism

CSR Committee of Directors shall review report on selection, implementation and monitoring of activities as well as formulation of the action plan at regular intervals. The CSR Team will maintain all the relevant documents and papers for submission to the Committee of Directors for the said purpose.

17. CSR Minutes

The Minutes of the Committee of every meeting shall be placed to the Board of Directors for its noting.

18. Website of the Company

Company shall disclose all relevant and needed issues / subject in the website as per Act for public access, including Composition of Committee, Policy, Projects approved etc.

19. Amendment to the Policy

The Board of Directors on its own / or on the recommendation of CSR Committee can amend the Corporate Social Responsibility policy as and when required due to revision / amendment issued from time to time from the relevant authorities.
