

CORPORATE SOCIAL RESPONSIBILITY POLICY

Philosophy

The Company is a corporate citizen, with resources at its command and benefits which it derives from operating in society in general. It therefore owes a solemn duty to the less fortunate and under-privileged members of the same society.

The Companies Act 2013 and the rules made there under specifies the following guidelines to be followed for undertaking CSR activities:

➤ **Where to spend;**

Amount for CSR activity is to be spent on Project/s or Programme/s in the following domains as specified in schedule VII of Companies Act 2013 and as may be prescribed by the regulatory authority:

- a) eradicating extreme hunger and poverty and malnutrition and sanitation (including contribution to the swachh bharaat kosh) and making available safe drinking water (including contribution to the clean ganga fund set-up for rejuvenation of river Ganga);
- b) promotion of education, including special education and employment enhancing vocational skills;
- c) promoting gender equality and empowering women;
- d) reducing child mortality and improving maternal health;
- e) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- f) ensuring environmental sustainability;
- g) employment enhancing vocational skills;
- h) social business projects; contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or a State Government for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women
- i) economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women
- j) Rural development projects
- k) Swachh Bharat Abhiyaan
- l) Clean Ganga Project
- m) Slum area development

The above list is indicative only and will include other areas of CSR initiatives as updated by Ministry of Corporate Affairs, Government of India by amending Companies (Corporate Social Responsibility Policy) Rules 2014 vide notifications issued from time to time. All activities should be environment friendly & socially acceptable to the society.

➤ **How to spend**

The Company may decide to undertake its CSR activities through a Registered Trust or a Registered Society or a Company established by the company (PNBISL) or its Holding or Subsidiary or Associate company under section 8 of the Act (Non-Profit-making company) or otherwise:

The prescribed rules further states that

- a. If such trust, society or company is not established by the spending company or its holding or subsidiary or its associate company, it shall have an established track record of three years in undertaking similar programs or projects.
- b. The spending company has to specify the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

A company may also collaborate with other companies for undertaking project/s or program/s or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such project/s or program/s.

➤ **What amount to spend;**

The Company has to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years. Average net profit is to be arrived at in accordance with the provision of section 198 of the Companies Act 2013.

➤ **Other Specified directions for spending the Amount**

- a) Preference to the local area and areas around it where the Company operates.
- b) CSR activities do not include the activities undertaken in pursuance of normal course of business of a company or activities that benefit only the employees of the company and their family.

➤ **COMPANIES AMENDMENT ACT, 2021- The Government of India notified amendments to the Companies (Corporate Social Responsibility) Rules, 2014 and Section 135 of the Companies Act, 2013 on January 22nd, 2021, which means that these are now effective.**

Impact on corporates

1. Eligible CSR spends

The following activities cannot be included as part of a company's eligible CSR spend:

- Activities which are undertaken in the normal course of business of a company, or those benefitting only its employees.
- Political contributions.

- Sponsorship activities.
- Fulfilment of statutory obligations and activities undertaken outside India (except for training of sports personnel representing a state or country at the national or international level).

Activities that can now be included as CSR:

COVID-19-related activity in the normal course of business: This covers companies undertaking research and development into vaccines, medical devices, and drugs related to COVID-19, even if such activity is in their normal course of business. This exemption is allowed up to the financial year 2022-2023. However, the company must make separate disclosures in their annual report and must undertake such research and development in collaboration with an institute specified in Schedule VII of the act.

Acquisition or creation of a capital asset provided that it is not owned by the company: The asset created using CSR funds must be owned either by the organisation supported, or the people served by the project (for instance, collectives such as self-help groups), or by a public authority.

Treatment of unspent, excess, or surplus CSR amounts

Unspent CSR funds

Any unspent CSR funds remaining at the end of a financial year should be transferred in any of the following ways:

- **Transfer to an Unspent CSR Account:** Any unspent amount from an ongoing project should be transferred within 30 days of the end of the financial year, to the specifically designated 'Unspent Corporate Social Responsibility Account' to be opened by the company. These amounts should be spent within the next three financial years, in accordance with the company's CSR policy. If these amounts remain unspent even after the three-year period, then they should be transferred, within 30 days of the end of the third financial year, to any fund specified in Schedule VII of the act (such as the PM National Relief Fund, PM CARES Fund, Disaster Management Fund, Clean Ganga Fund, and so on).
- **Transfer to a Schedule VII fund:** If the funds are unallocated to any CSR project, then such unspent amount shall be transferred, within six months of the end of the financial year, to any fund specified in Schedule VII of the act.

Mandatory registration of CSR implementing organizations

With effect from April 1st, 2021, every entity listed Schedule VII is required to mandatorily register itself with the Ministry of Corporate Affairs (MCA). Such entities are required to apply in the prescribed form CSR-1 (providing details of their legal entity, directors, trustees, and so on) and

thereafter obtain a unique CSR registration number. Going forward, this unique number must be quoted on the annual report of companies who have appointed such agencies. This requirement does not impact projects already approved prior to April 1st, 2021.

In case of default, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of such company who is in default, shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

Company's Policy

PNB investment Services Ltd. aims at empowering the economically weaker and underprivileged section of the society by investing in promotion of education, employment enhancing vocational skills, promoting healthy nation.

CSR Budget allocation may be made towards one or more of the following projects/ areas on a year on year basis:

1. Promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and differently abled and livelihood enhancement projects.
2. Making contribution to the Swachh Bharat Kosh set-up by the Central Government for Promoting health care including preventive health care and sanitation including undertaking of activities related to Swachh Bharat Abhiyaan programme.
3. Ensuring environmental sustainability (by planting trees & shrubs), protection of flora and fauna, animal welfare, 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.
4. Making Contribution to NGOs preferably around the location of work of the company having track record of at least 10 years.
5. Pooling Funds with CSR activities of the Parent Company, to be contributed towards the eligible trust of the parent bank for promoting women & child welfare, women empowerment, enhancing vocational skills and working in field of education for economically weaker sections, etc.
6. Making Contribution to "Prime Minister national Relief Fund", which is utilized primarily to render immediate relief to families of those killed in natural calamities like floods, cyclones and earthquakes, etc. and to the victims of the major accidents and riots. Assistance from PMNRF is also rendered, to partially defray the expenses for medical treatment like heart surgeries, kidney transplantation, cancer treatment, etc of needy and people who cannot afford such expense.

CSR amount as approved by the board shall be contributed in one or more of the above projects within one financial year. However if the allocation made for the CSR activities is not utilized for the

said project, the amount so set aside will be carried forward to the next year for its subsequent utilization and the reasons for non- utilization will have to be reported in the Directors report.

Reporting:

Board of Directors of the company in their annual report have to disclose about the implementation of CSR guidelines, including composition of the CSR Committee and the content of approved CSR policy.

CSR policy, Projects of CSR activity and Spending are also to be displayed in the prescribed format on the Corporate Website of the Company.

Review and Amendment

This Policy shall be reviewed annually and/or may be amended or substituted by the CSR Committee or by the Board as and when required and where there is any statutory changes necessitating the change in the policy
