

## **Corporate Social Responsibility (CSR) Policy of PCS Technology Limited.**

The Concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. For PCS Technology Limited in the present context, CSR means not only investment of funds for social activity but also integration of business processes with social processes. Hence, it is the core corporate responsibility of PCS to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders. Besides PCS believe that the CSR is strongly connected with the principles of Sustainability.

PCS Technology Limited recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of the members of the society. The company endeavors to make CSR a key business process for sustainable development. PCS Technology Limited is responsible to create a sustained positive impact on society. Our company is committed towards aligning with nature; and has adopted eco-friendly practices.

The Board of Directors of PCS has formulated this CSR Policy ("Policy") in alignment with its objective, principles, and corporate values, delineating its responsibility as a "Responsible Corporate Citizen" to make a positive difference in the communities it serves. PCS will continue to enhance value creation in the community, through its CSR initiatives, services & conduct to promote sustained growth for community.

The Company is committed to undertake corporate social responsibility (**'CSR'**) activities in accordance with the provisions of Section 135 of the Companies Act, 2013 (**'the Act'**) and The Companies (Corporate Social Responsibility Policy) Rules, 2014 framed thereunder, as amended from time to time.

The Policy lays down the guiding principles for selection and mechanisms for undertaking various projects/ activities & monitoring of projects/activities in accordance with the provisions of Section 135 of the Companies Act, 2013 ('the Act') and Schedule VII of the Act read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 and The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("Rules") (including any statutory modifications, amendments, or re-enactments of any of them for the time being in force) (**'Applicable Laws'**)

The function of the committee would be to ensure appropriate expenditure towards the CSR activities as mentioned below.

The Company pursues initiatives related to quality management, environment preservation and social awareness.

In the aforesaid backdrop, policy on Corporate Social Responsibility of PCS is framed taking into account the following measures:-

1. Contribution to the society at large by way of social and cultural development, imparting education, training and social awareness especially with regard to the economically backward class for their development and generation on income to avoid any liability of employment.
2. Protection and safeguard of environment and maintaining ecological balance.
3. Organizing social awareness programs on different issues of the society including awareness on education, awareness on women empowerment, awareness of health related issues, etc.

#### **SCOPE & APPLICABILITY :-**

The Company is vigilant in its enforcement of corporate principles and therefore it constantly strives to create a culture, which emphasizes on integrating CSR values with business objectives. In line with Section 135 read with Schedule VII of the Companies Act, 2013 and other applicable rules made thereunder, the Company's CSR activities (hereinafter "CSR Activities") will be undertaken within the following areas:

- Eradicating hunger, poverty, and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- 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.
- 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 the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- 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 art and handicrafts.
- 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.
- training to promote rural sports, nationally recognized sports, Paralympic sports, and Olympic sports
- 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 govt. for socio economic development and relief and welfare of the schedule caste,

tribes, other backward classes, minorities, and women.

- Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine 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), Defense Research and Development Organization (DRDO), Department of Science and 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).
- rural development projects.
- slum area development.
- disaster management, including relief, rehabilitation, and reconstruction activities.

The Company may include any other matter as may be included by Government from time to time.

This CSR Policy applies to all CSR projects/activities to be undertaken by the Company in accordance with the Applicable Law. The following activities are excluded from the scope of PCS's CSR expenditure:

- activities undertaken in pursuance of the normal course of business of the Company.
- activities undertaken outside India excluding training of Indian sports personnel representing any State or Union territory at national level or India at international level.
- activities which are undertaken exclusively for the benefit of the Company employees as defined in clause (k) of Section 2 of the Code on Wages, 2019.
- contribution of any amount directly or indirectly to any political party under Section 182 of the Companies Act, 2013.
- sponsorship activities supported by the Company for deriving marketing benefits for its products or services activities carried out for fulfilment of any other statutory obligations under any law in force in India.

## **CSR COMMITTEE**

The Board has constituted the CSR Committee in terms of the provisions of Section 135 of the Act, which will create a robust & transparent governance structure and monitoring mechanism to approve and oversee the implementation of CSR projects/activities. Pursuant to the Applicable Laws, the CSR Committee shall consist of such members as may be decided by Board from time to time. The CSR Committee shall meet on such intervals as may be deemed necessary by the CSR Committee or as may be directed by the Board.

## **ANNUAL CSR BUDGET**

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The Company will allocate for its Annual CSR Budget, at least 2% of the average net profits of the made during the three immediately preceding financial years in pursuance of the provisions of the CSR Policy and the Companies Act, 2013 read with rules made thereunder, as amended from time to time.

The Company may however spend up to 5% of the total CSR Budget in one financial year on building CSR capabilities and other general and administrative overheads. \*

*\*administrative overheads mean 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.*

Any surplus arising out of the CSR projects/ activities shall not form part of the business profits of the Company and shall be:

- ploughed back into the same project/activity in the current financial year; or
- transferred to the Unspent CSR Account and spent in pursuance of CSR policy and Annual Action Plan of the Company; or
- transferred to a fund specified in Schedule VII within a period of six months of the expiry of the financial year.

Any excess expenditure i.e., beyond the prescribed CSR budget will be disclosed in the Board's Annual CSR Report and shall be made available for set off against the CSR requirement to spend in any of the three succeeding financial years subject to such conditions as specified under the Applicable Law.

## **ANNUAL ACTION PLAN**

The CSR projects/activities will be undertaken in terms of the Annual Action Plan formulated and recommended by the CSR Committee and approved by the Board. The Board may alter the Annual Action Plan at any time during the financial year, on the recommendation of the CSR Committee based on reasonable justification to that effect. The Annual Action Plan shall consist of the following:

- list of CSR projects or activities that are approved to be undertaken in areas specified in Schedule VII of the Act.
- manner of execution of such projects or activities.
- the modalities of utilization of funds and their implementation schedules for the projects or

activities.

- monitoring and reporting mechanism for the projects or activities.
- details of need and impact assessment, if any, for the projects or activities undertaken by the Company.
- any other details which may deem fit to include in the Annual Action Plan by the CSR Committee.

### **Project Approval**

Pursuance to the CSR Policy, the CSR Committee shall prepare an Annual Action Plan of the CSR projects/activities proposed to be undertaken by the Company. The Annual Action Plan shall be submitted to the Board along with the Annual CSR budget for its approval. The Annual Action Plan approved by the Board under this Clause shall be read and construed as forming a part of this CSR Policy. The CSR Projects/Activities will be undertaken based on the Annual Action Plan approved by the Board

### **Modalities of Implementation, Monitoring & Impact Assessment**

#### **Implementation**

The CSR projects/activities will be implemented either directly by the Company or through:

- Implementing Agencies; or
- collaboration with other companies in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or activities; or
- engage with international organizations for designing, monitoring and evaluation of the CSR projects or activities as well as for capacity building of their own personnel for CSR.

*\*Implementing Agencies here means:*

- a) *a company established under section 8 of the Act, or through a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, established by the company, either singly or along with any other company.*
- b) *through a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government.*
- c) *through any entity established under an Act of Parliament or a State legislature or a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.*

## Monitoring

The members of the CSR Committee together with the Implementing Agency, if any, will collaborate with stakeholders to monitor the status of each project/activity undertaken by the Company. The CSR Committee will keep the Board updated on the progress of CSR projects/activities and the expenditure incurred thereon.

The fund utilization made in projects/activities as approved by the Board, will be certified by the Chief Financial Officer of the Company.

## Impact Assessment

Where the average CSR obligation of the Company amounts to ten crore rupees or more during the three immediately preceding financial years, the Company shall ensure undertaking of impact assessment, through an independent agency, of the CSR projects/activities having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

The impact assessment report, if any, shall be placed before the Board and be annexed to the Annual Report on CSR and disclosed on the website of the Company.

## GOVERNANCE STRUCTURE

The Company has a well-defined and robust governance structure to oversee the implementation of the CSR Policy, in compliance with the requirements of Section 135 of the Act and The Companies (Corporate Social Responsibility Policy) Rules, 2014 read with The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (“Rules”).

## **Role & Responsibilities of the Board of Directors**

The role & responsibilities of the Board of Directors towards CSR shall inter alia include:

- Approve CSR Policy and any amendments thereof pursuant to the recommendations made by the CSR Committee.
- Provide recommendations and approval for the Annual Action Plan formulated and presented by the CSR Committee for spending of the prescribed CSR budget.
- Alter the recommended Annual Action Plan at any time during the financial year, if required, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.
- Ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of its CSR Policy.
- Specify in its Report the reasons for not spending the amount if the Company fails to spend such amount.
- Satisfy that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer will certify the same to that effect.

- Ensure that the Company, treats the CSR Spends i.e., CSR surplus, excess expenditure and unspent CSR funds as per the modalities prescribed in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
- Disclose the composition of the CSR Committee, and CSR Policy and projects/ activities approved by the Board on the Company's website, if any, for public access.
- Such other functions as may be deemed fit by the Board or specified under the Act.

### **Role & Responsibilities of the CSR Committee**

The CSR Committee shall act in accordance with the Act and rules made thereunder. The key functions & responsibility of the CSR Committee shall, inter-alia, include the following:

- Formulate and recommend the CSR Policy and/or any modification thereof to the Board of Directors for approval.
- Review & monitor the CSR Policy from time to time and take appropriate measures for implementation of CSR projects/activities approved by the Board.
- Identify broad areas in which CSR projects may be undertaken by the Company.
- Recommend the amount of expenditure/ CSR budget to be incurred on CSR projects/activities to the Board.
- Review & recommend Annual Report on CSR activities to the Board.
- Review the requirements of impact assessment in terms of applicable laws and identify an independent agency to conduct impact assessment, if applicable.
- Review & submit impact assessment reports to the Board, if applicable.
- Formulate & recommend an Annual Action plan in pursuance to CSR Policy to the Board for its approval.
- Such other functions as required to be performed by the CSR Committee under the applicable law and/or mandated by the Board of Directors.

### **REPORTING & DISCLOSURE**

In compliance with the Applicable Laws, the Company's CSR Policy, Annual CSR Report, projects/activities approved by the Board, as well as the composition of the CSR Committee and such other details, as required under the Act from time to time will be published on the website of the Company, if any.

The Board shall further ensure that an amount equivalent to that mandated under Applicable Laws is spent from the CSR Budget in every financial year, failing which the Board shall disclose the reasons for not spending the said amount in the manner prescribed under the Applicable Laws.

This Corporate Social Responsibility Policy is revised and effective from 31<sup>st</sup> May, 2021.

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