

POLY CAB

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SOP for Corporate Social Responsibility Policy

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Objective: The SOP is to lay down the structure, system and process for undertaking various Projects, Programs or Activities by or on behalf of PIL relating to CSR, within the meaning of Section 135 of the Companies Act, 2013, read with Schedule VII of the Act and CSR policy Rules 2014 and to play a broader role in the communities in which it operates by way of supporting various initiatives through funding and volunteering activities.			
Approval			
Name	Designation	Signature	Date
Mr. Rakesh Talati	Executive Director	Sd/-	14 th May 2024
Ms. Chitra Dave	CSR Consultant		
Mr. Neeraj Kundnani	AVP-Admin & CSR		
Ms. Parul Patel	AVP-Accounts		
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I. PHILOSOPHY:

The Company's philosophy is to help people achieve their ambitions by playing a broader role in society through community investments beyond what is delivered through core business activities. By aligning our community investment strategy to our skills and experience, the positive impact of which will be much more than just a financial contribution. The Company's believes that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates.

1. OBJECTIVES:

The principal objective of this SOP is:

- a) to lay down the structure, system and process for undertaking various Projects, Programs or Activities by or on behalf of PIL relating to CSR, within the meaning of Section 135 of the Companies Act, 2013, read with Schedule VII of the Act and CSR policy Rules 2014.
- b) to play a broader role in the communities in which it operates by way of supporting various initiatives through funding and volunteering activities.

2. SCOPE & APPLICABILITY:

PIL has developed the CSR Policy encompassing its philosophy for being a responsible Corporate House. This policy lays down the structure and process for undertaking various CSR programs in accordance with Section 135 of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII, for the benefit of the community at large.

The Policy shall guide the CSR Projects, Programs or Activities undertaken by PIL in the communities in which it operates.

II. DIRECTIVES:

The CSR Policy ('the Policy') together with the SOP provide guidance on the mechanism to be followed while undertaking any CSR projects, Programs or Activities by the management within the meaning of Section 135 of the Companies Act 2013 read with relevant rules made thereunder. Any violation of the policy may attract penalty under the Companies Act 2013.

III. STRUCTURE AND RESPONSIBILITIES:

The CSR Governance structure at PIL comprises of

- a) Board of Directors
- b) CSR & ESG Committee,
- c) CSR Management Committee
- d) Polycab Social Welfare Foundation (PSWF)
- e) Other implementing agencies

1. Board of Directors ('Board'):

The Board of Directors will be responsible for:

- a) Approval of the CSR Policy.
- b) Ensuring that the Projects, Programs or Activities undertaken are in line with the Policy.
- c) Ensuring that PIL spends in every financial year, atleast 2% of the average net profits of PIL made during the three immediately preceding financial years in pursuance of the Policy.
- d) Ensuring reasons for not spending the amount allocated towards CSR are mentioned in its Board Report, in case it fails to spend such amount.
- e) Approve Annual action plan
- f) Satisfy itself that the CSR funds so have been utilised for the purposes and in the manner as approved by it.
- g) Approve identified projects as "Ongoing Project"
- h) Impact assessment conducting through third parties.
- i) Disclosing the contents of the Policy in its Board's Report
- j) Placing the Policy on PIL's website in such manner as prescribed under Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.('CSR Rules').

2. CSR & ESG Committee:

The CSR & ESG Committee in their role under the structure, shall:

- a) Recommend amendments to the CSR Policy for approval of the Board.
- b) Monitor the Policy, from time to time, and recommend changes, if any, for Board's approval.
- c) Recommend CSR projects, which are in line with the Projects, Programs or Activities specified in Schedule VII of Section 135 of the Companies Act, 2013 and CSR policy, to be undertaken by PIL for approval of the Board.
- d) Recommend the amount of expenditure to be incurred on CSR projects for approval of the Board.
- e) Formulation and recommendation to the Board, an Annual Action plan.
- f) Recommendation of any alteration in the Annual Action Plan at any time during the year and update, if any, required to the CSR policy.
- g) Identify projects of the Company as "Ongoing Projects" as per the provisions of the Act and recommend the same to the Board
- h) Appoint a third party to undertake Impact assessment, if required, for CSR Projects
- i) Ensure receipt of certificate from CFO regarding utilization of funds disbursed for the purpose and in manner approved by the Board
- j) Implementation and Monitoring of the CSR projects as per the Annual Action Plan;
- k) Recommend the annual CSR expenditure budget to the Board for approval;
- l) Appoint Internal Auditor for CSR purpose.
- m) Carry out other function required under, Companies Act and Listing agreement / Listing Regulations, as amended from time to time or under any statutory obligation or delegated by the Board from time to time.

3. **CSR Management Committee:**

The CSR Management shall:

- a) Ensure that preference is given to the local areas around PIL's operations for spending the amount earmarked for CSR Projects, Programs or Activities.
- b) Assist the CSR & ESG Committee in identifying the areas of CSR activities, programs and execution of initiatives based on request received from CSR implementing agencies or Senior Management Personnel,
- c) evaluate the CSR proposals based on need assessment report and recommend the CSR activities to CSR & ESG Committee.
- d) monitor and report the progress / status of the CSR projects undertaken and make appropriate disclosure (internal / external) on a periodic basis to the management;
- e) collect the utilisation certificates from the implementing agencies **(Format enclosed)**;
- f) Support the CSR consultant in completing the impact assessment.
- g) Provide documents, certifications, approvals, data relating to beneficiaries
- h) Maintain details of the beneficiaries
- i) Convene CSR Management Committee meetings and maintain requisite documents evidencing the deliberations.
- j) Prepare field study reports documenting the change impacted owing to projects undertaken in past years.
- k) Undertake vendor selection process for ensuring the transparency.

4. **Polycab Social Welfare Foundation**

PIL established Polycab Social Welfare Foundation (PSWF) in 2020 as a not-for-profit organisation aimed at providing a dedicated approach to community development and also to fulfil CSR commitments of Polycab Group. PSWF works towards various social causes including removing malnutrition, improving healthcare and healthcare infrastructure, supporting education, women empowerment, environment, skill development, disaster management. PSWF also partners with non-government organizations (NGOs) to make a difference among local communities. All the CSR activities shall be carried out by PSWF on behalf of PIL. Periodic field Assessment, monitoring and survey reports to the structure defined above.

IV. **SYSTEMS:**

Governance systems and tools are devised to provide guidance and ensure compliance with the CSR policy which includes:

- a) Identification of CSR activities;
- b) CSR Budget; Implementation process
- c) Formulating of Annual Action Plan
- d) Implementation of approved Annual Action Plan
- e) Monitoring of CSR activities and utilisation of funds
- f) Reporting Framework
- g) Conditions and Restrictions

a) **Identification of CSR activities / Projects**

All the Projects, Programs or Activities by or on behalf of PIL relating to CSR shall be within the meaning of Section 135 of the Companies Act, 2013, read with Schedule VII of the Act and CSR

Policy Rules 2014. PIL is committed to play a broader role in the communities in which it operates by way of supporting various initiatives through funding and volunteering activities.

In order to achieve its goal, PIL will support the following initiatives by undertaking Projects, Programs or Activities as approved by the Board, on the recommendation of CSR Committee:

- Promotion of Health Care & Sanitation
- Promotion of education and skill development
- Empowerment of women
- Rural and Community development
- Environment
- National heritage, Art & culture
- Any other activities as prescribed under Schedule VII of the Companies Act 2013.

The CSR management Committee shall carry out detailed needs assessment based on demographic data, request letter, site visit, proposed beneficiary interactions, collaborations.

b) CSR Budget

The Board shall endeavor that PIL spends at least 2% of the average net profits made during the immediate three preceding financial years. If PIL spends any amount over 2% of such average net profits then the same is to be considered as excess CSR expenditure which can be set-off in the immediate succeeding three financial years subject to the conditions as prescribed under the Act. The allocated budget may be regrouped within the overall CSR obligation. Further, the Interest receivable if any, from earmarked fund would be utilised on the CSR Projects.

c) Implementation Process

- (i) The Company may carry out its CSR activities:
 - a) either by itself; or
 - b) through PSWF or other implementing agency as approved by the Board; or
 - c) in collaboration with other companies.
- (ii) The time period / duration over which a particular project or program or activity spreads, will depend on its nature, extent of coverage and the intended impact of such Projects, Programs or Activities on the communities.
- (iii) PIL shall provide necessary resources and human capital for effective implementation and the monitoring of the CSR as may be directed by the CSR committee.
- (iv) The CSR management Committee shall implement the Annual Action Plan approved by the Board of Directors either directly or through implementing agency after obtaining requisite consents / approvals.

d) Formulation of Annual Action Plan:

CSR Management Committee based on the need assessment shall identify the CSR activities proposed to be undertaken by the Company and shall prepare an Annual Action plan of the Company to identify the activities and the CSR expenditure to be spent during the year which shall include the details as mentioned in the rules. Further, the guiding principles required to formulate the Annual Action Plan are as follows:

- (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

- (ii) the manner of execution of such projects or programmes may be carried out directly or through implementing agencies including but not limited to Polycab Social Welfare Foundation;
- (iii) modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (iv) monitoring and reporting mechanism for the projects or programmes; and
- (v) details of need and impact assessment, if any, for the projects undertaken by the company:

During any financial year, the Annual Action Plan of the Company may be modified to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved project(s). The Board may alter such plan at any time during the financial year, as per the recommendation of its CSR & ESG Committee, based on the reasonable justification to that effect. Subject to the provisions of the Act, the Company may also utilize its CSR spend towards creation or acquisition of a capital asset.

e) Monitoring of CSR activities / Projects

The CSR Management committee will be responsible for implementing of various CSR Projects, Programs or Activities undertaken by PIL directly or through implementing agency.

The CSR management Committee shall ensure that CSR Projects, Programs or Activities:

- (i) are undertaken as provided in the CSR policy.
- (ii) are implemented as approved by the Board.
- (iii) the budget allocated is utilized as per the approved plans.
- (iv) the objectives are achieved in consonance with this policy.
- (v) CSR Funds are utilised as approved by the Board
- (vi) are monitored on regular basis to mitigate risks arising out of implementation.
- (vii) requisite approvals and consents are obtained either directly or from the implementing agency.

f) Reporting Framework

The details of CSR Progress monitoring authorities and the frequency of review are given below:

S.No.	CSR progress review and monitoring authorities	Frequency (Minimum)
1	CSR Management Committee	Periodically
2	CSR Committee	Twice in a year
3	Board of Directors	Twice in a year

g) Conditions and Restrictions

The CSR Committee and the Board of Directors shall be governed by the following conditions and restrictions while undertaking any CSR projects/programmes/activities:

- (i) The CSR projects/programmes/activities undertaken by the Company, as per the CSR policy shall exclude activities undertaken in pursuance of its normal business.
- (ii) The CSR projects/programmes/activities shall be undertaken in India only except for training of Indian sports personnel outside India who is representing any State or Union Territory at national level or India at international level.
- (iii) The CSR projects/programmes/activities that benefit only the employees of the Company and their families, shall not be considered and not qualify as CSR expenditure.

- (iv) Contribution of any amount directly or indirectly to any political party under Section 182, shall not be considered and not qualify as CSR expenditure.
- (v) The surplus, if any, arising out of the CSR projects/programmes/activities shall not form part of the business profit of the Company.
- (vi) Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services shall not form part of CSR expenditure.
- (vii) Activities carried out for fulfilment of any other statutory obligations under any law in force in India shall not form part of CSR expenditure.

V. **EVALUATION**

a) Impact Assessment

Impact assessment helps to evaluate the social and environmental impacts of their actions. Impact assessment makes the CSR Projects transparent and easily manageable. It instills the trust in stakeholders and make them accountable and results in either reduction or best utilisation of cost.

The Company shall undertake the impact Assessment of all the CSR projects having an outlay of ₹ 1.00 crore or more and which have been completed not less than one year before undertaking the Impact study. The Company shall appoint independent agencies to conduct the impact assessment at such professional fee as mutually agreed, provided that such professional fee shall not exceed 2% of the CSR expenditure or Rs.50 Lakhs whichever is higher.

The CSR impact assessment report shall be placed at the CSR & ESG Committee and Board for its review and noting at the time of considering the Board's Report and weblink of the Impact Assessment report shall be given in the Board's Report.

b) Sustainability

Projects should be designed for creating a long-term impact. An incremental expansion approach may be deployed if required. They should incorporate multiplier effects. Projects should ideally be replicable for subsequent coverage in other regions. The CSR Management Committee shall conduct sustainability & impact assessments to aid replication of the project.

c) Gap Analysis

The CSR management Committee shall undertake gap analysis of the CSR projects, considering the following factors:

- i. social issues or problems which the project aims to address.
- ii. resources needed to fix the identified social issues/gaps.
- iii. approximate amount of fund requirement for addressing the gap.

d) Beneficiary Profiling

In order to ensure that the intended benefits of the project are aligned with the Guiding Principles, the CSR management Committee shall identify the target communities based on the following criteria(s) amongst others: -

- i. Gender Based- women, children etc

- ii. Population benchmarked as “Below Poverty Line”/the bottom of the pyramid mass of population Age group based- infants, school children, adults etc.
- iii. Patients with critical disease like cancer, tuberculosis etc
- iv. Occupation based- farmers, ragpickers etc.
- v. Disability- visually challenged, hearing impaired etc
- vi. Any other basis- displaced persons, migrants etc.

e) Project Duration

The duration of the project is of utmost importance while designing a CSR project. Duration will play key role in budgeting, implementation, realisation of intended benefits/impact. While planning the timelines of the project, following things will be considered:

- i. Internal project kickstart process
- ii. Time lines for obtaining statutory approvals, if any.
- iii. Demographics of region where the project is planned to be executed.
- iv. Capability of Sub-implementing agency and availability of resources

The CSR Management Committee shall ensure that under no circumstance, a project shall stretch beyond the period of three years excluding the year of commencement. In case, the project is of such nature that the estimated gestation period stretches beyond the said period of three years, the project shall be split into phases in such a manner that each phase reaches conclusion within the period of three years.

Based on the tenure of the project, each and every project shall be classified as either a ‘Short-Term Project’ or ‘Long Term Project’. For this purpose, these terms shall carry the following meaning: -

Short-Term Project: A project having a tenure/duration of upto one year.

Long -Term Project: A project having a tenure/duration beyond one year

f) Grievance Redressal:

All grievance shall be addressed to the whistle officer at speakup@polycab.com.

All stakeholders including beneficiaries of the CSR projects may seek redressal for an issues such as non-utilisation of funds.

g) Disclosure

The CSR projects /programmes /activities be displayed on the website of the Company, as required under the Act and the rules. A brief summary of CSR projects/programmes/activities will also be included in the Annual Report in the prescribed format as per the CSR rules of the Act.

The CSR Policy issued pursuant to the Act has been recommended by the CSR Committee of the Board of Directors and approved by the Board of Directors and shall be placed on the Company’s website.

Robust mechanisms are put in place to resolve queries and redress grievances of the community and the CSR projects/programs/activities by reaching out at speakup@polycab.com

Process for undertaking any CSR Project, Programme, activities

Step	Concerned Department	Details
1	CSR Management Committee	<p><u>a) CSR Activity / Project through implementing Agency</u></p> <p>a) Receipt of written appeal / Request Letter from the CSR implementing agency. b) list of beneficiaries c) Project Background d) Utilisation Terms e) Vendor Selection Process</p> <p>Criteria for selection of Implementing agency are as follows: (i) 12A and 80 G certificate under Income Tax Act 1961 (ii) CSR-1 certificate (iii) Minimum Track record of 3 years in undertaking similar CSR Activity.</p> <p><u>b) CSR Activity / Project Directly</u></p> <p>a) Receipt of written appeal / Request Letter from the communities.</p>
2	CSR Management Committee	Evaluate the appeal / request letter and verify whether the said appeal / request is in line with CSR Policy of the Company.
3	CSR Management Committee	Conduct need assessment report and prepare demographic data, based on site visit.
4	CSR Management Committee	Conduct CSR Management Committee meetings and submit Note for Approval (NFA), proposal note for consideration by the CSR & ESG Committee for its recommendation to the Board.
5	CSR & ESG Committee	Review the CSR Projects and recommend the same to the Board for its approval
6	Board of Directors of Polycab India Limited	Approve the CSR projects based on recommendation of the CSR Management Committee and CSR Committee
7	Polycab India Limited	Utilize the CSR fund direct or through Polycab Social Welfare Foundation ('PSWF') or other implementing agencies, for implementing the CSR Projects
8	Polycab Social Welfare Foundation	<p>a) Undertake the CSR Activities as approved by the Board of PIL</p> <p>b) Follow Vendor Selection process by obtaining at least 3 quotations from the vendors for cost comparison.</p>

Step	Concerned Department	Details
		<p>c) Approve the payment against the invoices raised by the Vendor / Contractors/ Suppliers/ Consultants.</p> <p>d) Obtain / ensure requisite approvals</p> <p>e) Appoint third party consultants / experts for proper implementation of the project</p>
9	CSR Management Committee	<p>a) Handing over the Project after ensuring all approvals are obtained;</p> <p>b) Taking sign-off on the completed projects</p> <p>c) monitor the progress of CSR Project</p> <p>d) Obtain the utilisation certificate from the implementing agency after completion of the CSR Project (in case of grant of donation to the implementing agency).</p> <p>e) Collect the list of beneficiaries for evaluating the CSR project sustainability on regular interval of time.</p> <p>f) Sustainability Study</p> <p>g) Impact Assessment & Reporting</p>
10	CSR Management Committee	<p>a) Assist the CSR Consultant in completing the CSR impact assessment.</p> <p>b) Fill the IRL against the completed CSR projects undertaken during the year.</p> <p>c) Obtain the CA / Auditor Certificate for the CSR spend during the year.</p>
11	Contact Personnel	For queries related to CSR projects/programmes/activities, please write to us at: cs@polycab.com

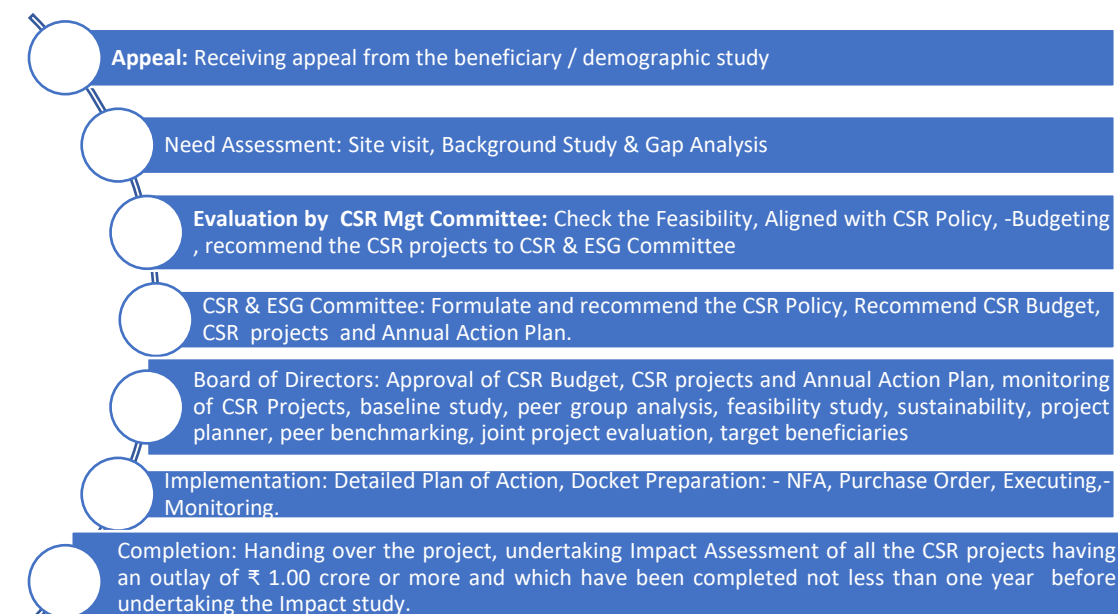
Documents required for undertaking CSR Activities

Mandatory Documents Required (at initial stage)

- a) Copy of Trust Deed/Registration Certificate/Bylaws of Society (Trust/Society/Section 8 company must have been registered minimum for the past three years.
- b) Income Tax Exemption Certificate - 12A and 80G
- c) ECS Form
- d) Cancelled Cheque
- e) Copy of PAN Card
- f) Copy of Audited Account Statement of previous 3 financial years
- g) Form CSR – 1

S.No.	Nature of CSR activity	Required document
1	Civil Construction	<p>a) The documents proving ownership of land where the civil construction is proposed. In case the documents are in local language, please submit copy of its English/Hindi translation duly certified by the legal authority.</p> <p>b) Copy of approved construction map and estimate duly vetted and signed by the certified Architect with NOC from the government authorities for construction.</p> <p>c) Detail budget estimates of the construction plan as per SOR/DSR.</p>
2	Contribution to implementing agency for CSR	<p>a) Receipt of written appeal.</p> <p>b) list of beneficiaries</p> <p>c) Project Background</p> <p>d) Utilisation Terms</p>
3	Capital Assets	<p>a) requirement of capital items with respect to benefits to the beneficiaries</p> <p>b) life of capital items and who will bear the maintenance cost of the capital items and till what duration</p> <p>c) Quotations for each of the capital items</p>

SOP for CSR Projects



CSR Guidance Note

S.No.	Particulars	Documents
1.	CSR Team - Detailed Analysis and Project Documentation	<p><u>CSR Activity / Project</u></p> <p>a) Appeal letter / Request letter b) Demographic study c) Project background d) Project duration e) List of Beneficiaries f) Visit Report g) Need Assessment Report h) Vendor / Implementing agency Selection Process i) Baseline study j) Peer group analysis, k) Feasibility study and l) Sustainability proposal m) Legal advise on Land and real estate matters</p> <p>In addition to above S.no. (a) to (m), the following documents to be reviewed viz:</p> <p>a) Draft Grant Agreement with scope of work. b) Payment terms; and c) Review of Sub-contractors selection process, if any.</p> <p><u>Criteria for selection of Implementing agency are as follows:</u></p> <p>(i) 12A and 80 G certificate under Income Tax Act 1961 (ii) CSR-1 certificate (iii) Minimum Track record of 3 years in undertaking similar CSR activity.</p> <p><u>Pre-compliances of Certain CSR Projects:</u> School construction (Approved Plans, Fire NOC's), Statutory / Govt. approvals.</p>
2.	CSR Management Committee	<p>a) Notice & Agenda. b) Attendance Sheet. c) Minutes. d) Appointment of Project Manager for each Project. e) Review of Need Assessment Report and other documents. f) Follow of SOP before recommending the project to CSR Committee g) signed Note for Approval of each CSR Project together with documents</p>
3.	Audit (Quarterly Basis)	<p>Compliance with:</p> <p>a) CSR policy; b) CSR Standard operating Process (SOP); c) CSR Laws, Regulations / Rules; d) Schedule VII.</p> <p>Including the following</p> <p><u>Procurement of material & services</u></p> <p>a) Vendor Selection Process - RFQs, Quotations and issue of Purchase Orders; b) Ordering and receiving process;</p>

S.No.	Particulars	Documents
		c) Payment processing, accounts payable & advances; d) Payment utilisation terms. <u>Operational Review</u> a) CSR project budgeting and approval b) Process of tracking and monitoring progress of CSR projects undertaken including identification of delays in project timelines and periodic management update of project status c) Process of evaluating project effectiveness and output
4.	Monitoring	a) Review progress of projects as per MoU <ul style="list-style-type: none"> o Desk review of MoU and other relevant project documents. o Comparison of reported number of beneficiaries against intended plans b) Validation of documents, processes and outcomes <ul style="list-style-type: none"> o Validation of reported outcomes against plans shared by the IP/agreed to in the MoU o Cross verification of outcomes reported with reports submitted to the client o Verification of beneficiaries, records, registers, documents, physical infrastructure and o similar project inputs via desk reviews, midterm and end term reviews, quarterly reports c) Gap Analysis and recommendations d) Review of utilisation certificate e) Monitoring of Project Sustainability f) Impact Assessment Report g) Project completion and handing over report