

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

“CIVILIZATION” in true sense means coming and working together for each other with the idea of benefiting the other. However, to keep pace with the changing environment the “civilization” seems to lose its true meaning. One should realize that the synergy is gained by coming together and not by staying isolated. The Ministry of Corporate Affairs (“MCA”) introduced the new concept Corporate Social Responsibility (“CSR”) in the Companies Act, 2013 with a view to bring back the true meaning of civilization. The organizations must understand the need of the hour that the Government cannot alone uplift the society as a whole and thus every organization must extend their hands for this noble cause.

The organization functions in the society, it is a part of it and it receives resources, man power; revenue; etc., from the society and it inherently becomes the responsibility of the organization to return to the society by giving what the society wants so that it can become a better place for the entire human race.

Prime Focus Technologies Limited (“the Company” or “PFT”) by this Policy anticipates working for the human civilization.

2. OBJECTIVE

CSR is strongly connected with the principles of Sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of PFT to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

3. REGULATORY REFERENCE

- a) Section 135 of the Companies Act, 2013 (“the Act”);
- b) Companies (Corporate Social Responsibility Policy) Rules, 2014 (“the Rules”) and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021; (including any statutory modifications, amendments, or re-enactments of any of them for the time being in force).

4. POLICY

- a) This policy shall be known as Corporate Social Responsibility Policy of the Company which is referred in this Policy as “the Policy” or “CSR Policy”.
- b) The Policy shall be displayed on the website of the Company;

5. COMMITTEE

- a) The Company has formed a committee which shall be known as the Corporate Social Responsibility Committee ("the Committee");
- b) The Committee shall consist of three or more directors, out of which at least one director shall be an independent director at all point of time;
- c) The composition of the Committee shall be disclosed by the Board of Directors of the Company in its Report and on the Website of the Company;
- d) At least 2 members of the Committee shall constitute as quorum in the Meeting of CSR Committee.
- e) Decide the CSR activities to be taken up by the Company in accordance with this Policy;
- f) Decide the amount to be allocated for each project or activity;
- g) Oversee and monitor the progress of the initiatives rolled out under this Policy; and
- h) Submit a report, to the Board on all CSR activities undertaken during the financial year
- i) The Committee shall meet at least once in a financial year.

6. CSR ACTIVITIES

- a) The following activities are falling within the preview of schedule VII of Companies Act, 2013; as amended from time to time. Thus, with any change in the statutory provisions governing the activities, the following activities shall be deemed to include/exclude such activities as permissible under law, shall be termed as CSR Activities:
 - i. 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;
 - 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 centres 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, 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 including contribution to the 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 recognized 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 Caste, the Scheduled Tribes, other backward classes, minorities and women;
 - ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any 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 Defense Research and Development Organisation (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 projects;
 - xi. slum area development;
For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force;
 - xii. disaster management, including relief, rehabilitation and reconstruction activities.
 - xiii. Any other activities in relation of the above and all other activities which forms part of CSR as per Schedule VII of the Act, 2013 (the "Act") as amended from time to time. (Collectively referred to as "CSR Activities")
- b) The CSR Activities shall not include the following: -
- i. activities undertaken in pursuance of normal course of business of the Company;

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

- (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
- (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- 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 that benefit only the 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 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.

The list and implementation modalities may be modified from time to time, as per recommendations of the CSR Committee of the Board of the Company.

7. CONTRIBUTION FOR CSR ACTIVITIES

i. CSR Budget:

- a. The Board of the Company shall ensure that the Company spends, 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, in pursuance of the Policy;
- b. If the Company fails to spend such amount the Board shall, in its report specify the reasons for not spending the amount;

The Company will report reasons for not spending the entire Budget outlay for CSR allocated in any FY. The Company has to provide reason for not spending such amount in that FY. Further, it will not dilute the fund allocation requirement for such next FY.

Any amount remaining unspent under sub-section (5) of Section 135 of the Act, pursuant to any ongoing project, fulfilling such conditions as may be prescribed under law, undertaken by the Company in pursuance of this CSR Policy, shall be transferred by the Company within a period of thirty days from the end of the FY to a special account to be opened in that behalf for that FY in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent in pursuance of its obligation towards this CSR Policy within a period of three FYs from the date of such transfer, failing which, the amount shall be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third FY.

In the event that any CSR funds remain unspent, which do not relate to any ongoing project, such unspent funds shall be transferred to an account specified under Schedule VII of the Act, within a period of six (6) months of the expiry of the financial year.

c. The surplus, if any, arising out of CSR initiatives of the Company shall not form part of its business profits and shall be:

- ploughed back into the same project or
- transferred to the unspent CSR Account and spent in pursuance of this CSR Policy and Annual Action Plan of the Company or to a Fund specified in Schedule VII, within six months from the end of the financial year.

d. The contribution in CSR Activities shall only be made in India;

Explanation: if any contribution in CSR Activities is made outside India, the same shall not be considered in calculation of two percent limit as specified in clause (a) above;

e. The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked CSR activities;

CSR spent in excess of 2% of its average net profits: In case the Company spends an amount in excess of requirement provided under sub-section (5) of Section 135 of the Act, such excess amount may be set off against the requirement to spend under sub-section (5) of Section 135 of the Act up to immediate succeeding three FYs subject to the conditions that –

- The excess amount available for set-off shall not include the surplus arising out of the CSR activities if any,
- The Board of the Company shall pass a resolution to that effect.

8. IMPLEMENTATION

- a. The Board may decide to undertake its CSR activities approved by the CSR Committee. These programmes will be executed by the Company and where appropriate, in partnership with other corporate bodies, local government, various NGO partners, service providers and others.

In case the Company undertakes to carry any of the projects through any trust, society or company not established by the Company or its holding or subsidiary or associate company, the CSR Committee shall ensure that:

- such trust, society, company / entity has an established track record of three years in undertaking similar programs or projects and is eligible to undertake the projects under Section 135 of the Act.
- such trust, society, or company / entity is registered with the Central Government with effect from April 01, 2021 by filing e-form CSR -1, providing details like nature of the entity, constitution of executive committee etc. However, this requirement shall not affect the CSR projects or programmes approved prior to April 01, 2021.

The Company may also engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per this CSR Policy as well as for the capacity building of their own personnel for CSR.

A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

The CSR amount may also be spent by the Company for creation or acquisition of a capital asset, which shall be held by:

- Company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
- Beneficiaries of the said CSR project, in the form of self - help groups, collectives, entities; or
- Public authority

The Committee shall formulate and recommend to the Board, an Annual Action Plan in pursuance of this CSR Policy, which shall include the following:

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
- The modalities of utilization of funds and implementation schedules for the projects or programmes;
- Monitoring and reporting mechanism for the projects or programmes;
- Details of need and impact assessment, if any, for the projects undertaken by the Company.

The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

In case of ongoing project, 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.

Guidelines with respect to expenditure on CSR activities:

- The Board shall ensure that the administrative overheads shall not exceed 5% of the total CSR expenditure of the Company for the financial year.
“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.

- The following activities / contributions shall not constitute CSR expenditure:
 - (i) Activities undertaken in the normal course of business, except for research and development (R&D) activities for new vaccines, drugs and medical devices in their normal course of business to undertake and include R&D activities for new COVID-19-related vaccines, drugs and medical devices for the financial years 2020-21, 2021-22 and 2022-23 under the CSR policy subject to conditions that:
R&D activities are undertaken in collaboration with institutes or organizations mentioned in item (ix) of Schedule VII to the Act and details of such activity are disclosed in annual CSR report.
 - (ii) Any activity undertaken outside India except for training of Indian sports personnel representing any State or Union territory at the 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.
 - (v) Activities supported by 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.

9. DOCUMENTATION, MONITORING AND REPORTING

- a. The CSR Committee shall monitor and review the progress of activities undertaken/ completed;
- b. The Committee shall meet periodically;
- c. The Board of Directors of PFT should periodically review the implementation of the Policy and CSR Activities;
- d. The Board Report shall consist a section of Annual Report on CSR as per the format prescribed under the Rules; the CSR Committee / such other person as may be identified by the Committee / Board will ensure the following reporting requirements:
 - 1. All CSR Projects / Programmes are comprehensively documented;
 - 2. All appropriate MIS are maintained, in a suggestive template;
 - 3. Accountability is fixed at every level of the CSR process and the implementation apparatus;
 - 4. Details regarding meetings of CSR Committee;
 - 5. Details of impact assessment of CSR Projects, where required;
 - 6. Set-off of any excess CSR amount against future CSR obligations;
 - 7. Amount spent on administrative overheads, impact assessment, if applicable, and on ongoing projects; etc.

Certification of utilisation of CSR funds

The Board shall satisfy itself that the funds of CSR so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

10. DISCLOSURE ON THE WEBSITE OF THE COMPANY

The Board shall ensure mandatorily disclosure of the following on the website of the Company:

- Composition of the CSR Committee
- Projects approved by the Board
- CSR policy

Mandatory Impact Assessment

- If the Company's average CSR obligation exceeds INR 1 crore in the three immediately preceding FYs, the Company is required to undertake impact assessment through an independent agency for CSR projects of INR 1 crore or more and which have been completed not less than one year before undertaking the impact study.
- The impact assessment reports are to be placed before the Board and annexed to the Annual CSR Report.
- Expenditure on impact assessment may be accounted for towards CSR of that financial year, which shall not exceed five percent of the total CSR expenditure in the relevant financial year or INR 50 Lakhs, whichever is less.

11. ROLE OF THE BOARD

- After taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company.
- Ensure that the CSR activities included in this Corporate Social Responsibility Policy are undertaken by the Company.
- The Board of the Company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a Company established under section 8 of the Act by the company, either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, or otherwise provided that –
If such trust, society or company is not established by the company, either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, it shall have an established track record of three years in undertaking similar programs or projects/activities;

- Ensure that in each financial year the Company spends at least 2% of the average net profits of the company made during the three immediate preceding financial years, calculated in accordance with Section 198 of the Act, in pursuance of its CSR policy. Further, while spending the amount earmarked for CSR activities, preference should be given to local areas and areas around the Company where it operates,
- As per Section 135 of the Act, specify the reasons for under spending the CSR amount in the Board's Report.

12. AMENDMENT

The Company reserves its right to amend or modify the Policy in whole or in part, so long as it is not inconsistent with the provision of the Act and Rules.