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CORPORATE SOCIAL RESPONSIBILITY POLICY

(CSR Policy)

(Amended on February 03, 2021)



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Executive Summary:

CSR is the process by which an organization thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus CSR is not charity or mere donations.

Corporate initiatives falling under the CSR umbrella encompass a broad scope, including corporate funding of community activities, grants for nonprofits/NGOs, environmental sustainability programs to reduce energy and resource use, and comprehensive efforts to remake a business's entire value chain. CSR is inherently organic, as companies both respond to societal expectations and define CSR in terms of their own organizational and social motives for philanthropic giving and civic engagement. Many initiatives originate in the field or from the staff in a bottom up approach, while some are top down initiatives from executive management.

CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth.

CSR is an integral part of our culture and constantly seeks opportunities to give back to the society and hope to make a difference to the lives of people by sharing our business success with them.

Background:

The passage of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules) and amendments thereof mandates for Corporate Social Responsibility (CSR) and has formally introduced CSR to the dashboard of the Boards of Indian Companies. Though, the industry has responded positively to the reform measures undertaken by the Government in the larger interests across the public and private sector, Indian and Multinational Companies, CSR is not new to GATI-KWE and is a veteran CSR practitioner.

GATI-KWE, since its inception in 2007, has been working towards betterment of society and environment in which it operates. While, being socially sensitive and responsible, GATI-KWE has undertaken several activities in Education, Community Development, Environment Sustainability & Rural Development Projects/Preventive Healthcare.



Objective:

The main objective of this CSR Policy is to lay down the guiding principles for selection, implementation and monitoring of activities as well formulation of the Annual Action Plan and also make CSR as one of the key business drivers for sustainable development of the environment and the society in which GATI-KWE operates in particular and the overall development of the global community at large.

GATI-KWE CSR Vision:

GATI-KWE to be a socially responsible corporate by fulfilling our responsibilities as a member of the society and community, thereby creating a positive impact to the stakeholders with a concern towards the environment.

Scope of Activities:

The Scope of Activities are taken into account as per the Schedule VII of the Act. Preference to be given to the local areas where GATI-KWE operates. The CSR programs and activities are broadly classified under six major areas:

Program	Activities
Healthcare/Preventive Healthcare	<ul style="list-style-type: none">• Sanitation• Contribution to the Swach Bharat Kosh• Available Safe Drinking Water• Eradicating Hunger, Poverty and Malnutrition
Education	<ul style="list-style-type: none">• Adopt government schools• School Infrastructure development• Setting up computer labs• Construction of toilets for students• Sports activities development• Important School Events celebrations• Students Meritorious Awards
Community	<ul style="list-style-type: none">• Managing Orphanages and conducting inmates health check up• Supplying of Medicines & Nutritional supplements• Regular Health checkups for Drivers & Handlers• Blood Donation Camps
Environment Sustainability	<ul style="list-style-type: none">• Solid Waste Management• eWaste Management• Energy & Water conservation• Tree plantation• Wildlife conservation

Rural Development Projects & Others	<ul style="list-style-type: none"> • Livelihood support to weavers • Multipurpose Community Centre • Relief and Rehabilitation during natural calamities • Donations to medical research projects • Sponsorship of charitable events
Contributions	<ul style="list-style-type: none"> • Prime Minister's National Relief Fund • PM CARES Fund • Incubators or Research and Development Projects in the field of science, technology, engineering and medicine • Public Funded Universities • Indian Institute of Technology (IIT) • National Laboratories and Autonomous Bodies established under various Departments

Constitution of Committee of Directors

Pursuant to Section 135 of the Companies Act, 2013, the Board of Directors of the Company constituted a Corporate Social Responsibility Committee (CSR Committee) to oversee the CSR activities of the Company.

Further, where the amount to be spent does not exceed Fifty Lakh Rupees, the requirement for constitution of the CSR Committee shall not be applicable and the functions of such Committee provided under the Act and the rules shall, in such cases, be discharged by the Board of Directors of the Company.

Budget Allocation

The total budget for the CSR projects will be recommended by the CSR Committee and approved by the Board as per the applicable rules, regulations of the Act as may be amended from time to time.

Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan, which shall include the following, namely:-

- 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 as specified in the rules;
- c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- d) monitoring and reporting mechanism for the projects or programmes; and
- e) details of need and impact assessment, if any, for the projects undertaken by the company:



Further Board of Directors may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

Volunteering

Volunteering is any activity that involves spending time, unpaid, doing something that aims to benefit the environment or someone (individuals or groups). Central to this definition is the fact that volunteering must be a choice freely made by each individual.

People choose to volunteer for a variety of reasons. For some it offers the chance to give something back to the community or make a difference to the people around them. For others it provides an opportunity to develop new skills or build on existing experience and knowledge. Regardless of the motivation, what unites them all is that they find it both challenging and rewarding.

Gati-KWE encourages its employees to actively participate in activities that are conducted across the country on a regular basis.

Implementation Strategy

A CSR strategy is a road map for moving ahead on CSR issues. It sets the organization direction and scope over the long term, allowing the firm to be successful by using its resources within its unique environment to meet societal needs and fulfil stakeholder expectations.

At GATI-KWE CSR teams are formed at each (Express Distribution Centre) EDC & Zonal level. EDC HR Leader will be CSR Champion designated for each EDC along with the teams to carry out the CSR programs/activities.

The Board shall ensure that the CSR activities are undertaken by the company itself or through-

- a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the Company, either singly or along with any other company, or
- b) 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; or
- c) any entity established under an Act of Parliament or a State legislature; or
- d) 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 atleast three years in undertaking similar activities.



Further, a company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR.

Furthermore, the Board of a Company shall monitor the implementation of the ongoing projects 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.

Explanation: "Ongoing Project" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

Collaborative Working

Collaborative working - also known as joint or partnership working - covers a variety of ways that two or more organisations can work together. Options range from informal networks and alliances, through joint delivery of social projects.

Collaborative working can last for a fixed length of time or can form a permanent arrangement. What these options have in common is that they involve some sort of exchange, for mutual advantage, that ultimately benefits end users.

Gati-KWE would strive for collaborative working with corporates, NGO's and Trust's for any unique social projects which will have a impact to the society at large.

Further, the CSR Committees of the respective Companies are in a position to report separately on such projects or programmes in accordance with the rules.

Monitoring & Feedback

The fundamental goal is to see that all the programs and activities are positive and running successfully. Monitoring is the only mechanism which will be done at regular intervals for its effectiveness.

The feedback from various stakeholders should be addressed in the CSR committee, who will discuss how and to what extent they can be resolved.

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.



Reporting

Reporting is communicating with stakeholders about the organization economic, environmental, and social management and performance. It will demonstrate the company's motivation and willingness to position itself and plan for new programs.

The periodicity of reporting at GATI-KWE will be monthly and annually. The medium to be used will be on the company's website and monthly newsletter. Social media will be also be used for proliferation and dissemination of information.

Treatment of Surpluses

Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Treatment of Unspent Amount

Unspent amount not relating to Ongoing Projects:-

Where amount doesn't relate to ongoing project, then in case of failure to spend the required amount, will require carrying forwarding of the same to a Fund specified in Schedule VII, within 6 months of close of the every financial year.

Unspent amount relating to Ongoing Projects:-

Where amount relates to ongoing project, then in case of failure to spend the required amount, shall be transferred within 30 days from the end of every financial year to a special account (Unspent Corporate Social Responsibility Account) with Schedule Bank:-

- such amount shall be spent towards the CSR within three financial year from the date of such transfer.
- failing which, the balance shall be transferred to a Fund specified in Schedule VII, within 30 days from the end of third financial year.

Treatment of Excess amount spent

If there is any excess amount spent may be set off against the requirement to spend under the Act upto immediate succeeding three financial years 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 Directors shall pass a resolution to that effect.

Impact Assessment

If the Company has average CSR obligation is Rupees Ten Crores or more in the last three immediately financial years, then company should undertake impact assessment of their CSR Projects, having outlays of Rupees One Crore or more & have completed one year or more, before undertaking the impact study. Impact assessment cost may book as the expenditure towards CSR for that financial year, which shall not exceed 5% of the total CSR expenditure for that financial year or Rupees Fifty Lakhs, whichever is less.

The Impact Assessment should be placed before the Board and annexed to the Annual Report.

Creation of Capital Asset

The Company may spend its CSR amount for creation or acquisition of a capital asset. Such Capital Asset shall be held by:

- a) A registered Implementation Agency, as referred above.
- b) The beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c) A public authority.

Penal Provisions

➤ Liability of Company:-

If Company fails to comply with the requirements of spending or transferring to unspent account, then Company shall be liable to pay penalty twice the amount of default or Rupees One Crore, whichever is less. AND

➤ Liability of Every Officers who is in Default:-

In addition to the Company, every officer who is in default shall be liable to pay penalty 1/10th of default or Rupees Two Lakhs, whichever is less.



Mapping of GATI-KWE CSR activities as per Schedule VII of the Act

S. No	Activities Under CSR Rules	Gati-KWE CSR Activities
1	Eradicating hunger, poverty and malnutrition, promoting 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.	YES
2	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	YES
3	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.	YES
4	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 setup by the Central Government for rejuvenation of river Ganga.	YES
5	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.	NO
6	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.	NO
7	Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports.	NO
8	Contribution to PM'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 Castes, the Scheduled Tribes, other backward classes, minorities and women.	NO

9	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.	NO
10	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)	
11	Rural development projects.	YES
12	Slum area Development.	
13	Disaster Management, including relief, rehabilitation and reconstruction activities	
