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Highlights of the CORPORATE SOCIAL RESPONSIBILITY POLICY

1. The CSR Policy has been drafted based on the relevant section, i.e., Section 135 of The Companies Act, 2013 read with Schedule VII and the Companies (Corporate Social Responsibility Policy) Rules, 2014, which are made integral part of the Policy.
2. The Policy mentions, inter alia, the Annual CSR budget amount as per Section 135 (5) of the Act and also provides for carrying forward of unutilized amount, if any.
3. The Policy discusses in detail about the Control and governance of CSR activities, viz., constitution of Board CSR Committee as per Section 135 of the Act and CSR Committee for proper monitoring and execution of the CSR activities.
4. CSR Projects are to be identified by the CSR Committee for its necessary approval by the Committee while adhering to Rule 4 of CSR Rules, 2014.
5. The identified CSR Projects may be implemented by the Company either directly or through an Implementing Agency, like, Section 8/25 Company or Society in terms of Rule 4 of CSR Rules. Company would also encourage involvement of its employees in the CSR initiatives.
6. Policy provides for details procedure for selecting the Implementing Agency by the CSR Committee, execution of MOU with the selected Agency followed by the procedure for funds disbursement, monitoring and reporting of the status of the CSR Project.
7. Policy ensures that the mandatory reporting as per the Act as well as CSR Rules 2014 will be carried out.

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CORPORATE SOCIAL RESPONSIBILITY POLICY

1. INTRODUCTION

The 'Corporate Social Responsibility' is a statutory provision under Section 135 of THE COMPANIES ACT, 2013 (NO. 18 OF 2013) [29th August, 2013] read with Schedule VII of the Act. Subsequent to the statutory provision, the Ministry of Corporate Affairs (MCA), Government of India, notified on 27th February 2014, "The Companies (Corporate Social Responsibility Policy) Rules, 2014" ("CSR Rules" for short). Along with this an amended Schedule VII to the Companies Act, 2013, which provides the list of activities which may be undertaken as CSR activities are also notified. The CSR Rules and the amended Schedule VII have come into force with effect from 1st April, 2014. The relevant Section 135, and the CSR Rules are integral part of this policy and are annexed herewith as Annexure A1 and A2 respectively. The above Act enjoins all companies to have a CSR policy, and the information which needs to be furnished in the CSR policy is specified in the CSR Rules. The initiatives which a Company broadly intends to undertake should also find mention therein.

2. CUPIPL AND CSR

CUPIPL, as a socially committed and responsible corporate citizen, pledges that it would work towards upliftment of the rural, poor, marginalized, disadvantaged and deprived communities of India. The CSR initiatives of CUPIPL would be aimed at the basic life necessities of the individual and collective life amenities of the community as well. CUPIPL shall engage in CSR activities only within the framework of the provisions of the Companies Act, 2013, its related Rules, Schedule VII and the subordinate legislations issued by the MCA in this respect from time to time.

3. CSR BUDGET AND SURPLUS

As prescribed in Section 135(5) of the Companies Act, 2013, Company shall make every effort to spend in every Financial Year at least 2% of average net profit (calculated as per provision of section 198 of the Companies Act, 2013) made during three immediately preceding Financial Years on CSR activities. Annual CSR budget would be approved by the Board on the recommendation of the Board CSR Committee, subject to the provisions of the Act and Rules made thereunder and amended from time to time. Any unutilized CSR allocation of a particular year shall be carried forward and included in the budget for the next year.

4. CONTROL AND GOVERNANCE

There shall be a two-tier structural mechanism in place to look after the governance, implementation and review of CSR Policy and activities thereof. The distribution of overall responsibilities and functions shall be as follows:

4.1 CSR Committee In terms of Section 135(1) of the Companies Act, 2013 read with Rule 5 of the CSR Rules, the Company shall institute a CSR Committee of the Board consisting of two or more directors. The Committee will meet at least two times in a year. Consistent with the above, the CSR Committee of the Board shall consist of MD and two other Directors as Members to be nominated by the Board.

Functions of CSR Committee:

Pursuant to Section 135(3) of the Companies Act, 2013 read with the CSR Rules, the Committee shall perform the following functions:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Monitor the execution of the policy from time to time;
- Institute a transparent monitoring mechanism for implementation of the CSR Projects or programs or activities undertaken by the company.
- Review the policy and making recommendations to the Board for carrying out appropriate amendments in CSR Policy.
- Approve the projects for CSR activities including the mode for executing the projects for CSR activities;
- Ensure legal and regulatory compliance from CSR viewpoint.
- Ensure reporting and communication to stakeholders on the Company's CSR projects/initiatives

4.2 CSR Committee

The Company shall have a CSR Committee consisting of two or more members including MD. The Committee will meet as and when needed to fulfill the CSR commitments.

5. CSR PROJECTS

5.1 To provide a focused and structured approach, the Company will focus its CSR spending only on specific areas as enumerated in the Schedule VII of the Companies Act, 2013. The CSR Committee would put up to the Committee appropriate details of proposed projects including implementation period, modalities of execution in the areas/sectors chosen, implementation schedules for the same etc. The CSR Committee will consider and approve CSR projects/programs to be undertaken during the year.

5.2 In compliance with Rule 4 of the CSR Rules, while approving the projects, the Committee shall adhere to the following provisions:

- CSR project is non-discriminatory in nature and contribution of any amount directly or indirectly to any political party within the meaning of section 182 of the Companies Act, 2013 shall not be considered as CSR activity.

- The projects will be within the areas recommended / listed by the CSR Committee and mentioned in the Policy.
- The projects shall not be an activity coming within the business as usual.
- The projects will be implemented within India
- Projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted /undertaken exclusively in pursuance of the normal course of business.
- The CSR activities covered herein, should be undertaken by the Company in project/ programme mode, as referred in Rule 4 (1) of Companies CSR Rules, 2014 and shall not include one-off events such as marathons/ awards/ charitable contribution/advertisement/ sponsorships of TV programmes etc.
- Expenses incurred for the fulfillment of any Act/ Statute of regulations would not count as CSR expenditure as mandated under the Companies Act, 2013.
- Salaries/allowances paid to regular staff earmarked and/or volunteers towards CSR activities of the Company can be factored into CSR project cost as part of the CSR budgetary expenditure within the permissible limit prescribed under Rule 4(6) of the CSR Rules.

6. MODE OF EXECUTION OF CSR PROJECTS

6.1 The Company will undertake CSR projects, falling within the specific areas outlined in **Annexure B**, with the involvement of local institutions and the community at large. The CSR Committee shall work towards the execution, implementation and monitoring of the CSR projects/initiatives in accordance with the provisions of this Policy.

6.2 The actual implementation of various initiatives will be broad-based either through Company's own employees/departments identified by the Committee or through the engagement/partnering of any external agency like Trusts, Societies, Section 8/ Section 25 companies ('Implementing Agency' for short) in terms of Rule 4 of the CSR Rules or through collaborative projects with other corporates.

6.3 The Company would encourage the involvement of its employees in its CSR initiatives and will therefore proactively engage with employees and other key stakeholders to solicit their volunteering and active involvement in the Company's CSR programs.

7. PROCEDURE FOR SELECTING IMPLEMENTING AGENCY

7.1 Selection of Implementing Agency shall be done through the following process:

- The Company shall develop specifications for the particular CSR project/programme/activity intended to be implemented through an Implementing Agency.
- The Company shall then invite proposals/concept papers in respect of such CSR project/programme/activity by issuing an appropriate advertisement. This can involve sending out invitations for proposals/concept papers and/or posting the opportunity online, thereby, making it 'open to propose' to anyone, who qualifies to send proposal/concept paper on such project/programme/activity.

- The Company shall set a deadline on when the last proposals/concept papers shall be accepted. Once that deadline is reached, the proposals which are not in conformity either with the provisions of this Policy or the Annexure C shall be rejected and the rest shall be preliminarily selected by the CSR Committee.
- The proposals/concept papers submitted by the Implementing Agencies and preliminarily selected as aforesaid, shall be reviewed in order to arrive at the final Project Document.
- The Project Document shall be approved by the Management Level CSR Committee and shall explicitly contain the details of the particular CSR activity/project, key tasks involved, duration of assignment, bill of quantities, deliverables etc.
- The Project Document so finalized shall then be shared with the eligible proposers to enable them submit their financial bids on such project/programme/activity.
- The final selection of the Implementing Agency shall be on the basis of lowest cost indicated in the financial bids.

8. FUNDS DISBURSEMENT

In compliance with Rule 4 of the CSR Rules, the Company shall adhere to the following provisions in matters relating to the disbursal of funds to Implementing Agencies towards CSR projects/activities/programme:

- 8.1 Where the disbursal of funds is agreed to be paid by way of one-time payment, the same shall be made only on the recommendation of the CSR Committee

9. MONITORING

In terms of Section 135(3)(c) of the Companies Act, 2013 read with Rule 6(1)(b) of the CSR Rules, the CSR Committee will ensure to have in place a transparent monitoring mechanism for ensuring effective implementation of the projects / programs/ activities proposed to be undertaken by the Company.

CSR Committee shall monitor the approved projects and funds disbursals for such projects. Monitoring mechanisms will include visits, meetings and progress/status reporting by the Implementing Agency/department. As per the requirement and peculiarity of each project, the CSR Committee, shall put in place a robust system to maintain a transparent monitoring and reporting mechanism across all the stakeholders involved in the CSR activities of the Company Agency.

9. REPORTING

In terms of Section 135 of the Companies Act, 2013 read with Rule 8 of the CSR Rules, CSR activities and progress shall be reported as part of the Director's Report in the Company's Annual Report and also as per any other statutory and regulatory reporting requirements.

The internal reporting of the CSR activities and progress shall be reported by way of quarterly report by CSR Committee to CSR Committee and also by way of annual report of CSR activities and progress by CSR Committee to the Board of

Directors. Above reports shall be in such form and manner as may be convenient and appropriate to suit the purpose of effective communication.

Annexure A1

Section 135 of the Companies Act, 2013

135. Corporate Social Responsibility

(1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall,—

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility Policy of the company from time to time.

(4) The Board of every company referred to in sub-section (1) shall,—

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), 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 its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation.—For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.

Annexure A2

The Companies (Corporate Social Responsibility Policy) Rules, 2014

PREAMBLE

In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.—

- (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (2) They shall come into force on the 1st day of April, 2014.

2. Definitions.—

- (1) In these rules, unless the context otherwise requires,
 - (a) "Act" means the Companies Act, 2013;
 - (b) "Annexure" means the Annexure appended to these rules;
 - (c) "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-
 - i. Projects or programs relating to activities specified in Schedule VII to the Act; or
 - ii. Projects or programs relating to activities undertaken by the board of directors of a Company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such Policy will cover subjects enumerated in Schedule VII of the Act.
 - (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
 - (e) "CSR Policy" relates to the activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a Company;

(f) "Net profit" means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-

i. any profit arising from any overseas branch or branches of the Company, whether operated as a separate Company or otherwise; and

ii. any dividend received from other Companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the Page 11 of 16 provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign Company covered under these rules , net profit means the net profit of such Company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381 read with section 198 of the Act.

(2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. Corporate Social Responsibility—

(1) Every Company including its holding or subsidiary, and a foreign Company defined under clause (42) of section 2 of the Act having its branch office or project office in India, which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act and these rules:

Provided that net worth, turnover or net profit of a foreign Company of the Act shall be computed in accordance with balance sheet and profit and loss account of such Company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act.

(2) Every Company which ceases to be a Company covered under sub-section (1) of section 135 of the Act for three consecutive financial years shall not be required to-

(a) constitute a CSR Committee; and

(b) comply with the provisions contained in sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of section 135.

4. CSR Activities.—

(1) The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

(2) The Board of a 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—

i. 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 shall have an established track record of three years in undertaking similar programs or projects;

ii. the Company has specified 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.

(3) A Company may also collaborate with other Companies for undertaking projects or programs 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 programs in accordance with these rules.

(4) Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.

(5) The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

(6) Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure 1[including expenditure on administrative overheads,] shall not exceed five percent. of total CSR expenditure of the Company in one financial year.

(7) Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

5. CSR Committees.—

(1) The Companies mentioned in the rule 3 shall constitute CSR Committee as under.-

i. an unlisted public Company or a private Company covered under subsection (1) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director;

ii. a private Company having only two directors on its Board shall constitute its CSR Committee with two such directors;

iii. with respect to a foreign Company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign Company.

(2) The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

6. CSR Policy.—

(1) The CSR Policy of the Company shall, inter-alia, include the following, namely:-

(a) a list of CSR projects or programs which a Company plans to undertake falling within the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and

(b) monitoring process of such projects or programs:

Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a Company. Provided further that the Board of Directors shall ensure that activities included by a Company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act.

(2) The CSR Policy of the Company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a Company.

7. CSR Expenditure.—

CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

8. CSR Reporting.—

(1) The Board's Report of a Company covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.

(2) In case of a foreign Company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

9. Display of CSR activities on its website.—

The Board of Directors of the Company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the Company and disclose contents of such Policy in its report and the same shall be displayed on the Company's website, if any, as per the particulars specified in the Annexure.

Annexure B

Specific areas for CSR activities as mentioned in Schedule VII of the Companies Act, 2013

1. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water:

2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. 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;
4. 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;
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:
6. measures for the benefit of armed forces veterans, war widows and their dependents;
7. training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
8. contribution to the Prime Minister's National Relief Fund or any other funds 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;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
10. Rural development projects.

Annexure C

Mandatory criteria for selection of Implementing Agencies

1. Registration details

- The Implementing Agency shall be a legally registered organization including
 - a. Registered as a society under the Societies Registration Act of 1860 or as a trust under the Indian Trust Act 1882 or licensed company under Section 25 of the Companies Act 1956 or Section 8 of the Companies Act, 2013;
 - b. The Implementing Agency should be registered for a period of minimum 3 years as on date of submission of their application to the Company;
- The Implementing Agency must possess Form 12AA registration under Income Tax Act for charitable purpose;
- Preference shall be given to the Implementing Agency possessing registration under Section 80 G Income Tax Act;
- The Implementing Agency must possess registration certificate under Foreign Contribution (Regulation) Act, 1976 (if availing foreign funds);
- The Implementing Agency must submit at least 3 years audited financial reports.

2. Infrastructure :

The basic infrastructure of the Implementing Agency should be in place which includes fixed place of operation, clearly defined staff structure including number, names, roles & responsibilities of the staff etc. involved in the project, organization's capacities, staff experience and expertise in the context of the proposed project and otherwise, geographical area covered by the organization, other projects undertaken by the Organization. Implementing Agency should disclose financial assistance received from other sources.

3. Credible links:

- The Implementing Agency should, preferably, have prior experience in the proposed area of work.
- The Implementing Agency should have an established track record in any of the related development fields as mentioned in Schedule VII of The Companies Act
- The Implementing Agency should have no conflict of interest with the government, CUIPL, or any of CUIPL's shareholders.

- Implementing Agency will be compliant with various legislations that are enacted from time to time, rules framed there under and Guidelines issued by the Government or any other concerned authority.
- Any contribution to the Implementing Agency should preferably qualify for tax exemptions under Income tax Act 1961.

4. Robust financial management system and clean tack record:

The Implementing Agency must necessarily have a financial management system in place including an independent bank account and annual audits, with necessary documentary evidence. CUIPL will not engage with any Implementing Agency which:

- Has pending legal disputes and or enquiries in connection with offences like cheating, misappropriation of funds, exploitation of beneficiaries, etc.
- Is blacklisted by any government agency

5. Good working relationship and networking with other Implementing Agency:

The Implementing Agency should have good working relationship and networking with other Implementing Agency and Government bodies etc. in its operational area.