

CSR Policy

Policy of Cotecna Inspection India Private Limited

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Table of Contents

1	Introduction	4
2	Applicability	4
3	Definitions	4
4	Objective and Scope	6
5	CSR Committee	6
5.1	Constitution	6
5.2	Powers of the Committee	7
5.3	Responsibilities of the CSR Committee	7
5.4	Frequency of the Meetings of the CSR Committee	8
6	CSR Budget/CSR Expenditure	9
7	CSR Initiative	10
7.1	Collaboration	10
7.2	Monitoring Mechanism	10
8	Publication of CSR Policy and Programs	11
9	Effective Date	11

Change history

Version	Date	Author	Description
1	6 th March 2018	Anuja Nesarikar	Corporate Social Responsibility Policy of Cotecna Inspection India Private Limited
2	29 th September 2018	Anuja Nesarikar	Corporate Social Responsibility Policy of Cotecna Inspection India Private Limited
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1 Introduction

CSR in India has traditionally been seen as a philanthropic activity. While the corporate houses have been traditionally engaged in doing CSR activities voluntarily, the new CSR provisions put formal and greater responsibility on companies to set out clear framework and process to ensure strict compliance.

The new Companies Act 2013 (hereinafter referred to as “**the Act**”), has introduced the idea of CSR to the forefront and through its “Comply-or-Explain” mandate. It mandates qualifying companies to constitute Corporate Social Responsibility Committee to effectively monitor CSR activities of the Company. Further the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (hereinafter referred to as “**CSR Rules**”) lays down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act..

2 Applicability

The Corporate Social Responsibility Policy (CSR Policy) has been developed in consonance to Section 135 of the Companies Act, 2013 and in accordance with the Rules made there under.

The Policy shall apply to all CSR activities undertaken by the Company in India as per Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

3 Definitions

“Company” shall mean Cotecna Inspection (India) Private Limited.

“Board” shall mean the Board of Directors of the Company.

“Act” means the Companies Act, 2013 including any modifications, amendments or re-enactment thereof

“Corporate Social Responsibility (CSR)” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely.

- a) 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:-

- o 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;
- o details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;
- b) 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;
- c) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- d) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- e) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- f) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

“CSR Policy” means the policy approved by the board as the Corporate Social Responsibility policy of the company as amended from time to time.

“CSR Rules or Rules” means Companies (Corporate Social Responsibility Policy) Rules 2014 including any modifications, amendments or re-enactments thereof

“CSR Activities” means such programs or projects as may be approved by the Board in terms of the CSR Policy.

“CSR Committee” means the committee constituted by the Board of Directors in terms of Section 135 of the Act and CSR Rules.

"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: -

- a) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- b) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act;
- c) Provided 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;

“CSR Expenditure” means the amount recommended by the CSR Committee to be incurred on the CSR activities in India in terms of the Companies Act, 2013 and the CSR Rules as approved by the Board from time to time.

“**Ongoing Project**” means a multi-year project undertaken by a Company in fulfillment 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;

“**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;

4 Objective and Scope

The main objective of this CSR Policy is to lay down guidelines for M/s. Cotecna Inspection India Pvt. Ltd. (hereinafter referred to as “**the Company**”) to make CSR as one of the key focus areas to adhere to the Company’s contribution to society through high impact, sustainable programs.

This Policy covers current as well as proposed CSR activities to be undertaken by the Company and examining their alignment with Schedule VII of the Act as amended from time to time. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

The Company will implement its CSR activities in one or more of the sectors as mandated by Schedule VII of the Act which inter alia covers sectors like Healthcare, Sanitation, Drinking Water, Education, Rural Development, Vocational Skills, Employment Opportunities, Medical Aid, Old Aged Homes, Women Hostels, Environment Protection, Conservation of Natural Resources, Public Libraries, Contribution to funds set by the Central or State Government for development and welfare of Scheduled Castes, Scheduled Tribes and minorities, Rural Development Projects, Contribution to technology incubators located within academic institutions, Go Green Initiatives and Human Rights.

Whenever needed the CSR Committee can make amendments in the above sectors.

5 CSR Committee

5.1 Constitution

- > Pursuant to the provisions of Section 135 of the Act, the Board of Directors has constituted the CSR Committee on 15th June 2017.
- > The CSR Committee shall consist of three or more members of the Board of Directors of the Company.

- > The CSR Committee should be governed by the Companies Act, 2013 and the CSR Regulations, rules, etc. by whatever name called. The CSR Committee would consist of minimum three members or as prescribed by the specified legislation.
- > The members of the CSR Committee may elect a Chairman / Chairperson amongst themselves.
- > Changes to the membership of the CSR Committee, and any modification or variation to the powers and the functions of the CSR Committee will require the approval of the Board. The Quorum for a meeting of the CSR Committee would be at least [2] members. The meetings shall be held at the registered office of the Company or at such place as may be agreed to by the members of the Committee.

5.2 Powers of the Committee

Following are the Powers of the CSR Committee:

- > To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021;
- > To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- > To monitor the CSR policy of the Company from time to time; Any other matter as the CSR Committee members may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.”.

5.3 Responsibilities of the CSR Committee

The Responsibilities of the CSR Committee include:

- > Formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken by the Company as specified in Schedule VII as amended.
- > Recommending the amount of expenditure for the CSR Activities and
- > Monitoring CSR Policy of the Company from time to time.
- > to monitor the implementation of ongoing projects and to ensure that the funds are utilized for approved purpose and shall be certified by the Chief Financial Officer (“CFO”) or Person in charge of finance.
- > The Board shall ensure that the CSR activities are undertaken by the Company itself or through:-
 - Section 8 Company;
 - Registered Public Trust;

- Registered Society registered u/s 12A & 80G of Income Tax Act, 1961; or
 - Company with established track record of at least 3 year; and
- > The Board shall ensure that the eligible intermediaries through which the company shall undertake the CSR Project or Programme shall have a unique CSR Registration Number with effect from 1st April, 2021.
- > It shall be noted that the CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, 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 sub-rule (1) of Rule 4;
 - c) the modalities of utilization 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;
 - f) Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee.
- > The Committee and the Board shall ensure that the 'Annual Report on CSR Activities' to be included in the Board's Report shall be as per the Annexure prescribed under the Act;
- > The Board shall ensure that if the average CSR obligation is 10 crore or more in the 3 immediately preceding financial years, it shall undertake impact assessment through an independent agency for projects of 1 crore or more which have been completed not less than 1 year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR
- > Booking of impact assessment cost:
 - a) 5% of CSR Expenditure; or
 - b) Rs. 50,00,000;

whichever is less

5.4 Frequency of the Meetings of the CSR Committee

The CSR Committee shall meet as and when required. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings. the quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.

The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means in accordance with the provisions of the Companies Act, 2013 and rules made there under from time to time. Other Members of the Senior Management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee. Minutes of the CSR Committee shall be placed before the Board for noting.

6 CSR Budget/CSR Expenditure

CSR spend shall be as mandated by the Act.. If a company spends less than the amount required to be spent under CSR obligation, the Board shall specify the reasons for not spending such amount, in the Board's report. The company shall deal with the unspent amount in the following manner.

Sr. No.	Analysis of Unspent Amount	Actionable	Timeline
1.	Unspent amount pertains to 'ongoing project'	Transfer such unspent amount to a separate scheduled Bank account to be called as 'Unspent CSR Account'.	Within 30 days from the end of the financial year.
2.	Unspent amount does not pertain to 'ongoing project'*	Transfer unspent amount to the National Fund or the Fund prescribed under Schedule VII.	Within 6 months from the end of the financial year.

Amount transferred to Unspent CSR Account remaining unspent at the end of immediate succeeding 3 FYs to be transferred to Government funds notified in Schedule VII within a period of thirty days from the date of completion of the third financial year.

The board shall ensure that the administrative overheads shall not exceed 5% of total CSR Expenditure of the company for the financial year.

Any surplus arising out of CSR activities shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year.

7 CSR Initiative

7.1 Collaboration

The Company may collaborate with Company's other Affiliates or any other Company as may be approved by CSR Committee to implement CSR activities. The Company may form trusts on its own to carry out CSR activities in accordance with the CSR Rules and to administer its CSR activities. The Company may also collaborate its CSR activities with Company's other Affiliates or any other Company as may be eligible and approved by the CSR Committee vis-à-vis the Board of Directors and towards this effort, the Company may jointly along with other its Affiliates or any other Company form Trusts to administer the CSR activities.

7.2 Monitoring Mechanism

A Joint Working Group ("JWG") comprising of Country Manager, HR Manager, Finance Manager & Regional Manager -Maharashtra of the Company will be created to ensure effective implementation and monitoring of the projects approved by the CSR Committee. The JWG will submit periodic reports to CSR Committee of the Company on the progress of the various projects approved by the Committee and entrusted to the JWG for implementation and monitoring. JWG shall assist the CSR Committee to prepare reports that are required to be placed before the Board. The format of the Report shall be the format prescribed under the CSR Rules.

8 Publication of CSR Policy and Programs

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

9 Effective Date

The Policy is effective from March 18, 2021.
For Cotecna Inspection (India) Private Limited

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