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|  | Corporate Social Responsibility Policy |
|  | PAANI FOUNDATION |

1. **The CSR Vision and Applicability**

***CSR Vision***

Paani Foundation (the “**Company**” or “**PAANI**”) recognizes its responsibility towards the society in which it operates. Towards this end, the Corporate Social Responsibility (”**CSR**”) Policy of the Company (the “**Policy**”) intends to ensure that focused efforts are made in the identified projects and programs so that the actions positively impact the society at large. This Policy shall be read in line with Section 135 of the Companies Act, 2013 read with the applicable Rules, Schedule VII to the Act and such other rules, regulations, circulars, and notifications in relation to CSR as may be applicable and as amended from time to time (“**Act**”).

***Applicability***

If a company ceases to be a company covered u/s 135(1) of the Act, for three consecutive financial years, then it shall not be required to constitute a committee for the purposes of CSR activities and comply with the provisions of section 135 (2) to 135(5) of the Act till such time it meets the criteria specified in section 135(1)

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**2. Our focus areas**

* 1. PAANI endeavors that all initiatives undertaken by it under this Policy should have an impact on the beneficiaries in improving their lives. The initiatives should also be replicable, scalable and sustainable on a long-term basis. In line with this objective and keeping in mind our operations, we aim to focus on impacting lives and livelihood.
	2. Initially, PAANI Foundation intends to focus its CSR activities specified in the Schedule VII of the Companies Act, 2013
1. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
2. 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
3. rural development projects
4. Other initiatives: In addition to the above, PAANI would also undertake various other need-based initiatives in compliance with the provisions of the Act, which would be screened for congruence with Section 135 of the Act, then duly applied for and accorded approval by the Company’s CSR Committee (the “Committee”) prior to any decision and subsequent implementation.
	1. To be in coherence with Section 135 of the Act, PAANI Foundation has structured its CSR focus into the three synergistic domains (mentioned below), which would then also fall within the activities approved under the Act, and rules made thereunder, as elucidated in the Table below:

| # | Focus areas | Sector / Domain | List of possible activities | Conformance to Schedule VII of Sec 135 |
| --- | --- | --- | --- | --- |
|  | Rural Development Projects | * Promoting healthy lifestyle in rural areas
 | * Woman Hygiene
* Construction of medical wards in health facility (hospitals / PHCs)
* Construction of community centres
 | * Conforms to items (i),
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|  | Social Development | * Education, Vocational Training Livelihood projects
 | * Capacity building of teachers
* Remedial education for ‘out of school’ & ‘specially abled’ children
* Livelihood training for ‘specially abled’ children

Education through arts and craft | * Conforms to item (ii)
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|  | Environmental Sustainability | * Ecological Balance
 | * Pollution and air quality
* Waste Reduction
* Conservation of seeds
 | * Conforms to items (iii)
* “
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|  | Other Initiative |  |  Need based | * Conforms to item (iv)
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1. **Governance mechanisms: The Board and the Committee**
	1. PAANI Foundation, through its Board of Directors (the “**Board**”) or the Committee, will decide on the locations for CSR activities. While the focus of CSR efforts will be in the local areas and areas around it where PAANI operates, it may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters, etc.).
	2. The CSR policy and the constitution shall be monitored through the Committee which has been constituted by the Board in accordance with the provisions of the Act. In broad terms, the summary role of the Board and the Committee (as specified under the CSR rules) is as under:

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| **Board*** Form a CSR Committee
* Approve the CSR Policy
* Ensure implementation of the CSR activities
* Ensure minimum 2% spend
* Disclose reasons for under 2% spend (if applicable)
 | **CSR Committee****Committee*** Formulate and recommend a CSR Policy to the Board, including any modification thereto
* Recommend activities and expenditure amount
* Monitor the approved activities and spends
* Monitor the CSR Policy from time to time
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* 1. **Committee Charter**: The Committee has been constituted for adhering to the requirements of Section 135 of the Act. The Committee has three members:
1. Mr. Rajiv Krishan Luthra
2. Mr. Anand Narotam Desai
3. Mr. Belle Shrinivas Rao
	1. **Committee** **Purpose**: The purpose of the Committee, at a minimum, is to assist the Board and the Company in fulfilling its CSR obligations under Section 135 of the Act.
	2. **Committee Composition**: The Committee shall be appointed by and will serve at the discretion of the Board. The Committee shall consist of no fewer than two directors. The members of the Committee shall meet as provided in this Policy.
	3. **Meetings and Quorum**: The Committee shall meet as may require from time to time. In case the meeting of the committee is not expected in near future and the matter requires urgent action, the same can be passed by resolution through circulation. Two members present shall form the quorum for the meeting of the Committee.
	4. **Roles & Responsibility**: The Committee shall review and approve the CSR Policy and associated frameworks, processes and practices of the Company, and has responsibility for the following:
		* Ensure that the Company is taking the appropriate measures to successfully implement the CSR projects.
		* Identify CSR activities and recommend the amount of expenditure to be incurred on such activities.
		* Ensure that activities, even if they fall within CSR activities listed under the Act but are done by PAANI in normal course of its business, shall not be considered as a CSR activity.
		* Coordinate with any agency for implementing programs and executing initiatives as per CSR Policy and review the performance of such agency periodically.
		* Form and delegate authority to sub-committees, if desired and deemed appropriate.
		* Review and reassess the adequacy of this Policy and recommend any proposed changes to the Board for approval.
		* To obtain advice and assistance from internal or external legal, accounting or other advisors, pursuant to its authority to take such actions.
	5. The CSR Policy shall be placed on PAANI's website, if any.
4. **CSR funds & expenditure**
	1. Annually, the Board shall ensure that at least 2% of the Company’s average net profits for the preceding three-years period is spent per financial year on CSR initiatives undertaken by PAANI. If such spend threshold is not met in any financial year, reasons for the same is required to be disclosed in the Board’s report.
	2. Any surpluses generated out of CSR activities shall not form part of the business profits of PAANI Foundation.
	3. CSR expenditure will include all expenditure, direct and indirect, incurred by PAANI on CSR activities, including the expenditure undertaken on the same, either directly or through implementing agencies shall be in accordance with its approved CSR Policy. Any expense on an item not in conformity or not in line with the said activities shall not form part of CSR expenditure.
	4. PAANI can build capacity of its own personnel as well as implementing agencies, if any, to carry out CSR but such expenditure including expenditure on administrative overheads, shall not exceed 5% of the total CSR expenditure of PAANI in one financial year.
5. **Implementation modalities**

Subject to the provisions of the Act, the CSR activities may be undertaken by the Company:

1. through a company established under section 8 of the Act or a registered trust or a registered society established by the Central Government or StateGovernment or any entity established under an Act of Parliament or a State legislature or otherwise as may be permitted under applicable law; or
2. through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in clause (i) above, that have an established track record of three years in undertaking similar projects or programs;
3. The 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.
4. The Company may also build CSR capacities of its own personnel as well as those of its implementing agencies through institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads shall not exceed 5 (five) per cent of total CSR expenditure of the Company in one financial year.
5. **Monitoring & Review mechanisms**
	1. The Committee shall institute a transparent monitoring and review mechanism for implementation of the CSR projects or programs or activities undertaken pursuant to this policy.
	2. PAANI Foundation, may also adopt evaluation and audit mechanism, internally through its internal auditors and externally through duly-appointed auditors which may report to the CSR Committee and to the Board on a periodic basis. It may, on a discretionary basis, also commission independent, third party mid-term reviews and end-of-project impact assessment studies to validate its internal inferences & findings.
	3. Besides evaluation, the Committee shall also review its activities and decide on the future course on the basis of socio-economic baseline studies that would assess the needs and priorities of the specific community and align its programs to meet the desired objectives.
6. **Reporting & Disclosure**
	1. All details of CSR projects, its selection process, implementation plans, funding and expenses shall be properly documented and auditable, on a project-wise accounting basis.
	2. As noted above, if PAANI fails to spend the minimum amount of funds in a financial year, as prescribed under the Act, then adequate reasons are required to be disclosed in the Board’s report.
7. **Amendments**

The Board shall approve amendments to this CSR Policy, as may be recommended by the Committee from time to time.