

CORPORATE SOCIAL RESPONSIBILITY POLICY

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1. INTRODUCTION

India is one of the fastest and largest growing economies in the world. With growing development, India is also flooded with various social problems such as poverty, unemployment, illiteracy, power crisis, gender bias, and many more. To sustain economic growth and to overcome the effects of development and globalization, it becomes necessary for every resident whether individual citizen or corporate to take responsibility of the people, society, environment and its resources in India.

The need of Corporate Social Responsibility (“**CSR**”) (as defined below) has emerged in light of the above considerations. Although the concept of CSR is not new in India, however, the Ministry of Corporate Affairs, Government of India notified Section 135 of the Act (as defined below) which makes it mandatory for certain companies who fulfill the criteria as mentioned under sub-section (1) of Section 135 of the Act to comply with the provisions relevant to CSR.

The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc., from the society. By performing CSR Activities (as defined below), the companies are giving something back to the society.

Transaction Solutions International (India) Private Limited ("**Company**") understands its responsibility towards the society and environment in which it operates and is committed to operate and grow its business in a socially responsible way.

This CSR Policy is effective from 22nd March, 2024.

2. APPLICABILITY

The CSR Policy shall apply to all CSR projects undertaken by the Company in India as per Schedule VII of the Act and CSR Rules (as defined below).

3. DEFINITIONS

- (a) “**Act**” means Companies Act, 2013 including any statutory modification or re- enactment thereof.
- (b) “**Board**” or “**Board of Directors**” means board of directors of the Company.
- (c) “**Corporate Social Responsibility**” or “**CSR**” means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in the CSR Rules, but shall not include the following, namely:
 - (i) activities undertaken in pursuance of normal course of business of the Company;

- (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 benefitting 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 Company on sponsorship basis for deriving marketing benefits for its products or services; and
 - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.
- (d) **“CSR Rules”** means the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (e) **“CSR Committee”** means Corporate Social Responsibility Committee of the Board (with reference to TSI the Board of Directors)
- (f) **“CSR Policy/ Policy”** means this Corporate Social Responsibility Policy of the Company, as amended from time to time.
- (g) **“CSR Activities”** means the activities to be undertaken by the Company in areas or subjects specified in Schedule VII to the Act and specified under this Policy.
- (h) **“International Organisation”** means an organisation notified by the Central Government as an international organisation under Section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.
- (i) **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment of its CSR **obligation** having timelines not exceeding three (3) 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 (1) year by the board based on reasonable justification.

Capitalized words and expressions used and not defined in this Policy but defined in the Act and CSR Rules shall have the same meanings respectively assigned to them in the Act and/or the CSR Rules, as applicable.

4. CSR Policy

In view of the provisions of Section 135 of the Act, the CSR Committee is required to formulate and recommend to the Board a CSR policy which shall indicate the activities to be undertaken by the Company in subjects specified in Schedule VII to the Act. The Board, after taking into account the recommendations made by the CSR Committee, approves the CSR Policy and discloses contents of such Policy in its report and also places it on the Company's website.

5. CSR COMMITTEE

- (a) **Background:** The Board shall constitute the CSR Committee in accordance with the provisions of the Act and CSR Rules. The CSR Committee will consist of two (2) or more directors. The Board of Directors may change the composition of the CSR Committee from time to time in such manner as it thinks fit.
- However, where the amount to be spent by the Company under Section 135(5) of the Act does not exceed the threshold prescribed under Section 135(9) i.e., fifty lakh rupees, the requirement under Section 135(1) of the Act for constitution of the CSR Committee shall not be applicable to the Company and the functions of such Committee provided under Section 135 and CSR Rules issued thereunder shall be discharged by the Board of Directors of the Company. The reference of Committee shall be read and construed accordingly.
- (b) **Frequency of Meetings:** The CSR Committee shall meet physically at least once a year and otherwise by audio or video conferencing, as may be required. Additional meetings may be held, if required, to ensure that the CSR Committee take note of the CSR Activities, the expenditure thereon as budgeted, the service level agreements with any NGO qualified to undertake CSR projects if required, and monitoring thereof and for other matters, as the CSR Committee thinks fit.
- (c) **Notice of Meetings:** Meeting of the CSR Committee ("**Meeting**") shall be called by the secretary or a member of the CSR Committee at the request of any of its members. Meetings may be held with the physical presence of the members or via video-conference mode. Unless otherwise agreed, notice of each Meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the CSR Committee, any other person required to attend, along with the supporting papers as per the applicable provisions of the Act. Any member desirous of participating through videoconference may communicate the same to the Company or the secretary before the Meeting. The Company while arranging for a videoconferencing Meeting shall comply with the conditions specified in Section 173 of the Act read with relevant rules made thereunder. Additional meetings may be held at the discretion of the Board or any member(s) of the CSR Committee and shall be held at such time, date and venue as may be decided by the person calling the Meeting.

6. CSR ACTIVITIES

In accordance with Section 135 of the Act, preference will be given to CSR Activities in the local and surrounding areas where the Company operates. The Company's CSR Activities will include the following, in line with the Schedule VII of the Act:

- (a) eradicating hunger, poverty and malnutrition; promoting health care including 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;
- (b) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (c) promoting gender equality and 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;
- (d) 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 including contribution to the 'Clean Ganga Fund' set-up by the Central Government for rejuvenation of river Ganga;
 - (e) protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
 - (f) 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;
 - (g) training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
 - (h) 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 schedule caste, tribes, other backward classes, minorities and women; 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;
 - (i) rural development projects
 - (j) 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).;
 - (k) slum area development;
 - (l) disaster management, including relief, rehabilitation and reconstruction activities; and
 - (m) other CSR activities to be undertaken by the Company in above mentioned subjects specified in Schedule VII of the Act.

All initiatives will be targeted to the needs of the economically marginalized/weaker sections of the society. The endeavor would be to build and leverage partnerships with likeminded individuals, corporates and institutions for achieving positive change. Efficiency, sustainability and relevance will be the driving principles of all programs and the essence would be to be inclusive and collaborative in nature.

7. GUIDING PRINCIPLES FOR SELECTION OF CSR ACTIVITIES

- (a) sustainable and holistic community development in respect of underprivileged and marginalized communities;
- (b) focus on community welfare in healthcare, education and sports based services by making facilities accessible to the needy and the weaker section of the society;
- (c) special focus on women, youth and children;
- (d) focus on environment preservation and awareness;
- (e) the project will be developed defining the goals, objectives, project interventions, time lines and resources;
- (f) preference to work with the most underprivileged section of the society;
- (g) compliance with applicable laws.

8. GUIDING PRINCIPLES FOR IMPLEMENTATION OF CSR ACTIVITIES

The Board shall ensure that the CSR Activities are undertaken by the Company itself or through any of the following implementing agencies/methods:

- (a) 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 (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/ statute 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 at least three (3) years in undertaking similar activities.
- (e) the Company may also engage International Organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this CSR Policy as well as for capacity building of its own personnel for CSR.
- (f) the 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 the CSR Rules.

9. GUIDING PRINCIPLES FOR MONITORING OF CSR ACTIVITIES

- (a) the Board shall satisfy itself that the funds 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;
- (b) in case of Ongoing Project, the Board 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; and
- (c) the Annual Action Plan of the Company would include the manner of execution of CSR projects or programmes to be undertaken by the Company, the modalities of

utilization of funds and implementation schedules for the projects or programmes, and monitoring and reporting mechanism for the projects or programmes.

10. ANNUAL ACTION PLAN

The CSR Committee shall formulate and recommend to the Board for its approval, an annual action plan in pursuance of this CSR Policy ("**Annual Action Plan**"), which shall include the following, namely:

- (a) the list of CSR projects or programmes that are approved to be undertaken in 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 of CSR Rules;
- (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.

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

11. ROLE OF THE CSR COMMITTEE WITH RESPECT TO UNDERTAKING CSR ACTIVITIES

The CSR Committee of the Company shall:

- (a) make changes to this CSR Policy from time to time and recommend the same to the Board for its approval, to indicate the activities to be undertaken by the Company in subject, specified in Schedule VII to the Act;
- (b) recommend the amount of expenditure to be incurred on the CSR Activities to be undertaken by the Company;
- (c) monitor the actions and activities under the CSR Policy from time to time;
- (d) formulate and recommend to the Board for its approval, an Annual Action Plan in pursuance of this CSR Policy;
- (e) make recommendation to the Board for alteration of Annual Action Plan if required at any time during the financial year based on reasonable justification; and
- (f) in accordance with Rule 8(1) of CSR Rules, at the end of every financial year, consider an annual report on CSR Activities and recommend the same for the approval of the Board. The said report will be disclosed as part of the Board's Report.

12. ROLE OF THE BOARD WITH RESPECT TO UNDERTAKING CSR ACTIVITIES

The Board shall:

- (a) on the provisions of Section 135(1) of the Act becoming applicable, constitute a CSR Committee of the Board, unless exemption under Section 135(9);
- (b) disclose the composition of the CSR Committee in the Board's report;
- (c) after taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company and disclose contents of such Policy in its report and also place it on the Company's website, if any;
- (d) ensure that the activities as are included in CSR Policy of the Company are undertaken by the Company;
- (e) ensure that the Company spends, in every financial year, at least two (2) per cent of the average net profits of the Company made during the three (3) immediately preceding financial years, in pursuance of this CSR Policy;
- (f) if the Company fails to spend such amount as specified above, then in its report made under clause (o) of sub-section (3) of Section 134 of the Act, specify the reasons for not spending the amount and, unless the unspent amount relates to any Ongoing Project referred to in sub-section (6) of Section 135 of the Act, transfer such unspent amount to a Fund as specified in Schedule VII to the Act, within a period of six (6) months of the expiry of the financial year;
- (g) if any amount remaining unspent under sub-section (5) of Section 135 pursuant to any Ongoing Project, transfer within a period of thirty (30) days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of three (3) financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty (30) days from the date of completion of the third financial year;
- (h) discharge the functions of the CSR Committee in case it is dissolved owing to the amount to be spent by the Company under sub-section (5) of Section 135 not exceeding the monetary threshold prescribed therein;
- (i) satisfy itself that the CSR funds 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;
- (j) in case of Ongoing Project, 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;
- (k) approve the Annual Action Plan, as recommended by the CSR Committee;
- (l) alter the Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect;

- (m) ensure that the administrative overheads shall not exceed five percent (5%) of total CSR expenditure of the Company for the financial year;
- (n) pass a resolution for setting off the CSR amount spent in excess of requirement provided under sub-section (5) of Section 135, against the requirement to spend under sub-section (5) of Section 135 up to immediate succeeding three (3) financial years;
- (o) make disclosures in the Board's report as required under Rule 8 of the CSR Rules;
- (p) undertake impact assessment as required under Rule 8 of the CSR Rules and take note of the impact assessment reports which are mandatorily required to be placed before it; and
- (q) mandatorily disclose the composition of the CSR Committee, and CSR Policy and projects approved by the Board on website of the Company for public access.

13. Surplus

In accordance with Rule 7(2) of CSR Rules, any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent Corporate Social Responsibility 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 six (6) months of the expiry of the financial year.

14. Amendment

The Board reserves its right to amend or modify this Policy in whole or in part, at any time after taking into account the recommendations made by the CSR Committee. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or any law for the time being in force.
