

VOLKSWAGEN IT SERVICES INDIA PRIVATE LIMITED – CORPORATE SOCIAL RESPONSIBILITY POLICY

(Approved by the Board on 9th June, 2021)

PURPOSE

Volkswagen IT Services India Pvt. Ltd. (“VWITS” or “the Company”) is a group company of Volkswagen AG which is headquartered in Wolfsburg and is one of the world’s leading automobile manufacturers and the largest carmaker in Europe.

The Company recognizes that it has a responsibility towards society and must endeavour to contribute to inclusive development encompassing social, economic and environmental progress of the community, especially the under-privileged.

The Company also believes that it has a tremendous opportunity to positively impact the lives of people through its products and services, and also through socially relevant projects meeting the needs of local communities.

“Do good while doing well” is guiding philosophy that we seek to integrate into our business so we can create a better tomorrow for the future generation to come.

DEFINITIONS

(a) "**Act**" means the Companies Act, 2013 (18 of 2013);

(b) "**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;

(c) "**Annexure**" means the Annexure appended to these rules;

(d) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

(e) "**CSR Policy**" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

(f) "**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;

(g) "**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 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;

(h) **“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;

(i) **“Public Authority”** means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);

(j) **“section”** means a section of the Act.

Words and expressions used and not defined in this policy but defined in the Act or Rules shall have the same meanings respectively assigned to them in the Act and Rules.

CONSTITUTION OF THE CSR COMMITTEE

The Company has constituted the CSR Committee in accordance with section 135 of the Companies Act, 2013 and rules made thereunder (**“Act”**) with the following members:

- a. Mr. Sidharth Yadav – Chairman & Managing Director
- b. Mr. Jan Drbohlav – Executive Director – Delivery
- c. Mr. Sameer Pise – Head, Delivery II

Nominations from the Management will be designated as Special Invitee(s) to assist the CSR Committee in the implementation, monitoring and governance of CSR initiatives.

The CSR Committee shall undertake the following activities:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy;
- recommend the amount of expenditure to be incurred on the activities referred to in the policy;
- monitor the Corporate Social Responsibility Policy of the company from time to time; and
- Any other activity as may be designated by the Board.

FOCUS AREA

VWITS shall work towards contributing to protection of environment and to the development of humanity and society in line with Volkswagen Group's philosophy. The Company undertakes to initiate its CSR activities in the following key areas amongst other as provided in Schedule VII to the Act:

- ❖ **EDUCATION:** Promoting education including monetary contributions to academic institutions, NGOs or other entities which are involved in cause of imparting education to empower the youth.
- ❖ **ENVIRONMENTAL SUSTAINABILITY:** Supporting environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources.
- ❖ **RURAL DEVELOPMENT:** Upgrading the quality of life in rural areas by providing access to health care, food, drinking water and other basic amenities.
- ❖ **TECHNOLOGY INCUBATORS:** Supporting technology incubators located within academic institutions which are approved by the Central Government.
- ❖ **ROAD SAFETY, HEALTH & HYGIENE:** Creating awareness about the road safety, promoting health care and hygiene.
- ❖ **CALAMITY RELIEF:-** Providing relief material and monetary relief towards calamity relief, caused by both natural and man-made and including pandemic, endemic, epidemic affected areas.

EXCLUSIONS

The following activities shall not be considered as CSR activities.

- a) activities undertaken in pursuance of normal course of business of the company.
- 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;

UNDERTAKING CSR ACTIVITIES

- i. A CSR Team shall be constituted at the beginning of every financial year by the Nominees of the Management, who shall also be a part of the Committee as CSR Management Representative and/or CSR Compliance and Co-ordination Officer.
- ii. CSR Projects shall be identified, evaluated and finalized by the CSR Team and recommended for the approval of the CSR Committee and the Board of Directors of the Company, in a structured manner and clearly defining the estimated expenditure and phase wise implementation plan.
- iii. A Tracker will be maintained and reviewed for all potential projects or leads suggested by the CSR Team and the reasons for shortlisting of projects shall be documented
- iv. The CSR Team, while selecting a project for recommendation to the CSR Committee, shall consider the following aspects:-
 - a) Whether the category Compliance of the Project is within the Focus Area defined above;
 - b) Background verification of Management of the Organizations selected for CSR projects will be performed and documented.
 - c) The Amount involved in the Project;
 - d) Benefit that will accrue to the Society;
 - e) Timeline for implementation;
 - f) Manner of monitoring the Project;
- v. The CSR Team shall refer to the evaluation checklist and other reference documents as defined and documented in Annexure 1
- vi. The CSR Team, post approval of the CSR Committee and the Board of Directors, shall:-
 - a. Intimate the concerned persons with whom and for whom the project is proposed to be executed;
 - b. Initiate execution of a Memorandum of Understanding with the concerned persons with whom and for whom the project is proposed to be executed and conclude the specifics of the project;
 - c. Obtain a declaration from the concerned persons with whom and for whom the project is proposed to be executed about their affiliation to any Political Parties;
 - d. Involve Purchase department for arrangement of the Service or materials, as may be required, for execution of the Project;
 - e. Brief the concerned persons with whom and for whom the project is proposed to be executed, about the Company's expectations on the compliance, the selection process, vendor registration process and vendor payment process and ensure that they adhere to the policies and processes of the Company;

- vii. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and area around where which the Company operates. However, this shall not bar the Company from pursuing its CSR objects in other areas, cities or states in India.
- viii. The Company may engage external professionals/firms/agencies/government approved NGO/entities with requisite competency, knowledge and experience, for the purpose of identification and implementation of the CSR projects in compliance with this Policy.
- ix. The Company in collaboration with group companies of Volkswagen, AG in India may also execute its CSR projects.
- x. A 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 these rules.
- xi. Volunteers from among employees may also be invited to form sub CSR teams for the execution of the CSR projects.
- xii. Every entity (Implementation Agency), covered under sub-rule (1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 1st day of April 2021 and shall furnish CSR Registration Certificate to the Company upon requested.
- xiii. In case of ongoing project, the Board of a Company 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.”

FUNDING OF CSR PROJECTS

- a. The disbursement of funds will be in accordance with the Companies Act, 2013, the rules made thereunder, the Company’s policies on procurement and payment, the terms agreed for execution of the project with valid documentations.
- b. The board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year.
- c. 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 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 months of the expiry of the financial year.
- d. Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135 , such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –
 - i. the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
 - ii. the Board of the company shall pass a resolution to that effect.
- e. The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by -
 - (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or

(b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or (c) a public authority:

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

AMENDMENTS TO THE CSR POLICY

The Board of Directors of the Company shall have the powers to revise/modify/amend this Policy from time to time, as the Board may think fit, based on the recommendations to be made by the CSR Committee to confirm to the revision/amendment, if any, to be made to the CSR Rules by the Ministry of Corporate Affairs, under the Act. This Policy shall be reviewed on an annual basis.

MONITORING OF CSR PROJECTS

The CSR Team shall present an MIS every quarter to the Management and/or CSR Committee. The CSR Committee will meet as and when needed to review progress on projects implemented, consider project proposals, and identify projects to be recommended to the Board. The Committee may also advise on additional areas of intervention that comply with Schedule VII of Companies Act, 2013 from time to time.

The Board of a company 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.

ANNUAL ACTION PLAN

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 of Companies (Corporate Social Responsibility) Amendment Rule 2021;
- (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:

Provided that Board 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.

REPORTING FRAMEWORK

The reporting frameworks for CSR activities shall be in accordance with the format prescribed in the Companies (Corporate Social Responsibility Policy), Rules 2014, vide notification No. GSR 129 (E) dated 27th February 2014.

EFFECTIVE DATE

This policy shall come into force from 1st April 2021 and continue to be valid until the further modification by the Board on the recommendation of the CSR Committee.

This policy is available on Company's website: www.vwits.in

Annexure – 1

Part – A:- Checklist for selection of NGOs for CSR Projects

The following criteria were considered in selecting an NGO for a project:

Pillar	Yes/No	Remarks
Past Engagement		
The Company has worked with this NGO in the past		
Project completed		
Satisfactory execution in terms of timelines, financial management, deliverables		
Any specific observation (s)		
People		
Information about patrons of the Trust/Society is available		
Financial and operational management capability of the team		
Number of volunteers (part time & full time)		
Number of members/donors		
Resources and asset quality		
Source of funds and fund raising methodology		
Details of budget, grants, corporate, individual and international support		

Number of successfully completed projects		
Network of experts, intellectuals decision makers associated with the institution		
Access to relevant database and knowledge base		
Partnership with other entities (Corporate or civil society)		
Intellectual property created by institute, if any		
Organization structure		
Legal status- Trust, Society, Association, unregistered		
Affiliation to business houses/family/trust/other funds		
Registration documents (Memorandum of Association, Trust deed, Bye-laws, other agreements, 80G, 12A, MCA Registration/CSR-1 and FCRA registration)		
Vision, Mission Documents		
Programme Themes		
Working Governance Structure		
Awards, recognitions, certificates received		
Value Creation		
Purpose of the NGOs and functions/sectors they serve		
Ability to experiment, innovative approaches adapted in identifying needs, method of implementation		
Project coverage (geography and population) and replicability of an idea		
Impact of the project		
Efficiency in operational and financial management		

Existence of documented administrative policies and procedure		
Adequate financial systems and procedures to ensure accountability and transparency- Annual Reports, ITRs		
Tax concession scheme - 80G, 12A		
Geared for growth		
Long term commitment by the Trustees and patrons		
Priority areas		
Sustainability of the concept, project, purpose		
Scalability of project and availability of funds		
Communication – website, social media, press coverage		
Project Evaluation		
Title		
Brief description		
Sustainability of the concept and purpose		
Funds Outlay		
Social Impact		
Manner of Execution		
Manner of monitoring the Project		
Timeline for implementation		
Any other relevant information		

DECLARATION

I, Mr., aged years, having PAN and residing at being the Trustee / Member of Management of having its office at (“Trust/NGO”), do hereby declare that neither I nor the Trust/NGO has any affiliation or alignment with any political party or group, whether local or national. We also confirm that we run the Trust/NGO independently sans any political pressure or political ideology.

.....

Name:-

Date:-

Place:-

Annexure 1 – Part C

Invoice Payment Checklist

While raising Shopping Cart:-

1. Please raise SC by mentioning correct details including the HSN codes, GL code and WBS;
2. The same can be obtained by connecting with the Finance Team;
3. The format of information to be provided for raising SC will be provided by the Finance Team.
4. Attachments for SC – Memorandum of Understanding (MoU),
 - CSR Committee Approval for the activity;
 - Signed MoU;
 - Deviation Note, if applicable;

Attachments for making Payment:-

1. Valid SC;
2. Valid PO;
3. Original Invoice or Memo for Payment;
4. Signed MoU;
5. Progress report with confirmation from 2 CSR Members and 1 independent (not involved in the project implementation) CSR member on completion of activities;
6. Deviation Note, if applicable;

Annexure 1 – Part E

VOLKSWAGEN IT SERVICES INDIA PRIVATE LIMITED

Intra Office Correspondence

Form for Proposal of CSR Activity(ies)

To,

Date:-

The CSR Team, VWITS

Subject:- Proposal for CSR Activities

Dear Members,

I wish to propose an activity/idea to be considered under CSR Policy of our Company. Below are the details:-

1	Name of the Proposer	
2	Employee ID	
3	Date of Submission	
4	Brief description of the Proposed Activity	
5	Place of Carrying out the Activity	
6	Whether the proposer has any personal, pecuniary or indirect (through relatives or otherwise) interest in the proposal	

Request you to consider the above proposal.

Yours faithfully

.....

(Name)

Annexure 1 - Part F - Life Cycle Assessment of an NGO

Criterion	Start-up	Growing	Mature
Program and services	Simple programs or diverse and independent activities	Programs are beginning to get established; often demand is greater than capacity; more consistent program delivery	Core programs are established and recognized in donor and NGO circles; long range program planning; demonstrates flexibility in adding and withdrawing programs
Staff Leadership/Management	Founder driven and sole decision making	Beginning delegation of responsibilities; Founder/ED still primary decision maker	Delegation of authority and clear accountability; Needs professional CEO/COO
Staffing	Volunteer dependent; small team	Deepening organization structure; employees still join for the mission; no formal job descriptions or personnel policies	Large, culturally diverse and specialised staff; professional managers hired; vertical and horizontal organization chart
Governance	Governance structure in place; small, passionate and homogenous board; members are largely volunteers or chosen by executive director	Board expansion with experienced professionals; transitioning to governance board; increasing focus on planning and oversight; policies still reactive	Board size and diversity increased; focuses on policy , oversight and fund raising; committees for different tasks; focused on long term sustenance of the organization
Administrative systems/operation	Few operational routines or systems In place; informal management infrastructure; frequent informal communication; operations are agile and flexible	scope for improving operational efficiency; internal communication weak; permanent home office with administrative support	Demonstrates formal planning for operational and program co-ordination; systems, policies and procedures in place; better integration of technology; more data management; formal communications
Finances, Fundraising, Compliance	Focus on gathering resources; limited financial resources; largely dependent on a few donors; adherence to regulations and legal standards lacking	Established relations with key donors but still unpredictable funding sources; efficient at in kind and volunteer resources; revenue generation under consideration; adherence to legal standards and regulations needs improvements	Reliable and diverse funding streams; significant corpus /cash reserves; additional fund raising staff support; revenue generation; processes in place for adherence to legal standards and regulations
Communication	No formal public relations; word of mouth referrals and marketing; no website or social media presence;	Some communication collaterals developed; still largely dependent on word of mouth communication and referrals	Professional image and promotional materials, in house communication and marketing expertise