

INDIA CASH GRANT PROGRAM

Policy Document

March 2022

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I. Background & Context

Cisco is an Indian entity and is ultimately a wholly owned subsidiary of Cisco Systems, Inc. Cisco believes that networking technology connects people in meaningful ways and has the power to create new opportunities, deliver richer experiences, and boost economic growth and well-being. One of the most important roles that Cisco has undertaken is to advance society and drive towards an inclusive future for all. With companies, individuals, and

governments working together, Cisco aims to help economies all over the world develop and grow equitably.

For the fiscal year 2022-23, the following entities qualify and contribute towards Cisco's CSR budget:

1. Cisco Systems (India) Private Limited
2. Cisco Capital (India) Private Limited
3. Cisco Commerce (India) Limited

Pursuant to the requirements of [Section 135](#) of the Companies Act, 2013 (hereinafter referred to as "the Act") and [Corporate Social Responsibilities Rules, 2014](#) (hereinafter referred to as "the Rules"), Cisco Systems (India) Pvt. Ltd. (Cisco) hereby formalizing its policy relating to corporate social responsibility (CSR) programs to be conducted in India.

As a part of the Cisco group of companies (under common control with Cisco Systems, Inc.), Cisco believes in developing CSR programs that are scalable and self-sustaining and that use technology to meet some of society's biggest challenges. In India, we focus on addressing social issues where we believe we can have significant and lasting effects by applying our unique expertise to those issues.

II. Scope and Objectives

The primary objective of Cisco CSR is to **enable an inclusive future through digitization & innovation** across focus areas of **Critical Human Needs and Crisis Response, Education & Economic Empowerment**.

The key tenets that drive Cisco's overall CSR portfolio include:

- Depth of Intervention
- Systemic change
- Scale & Replicability
- Sustainability

III. Approach

Mode of CSR implementation^[1]

Cisco's CSR initiatives are implemented through organizations with deep expertise across the relevant domain, geography and target stakeholders under each focus area. In accordance with the Rules, Cisco's implementing partners include a company established under section 8

of the Act, or a registered public trust or a registered society having an established track record of at least 3 years in undertaking similar activities for which the grant is being given. These organizations would need to be registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961). The above entities shall also be registered with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 1st April 2021.

CSR Priority & Focus Areas^[2]

Cisco's CSR builds on the primary anchor of digitization & innovation by running interventions across different focus areas, addressing key needs in the ecosystem.

- **Education:** Cisco's intervention ranges from access to education, curriculum and pedagogy enhancement and other complementary programmes
- **Economic Empowerment:** This portfolio includes a diverse set of focus areas such as infrastructure, skilling, digital inclusion and strengthening of the ecosystem.
- **Critical Human Needs and Crises Response:** This portfolio caters to interventions across disaster management, providing shelter, addressing hunger and nutrition, preventive healthcare and strengthening of healthcare systems.

Cisco has ensured that the CSR thematic areas and focus areas of intervention are in line with the Schedule VII of Companies Act, 2013. Also, the interventions supported will not include the activities undertaken in pursuance of normal course of business of the Company, projects benefiting the employees of the Company (as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019) and as amended from time to time), or contributions of any amount directly or indirectly to any political party.

IV. CSR Governance

Cisco has a well-defined and robust governance structure to oversee the implementation of the CSR Policy and monitoring of CSR projects as per the requirements of Section 135 of the Companies Act, 2013 & CSR Rules (Amendment), 2021.

From April 1st, 2014, in line with the new Companies Act 2013, 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 the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of two directors.

In accordance with the Act, Cisco has set up a CSR Committee of the Board which is responsible for the overall governance & monitoring of CSR activities. The CSR Committee comprises two actively involved Board members. They are supported by the CSR program management team who manage the overall CSR portfolio of Cisco.

CSR Committee

Mr. Harish Krishnan, Managing Director & Chief Policy Officer (Executive Sponsor)

Mr. Joginder Yadav , Director, Legal & General Counsel, India (Board Member)

Mr. Vijayanush N , Chief Financial Officer , India (Board Member)

Ms. Rohini Kamath, Program Manager, India Cash Grant Program

Mr. Tarun Anthony, Portfolio Manager, India Cash Grant Program

Role & Responsibility of the Board of Directors

1. The Board shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years.
2. After taking into account the recommendations made by the CSR Committee, the Board shall approve the CSR Policy and the Annual Action Plan of the company. Provided that the Board may alter such policy or plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.
3. Disclose the ***composition of the CSR Committee, CSR Policy and projects approved by the Board*** on the website of the company, if any, for public access.
4. Ensure that the activities as are included in the CSR Policy of the company are undertaken by the company.
5. Ensure compliance with regulatory requirements of all the Applicable CSR Laws in India, by monitoring the overall CSR implementation and expenditure from time to time.

Role & Responsibility of the CSR Committee

1. Formulate and recommend the draft CSR Policy, on the basis of the approach and direction given by the Board. The CSR Policy should include the guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.
2. Provide recommendations to the Board on CSR activities & expenditure

3. Formulate and recommend to the Board, an **annual action plan**^[3] in pursuance to CSR Policy including the following^[4]:
 - a) List of CSR projects or programmes that are conforming to Schedule VII of the Act;
 - b) Manner of execution of such projects or programmes by eligible implementing agencies;
 - c) 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.
4. Provide such other assistance to the Board, as may be requested from time to time, to enable each of them to fulfil their statutory responsibilities.

V. Selection, Implementation & Monitoring Process^[5]

Selection & Implementation of CSR Activities

Cisco shall undertake the implementation of CSR activities in accordance with the Board approved CSR Policy and the Annual Action Plan. This includes:

- Conduct an internal review and evaluation of the proposals received under Cisco's CSR focus areas. Each project will be prioritized by assessing their potential impact and other relevant parameters such as technology, scale, sustainability, etc. The shortlisted projects will then be forwarded to the CSR Committee & Board for approval, at their discretion.
- Conduct due diligence on the selected CSR implementing agencies to ensure that they are eligible to receive CSR funds and implement CSR projects under applicable law.
- Coordinate with implementing agencies on the specific projects, receiving information from such agencies on the progress of the projects, reviewing the extent of the impact and whether it is in accordance with the approved project plans.
- Coordinate to obtain such information and documentation as may be required to fulfil statutory reporting obligations as prescribed under applicable law, including, project wise statement of expenditure, usage of CSR funds, impact assessment reports, etc.
- Highlight to the Board and the CSR Committee, any issues or concerns that may or are likely to arise with respect to the implementation of specific projects or usage of the grant funds provided by the Parties.

- Consolidate information received from various implementing agencies, in such manner as may be approved by the Board and preparation of analysis, summaries and reports as may be deemed appropriate to further the overall objectives of the CSR Policy.

Monitoring & Evaluation

The Board supported by the CSR Committee will monitor the following components of the overall CSR implementation and expenditure:

- Monitor the implementation of on-going projects with reference to the approved timelines and year-wise allocation and make modifications, if any, for smooth implementation of the project within the overall permissible time limits. Such modification may include extension of duration of on-going projects which might initially not be approved as multi-year projects, beyond the year in which CSR spending was proposed based on reasonable justification.
- Ensure that the administrative overheads do not exceed 5% of total CSR expenditure of the company for the financial year^[6].
- Ensure that any unspent amount (i.e. amount already disbursed to the partner organization but remains unutilized) or surplus arising out of the CSR activities is ploughed back into the same project or transferred to the unspent CSR Account and spent in pursuance of CSR Policy and annual action plan of company or transfer such surplus amount to a fund specified in Schedule VII to the Act, within a period of 6 (six) months from the expiry of the financial year ^{[7] [8]}.
- Ensure that statutory impact assessment is undertaken, wherever applicable, through an independent agency and to review the impact assessment reports placed before the Board and to annex the same to the annual report on CSR.
- If any capital asset is created or acquired as a part of CSR, to ensure that it is held by eligible entities as specified under applicable law.
- Monitor the utilization of funds and ensure that CSR implementation is in the manner approved by the Board.
- The CFO will certify to the Board that the funds disbursed by the Board for CSR implementation have been utilised for the purposes and in the manner approved by the Board. Further, wherever required, the CFO can take the assistance of a third party professional to verify the usage of CSR funds^[9].

VI. Impact Assessment

- Impact assessment shall be undertaken by the Company or by recipient or by implementing agency as required by and in the manner set out under applicable law, and the impact assessment report(s) shall be placed before the CSR Committee and the Board, and shall be disclosed as legally required^[10] .
- Cisco shall undertake impact assessment of its CSR projects, through an independent agency, wherever deemed necessary and in accordance with the applicable law.
- Action Plan shall also include the details of impact assessment to be undertaken for the CSR activities with the required Board approval.

VII. Reporting & Disclosures

An annual CSR report ^[11] and the Annual Action Plan will be included in the Directors Report within the Annual Financial Report of Cisco, and placed before the Board by the CSR Committee for approval. The report for Cisco will adhere to the specified requirements of section 135 of the Companies Act, 2013.

As part of reporting, the Board will be responsible to ensure that:

- The annual CSR report includes the requisite information in terms of the Act;
- The contents of the latest and updated version of the CSR Policy is included in the report of the Board;
- Annex the statutory impact assessment report undertaken through an independent agency (if applicable)
- In case of failure to ensure the minimum CSR expenditure, detailed reasons for the same are adequately disclosed in the Board Report.
- Disclosure of CSR Committee members in the report^[12]
- Undertaking that the contents of the CSR Policy along with composition of the CSR committee, and projects approved by the Board are made available on the website of the Company, [Cisco India Cash Grant Program](#)

Bookmarks

^[1] **Rule 4:** provides the modes of implementation i.e. through a section 8 company, trust, society, etc.

[2] **Rule 5(2)(A)**: the list of CSR projects or programmes that are approved to be undertaken in areas or subjects as specified in Schedule VII of the Act

[3] Sample Annual Action Plan by HUL: https://www.hul.co.in/Images/csr-annual-action-plan-fy-2021-22_tcm1255-561711_1_en.pdf

[4] **Rule 5(2)**: Details out the line items to be included in the CSR Action Plan

[5] **Rule 2(1)(f)**: Definition of CSR Policy indicating inclusion of guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan

[6] **Rule 7(1)**: The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year

[7] Refer [CSR FAQs](#) (Released in August 2021)

[8] Refer to [Section 135 \(5\) & \(6\)](#)

[9] **Rule 4(5)**: The Board of a company shall satisfy itself that the funds so disbursed have been utilised 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.

[10] **Rule 8(3)(a),(b)&(c)**: Every company having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

[11] **Rule 2(1)(d)(i)(b) & Rule 8(1) &(2)**: Provides for the submission of an Annual Report on CSR along with the Board Report. The Board report refers to the one mentioned under [Section 134](#) of Companies Act, 2013. The Annual CSR Report has to be submitted by every company that is eligible to conduct CSR activities. The detailed format for such a report is given under Annexure II of the CSR Rules.

[12] **Section 135 (2)**: The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.