SEARS IT & MANAGEMENT SERVICES INDIA PVT LIMITED

Corporate Social Responsibility (CSR) Policy

Contents

1. Policy statement

> '*Corporate Social Responsibility is the continuing commitment by the business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large*'.
>
> *– World Business Council for Sustainable Development*

Sears IT & Management Services India Private Limited (hereon referred as 'the company' or 'SHI') is committed to approach its Corporate Social Responsibility (hereon referred as 'CSR') in a manner to create meaningful impact on society. SHI aims at creating business growth along with managing environmental and social issues whilst delivering value for the company and continued benefit for society.

This policy lays down the principles and objectives that define and drive all CSR projects undertaken by SHI. Through its CSR projects, the company strives to carve out a reputation for being one of the most socially and environmentally responsible companies in India.

2. Purpose

The purpose of this Policy is to define guidelines on the basis of which SHI will engage in CSR in various domains. This policy also provides provisions on CSR incorporated in the Section 135 of the Companies Act 2013 introduced by Ministry of Corporate Affairs, Government of India.

3. Scope

This policy applies to all CSR projects undertaken by SHI. The company classifies only those projects as CSR that are over and above its normal course of business. This policy also fulfills the requirements of the CSR rules as per the Section 135 of the Companies Act of India, 2013.

3.1 Normal course of business for SHI

SHI provides corporate IT services to Sears Holdings Corporation (NASDAQ:SHLD) and its family of companies including Sears Roebuck and Co. and Kmart Corporation. In this manner, the company serves as an extended arm to the core Information Technology (IT) team of SHC, located in the United States of America, in developing and maintaining mission-critical systems used by SHC subsidiaries. The company strives to develop solutions that focus on enhancing customer experience by rapidly streamlining overall functioning of the online retail service on

one hand, while working towards transforming and optimizing business and technology processes and minimizing risks, on the other.

SHI's services include systems integration, delivery, product support, e-commerce ad managed services supporting business critical applications for the Sears retail chain. The company designs, builds, and supports systems that drive critical business processes for Sears Holdings, that range from pricing and marketing to supply chain management.

4. Focus areas

SHI shall undertake CSR projects / programs that are aligned with areas listed in Schedule VII of the Companies Act, 2013. The focus areas of CSR projects executed by SHI will include, while not being restricted to, the following:

- Promotion of education
- Eradication of extreme hunger and poverty
- Gender equity and women empowerment
- Reducing child mortality and improving maternal health
- Promoting healthcare, specially initiatives to combating HIV-AIDS, malaria and other diseases
- Ensuring environmental sustainability
- Employment enhancing vocational skills
- Measures for the benefit of armed force veterans and their dependants
- Supporting technology incubators

5. CSR Governance Structure

5.1. CSR Committee of the Board

The governance structure for CSR at SHI is headed by the CSR Committee of the Board. This Committee will report to the Board of the company, and is ultimately responsible for the implementation of the CSR projects. This Committee is composed of 3 members, with an appointed Chairman. The details of the members composing the CSR Committee are as below

1. Mr. Rakesh Chawla, Chairman
2. Mr. Anindya Pal, Member
3. Mr. Narendra Sinha, Member
4. Mr. Robert Phelan

5.1.1. Responsibilities of the CSR Committee

- Formulate the CSR Policy, which will be approved by the Board of the company

- Suggest and recommend areas of intervention for CSR to the Board and the budget that should be allocated to those areas of intervention that have been approved by the Board

- Approve projects for CSR spend, after ensuring that the projects are eligible under the notified category

- Set up monitoring mechanisms for the projects undertaken

- Meet at a periodicity it deemed fit to review the progress and impact of the projects

- Review the CSR policy once every year and recommend to the Board the modifications that may be required

5.2. CSR Working Group

The CSR Working Group at Sears comprises of the Core Team and volunteers to support the CSR Committee. The Core Team is responsible for ensuring the on-ground implementation and monitoring of all CSR projects. The Core Team will report progress to the CSR Committee on a monthly basis.

5.2.1. Responsibilities of the Core Team of the CSR Working Group

- Execution of the decisions taken by the CSR Committee

- Recommend CSR projects and implementation agencies to the CSR Committee

- Conduct due diligence for potential implementation agencies for CSR projects if applicable

- Ensure on-ground implementation of projects approved by the CSR Committee

- Report provide updates about the project to the CSR Committee on a regular basis

6. Guidelines for CSR projects

At SHI, CSR projects are planned and managed with strategic oversight. The parameters to be considered at different stages of the project are provided below:

6.1. Project approval

The projects suggested by the CSR Working Group will be presented for the approval of the CSR Committee. The Core Team of the Working Group is responsible for obtaining all relevant information regarding the project and to conduct a preliminary assessment on whether it complies with the requirements of the Act and in line with this Policy.

It is important to note that preference would be given to projects that are located in and around Pune, in line with the SHI's objective of enabling employee engagement.

6.2. Budget allocation and approval

The Head Finance will communicate the overall budget available for CSR at the beginning of the year to the CSR Committee and the Board. The CSR Committee along with the inputs from the CSR Working Group will formulate the project wise budgets as per the priorities of SHI.

The project wise budget approval will take place alongside the project approval process. The CSR Committee along with the Head Finance of the company will review, assess and approve the budget of the project as per the focus area of intervention.

6.3. Implementation

Once the CSR project has received approval from the Board, the CSR Working Group shall formulate a plan of action for each project specifying the activities, timeframe, budget, targets, project governance and the expected results, which would be approved by the CSR Committee.

The company may implement the CSR projects in one or more of the following modes or by way of a combination thereof and the CSR Committee shall recommend the mode from time to time.

- (i) Directly by the Company as projects or towards the contribution towards the corpus for approved projects
- (ii) Collaborate with other Companies for undertaking projects jointly
- (iii) Through a registered trust or registered society or Company established under section 8 of the Companies Act 2013

6.3.1. Partner selection and due diligence

SHI follows a stringent method of identification and selection of implementing partners in line with its vendor selection process to ensure that the partners are compliant (as per the requirements of Section 135 of the Companies Act 2013).

The Working Group along with Procurement Team will conduct the due diligence of potential partners to carry out the CSR projects. The CSR Committee will oversee the partner selection and due diligence process.

6.4. Monitoring

The CSR Working Group will be responsible for monitoring and reporting of the CSR projects to the CSR Committee through appropriate mechanisms such as site visits, review meetings and progress reports. To ensure transparency and efficiency of the implementation process, robust monitoring mechanisms for the projects will be established. The CSR projects will be evaluated against the milestones defined as per the plan of action and reviewed by the CSR Working Group and CSR Committee on a quarterly basis.

6.5. Treatment of surpluses

Any surplus generated from CSR projects undertaken by SHI will be tracked and channelized into its CSR corpus. These funds will be further used in development of the CSR projects and will not be treated as SHI's business profits.

6.6. Reporting

The CSR Committee, based on reports presented by the CSR Working Group will annually publish report on the CSR projects as a part of the Director's report. The report will disclose information in the format as prescribed by the Section 135 of the Companies Act, 2013. The CSR Committee shall also submit a responsibility statement to the Board that the implementation and monitoring of the CSR policy is in compliance with the approved CSR policy of the Company.

6.7. Review of CSR projects

The CSR Working Group will review the following parameters as part of the CSR projects review:

- o Challenges faced in carrying out the CSR project
- o Corrective actions to be applied, if any
- o Budget outlay and revisions, if any
- o Impact assessment of the CSR project
- o Survey of CSR team deployed to establish rate of success
- o Parameters for Success Matrix for the project and feedback for next term
- o Compilation of report (as per MCA compliance requirements) and communicate to CSR Committee.

7. Policy review

The policy will be owned by CSR Committee, responsible for reviewing the same on a periodic basis and making suitable amendments, as necessary.

The CSR Policy on being approved by the Board shall be displayed on the website of the Company and any modifications carried out from time to time shall also be updated on the website of the Company respectively

8. Exceptions

Any deviations or exceptions to the terms of this policy shall be approved by CSR committee members.

9. Contact

For any queries on CSR policy, contact

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10. **Annexure: List of CSR Projects planned for FY 2018-19**

S.No	Project Name	Description	Implementation (either by self or an NGO)	Schedule VII Tag
1.	Healthcare infrastructure support	Strengthening healthcare infrastructure of Sassoon hospital	Self-implemented	Promoting preventive healthcare
2.	Digital literacy project	Providing digital literacy to marginalized youth in rural areas	Implemented in partnership with NASSCOM Foundation	Promoting education

3.	Supporting higher education of marginalized girls	Providing scholarships to girls from economically weaker sections to pursue graduation and post-graduation	Implemented in partnership with Lila Poonawalla Foundation	Promoting education, Empowering women
4.	Supporting Education for special kids	Providing support to the special kids who need to learn basic life style and skills to be independent	Implemented in partnership with Prayatna	Promoting education, Enhancing Vocational skill
5.	Contribution to Prime Minister's Relief Fund	Contribution to Prime Minister's Relief Fund to support disaster relief projects	Not Applicable	Contribution to Prime Minister's Relief Fund