

# **MUNJAL SHOWA LIMITED CORPORATE SOCIAL RESPONSIBILITY POLICY**

Adopted on: April 01, 2014  
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**Introduction**

At Munjal Showa Limited ("the Company"), business success is not just about profits and shareholders returns. It aims at undertaking socially useful programs for welfare & sustainable development of the community at large as part of its duties as a responsible corporate citizen.

It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures the long-term success, competitiveness and sustainability.

Further, Corporate Social Responsibility ("CSR") makes a business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

**Objective**

The main objective of CSR policy is to make CSR a key business process for sustainable development of the society. The Company will act as a good corporate citizen and aims at supplementing the role of Government in enhancing the welfare measures of the society within the framework of its policy.

**Scope of CSR activities**

The CSR activities shall be undertaken by the Company, as stated in this Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business. The activities which are exclusively for the benefit of the Company employees or their family members shall not be considered as CSR activity. Contribution of any amount directly or indirectly to any political party under Section 182 of the Companies Act, 2013 ("the Act"), shall not be considered as CSR activity.

The Company shall give preference to the local area or areas around where it operates, for spending the amount earmarked for CSR activities.

**Mode of Implementation**

The Board of Directors of the Company may decide to undertake its CSR activities as recommended by the CSR Committee, through one or more of the following modes:

- (a) directly by the Company; and/or
- (b) Through a Company established under Section 8 of the Act or a registered trust or a registered society, established by the Company, either singly or alongwith any other company and/or
- (c) Through 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 any entity established under an Act of Parliament or a State legislature and/or
- (d) A 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.

**Focus Areas**

The Focus of the CSR activities of the Company will cover the following areas but not limited to the same



and may extend to other specific projects/programs as permitted under the law from time to time:

1. Eradicating hunger, poverty and malnutrition by:
  - (A) Supplementing of Govt. Schemes like mid-day meal by Company through additional nutrition.
  - (B) Disaster Relief:-Food Supply can be covered under Eradicating hunger, poverty and malnutrition.
2. 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 by:
  - (A) Provision for aids and appliances to differently able persons.
  - (B) Enabling access to or improving the delivery of, public health systems.
  - (C) Trauma Care around Highways in case of Road Accidents.
  - (D) Disaster Relief: - Medical aid under Disaster Relief can be covered under Health Care.
  - (E) Disaster Relief:-Supply of clean water under Sanitation and making available safe drinking water.
3. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects by:
  - (A) Promotion of Road safety through:
    - (i) Educating the Masses and Promotion of Road Safety awareness in all facets of road usage, Drivers' training, Training to enforcement personnel.
    - (ii) Safety traffic engineering and awareness through print, audio and visual media.
  - (B) Donation to IIM [A] for conservation of buildings and renovation of classrooms.
  - (C) Non-Academic Techno park TBI not located within an academic Institution but approved and supported by Department of Science and Technology.
  - (D) Research and studies in the areas specified in schedule VII
4. Promoting gender equality, 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;
  - (A) Slum re-development or EWS housing as declared by Central/State Govt or any other Competent Authority.
5. 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 by:
  - (A) Doing own research on the field for individual crops to find out the most cost optimum and Agri- ecological sustainable farm practices.
  - (B) To do Product Life Cycle analysis from soil conservation point of view.
  - (C) Renewable Energy Projects.
6. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
7. Measures for the benefit of armed forces veterans, war widows and their dependents;



8. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
9. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
10. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organization (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
11. rural development projects
12. slum area development
13. disaster management, including relief, rehabilitation and reconstruction activities.
14. Any other measures with the approval of Board of Directors on the recommendation of CSR Committee subject to the provisions of Section 135 and Schedule VII of the Companies Act, 2013 and rules made thereunder.

#### **Organizational mechanism and responsibilities**

##### Constitution of Corporate Social Responsibility Committee

The Board of Directors of the Company shall constitute a Corporate Social Responsibility Committee of the Board ("CSR Committee") consisting of three or more directors, out of which at least one director shall be an independent director.

##### The CSR Committee shall –

1. Formulate and recommend to the Board, a CSR policy and activities to be undertaken by the company as per Schedule VII;
2. Recommend the amount of expenditure to be incurred on the activities; and
3. Monitor the CSR Policy of the Company from time to time.

The Board of the company shall after taking into account the recommendations made by the CSR Committee, approve the policy for the Company and disclose contents of such Policy in its report and also place it on the company's website and ensure that the activities as are included in the CSR Policy are undertaken by the Company.

At the Company, the Managing Director takes on the role of the mentor, while the onus for the successful and time bound implementation of the CSR activities/projects is on the HR Head and CSR teams. To measure the impact of the work done, a social satisfaction survey / audit is carried out by an external agency.

#### **Activities, setting measurable targets with timeframes and performance management:**

Prior to the commencement of CSR activities/projects, we carry out a baseline study of the nearby area/villages of the Company's factory location (i.e. Gurugram and Haridwar). The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, and



population data – below the poverty line and above the poverty line, state of infrastructure, among others. From the data generated, a 1-year plan and a 5-year rolling plan are developed for the holistic and integrated development of the affected people.

All activities/projects of CSR are assessed under the agreed strategy, and are monitored every quarter/year, measured against targets and budgets. Wherever necessary, midcourse corrections shall be made.

**Partnerships**

Collaborative partnerships are formed with the Government, the District Authorities, the village panchayats, NGOs and other like-minded stakeholders. This helps widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

**Budgets**

A specific budget is allocated for CSR activities and spending on CSR activities shall not be less than 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of this policy.

In case, the Company fails to spend such amount, the Board shall specify the reasons for not spending the amount in the Board Report.

The CSR Policy mandates that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

The CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.

The CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but does not include any expenditure on any item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act 2013.

The Company may build CSR capacities of their own personnel as well as those of their 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 five percent of total CSR expenditure of the company in one financial year.

Tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes.

**Information dissemination**

The Company's engagement in this domain is disseminated on its website, annual reports and its house journals as and when deem fit.

**Management Commitment**

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.





**Amendments**

The CSR Committee of the Company will review the policy from time to time based on the changing needs and aspirations of the target beneficiaries and make suitable modifications as may be necessary.

In case any provision(s) of this CSR Policy is contrary to or inconsistent with the provisions of the Act and the Rules framed thereunder ("Statutory Provisions"), the Statutory Provisions shall prevail. Further, amendments in the Statutory Provisions shall be binding even if not incorporated in this Policy

