

MUNJAL SHOWA LIMITED CORPORATE SOCIAL RESPONSIBILITY POLICY

**Adopted on: April 01, 2014
First Revision on: June 30, 2020
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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. The content of this policy shall act as an approach and direction to be followed by the Company for selection, implementation and monitoring of its CSR activities as approved by the Board on recommendation of the CSR Committee from time to time.

The CSR Committee will also take up the Business responsibilities of the Company as envisaged in the National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs. The CSR head will act as Business Responsibility Head of the Company.

This CSR Policy reaffirms the Company's commitment to follow principles laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business published by the Ministry of Corporate Affairs towards conducting its business which are as follows:

- Principle 1: Ethics Transparency & Accountability
- Principle 2: Business Lifecycle Sustainability
- Principle 3: Wellbeing of all Employees
- Principle 4: Stakeholder Engagement
- Principle 5: Human Rights
- Principle 6: Protection of Environment
- Principle 7: Responsible advocacy
- Principle 8: Inclusive growth and equitable development
- Principle 9: Customer Value

Mode of Implementation of CSR Programs/activities

1. 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; or
 - (b) Through a Company established under Section 8 of the Act or a registered public trust or a registered society under Section 12A and 80G of the Income Tax Act, 1961, established by the Company, either singly or alongwith any other company 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

- (d) Any entity established under an Act of Parliament or a State legislature and/or
 - (e) 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 years in undertaking similar activities.
(entities as defined under (b), (c), (d) and (e) may collectively be referred as "Implementing agency").
 - (f) 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.
2. The CSR Committee should ensure that, the implementing agency must be registered with the Central Government before April 01, 2021 and must have a valid unique CSR Registration number.
 3. The company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of their own personnel for CSR.
 4. Company may collaborate with other companies for undertaking projects and 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.

Annual Action Plan/Annual CSR Budget

The Annual Action plan of CSR Activities to be carried out during a financial year shall be formulated by the CSR Committee and shall be recommended to the Board for the approval. The Board of Directors on recommendation of the CSR Committee may alter the plan at any time during the financial year.

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 and the treatment of such unspent amount shall be made in accordance with this policy.

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 and shall be ploughed back into the same project or shall be transferred to the unspent CSR account and spent in pursuance of this policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year.

Ongoing Project

"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 Unspent Amount and shall include the projects that was initially not approved as a multi-year projects but whose duration has been extended beyond one year by the board based on reasonable justification.

The company shall treat the unspent amount of CSR Activities as follows-

- a) Where unspent amount relates to projects other than on-going projects, Company shall transfer such unspent amount to a Prime Minister National Relief Fund or any other fund as may be specified in Schedule VII of the Companies Act, 2013 from time to time, within a period of six months of the expiry of the financial year.



- b) Where unspent amount relates to on-going projects, shall be transferred by the company within a period of thirty 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/utilized by the company in pursuance to the activity within a period of three 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 days from the date of completion of the third financial year.

Surplus arising out of CSR Activities

- a) If the company is having any surplus arising out of the CSR activities shall not form part of the business profit of a company.
- b) Surplus is required to be 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 the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year.

Focus Areas or subjects in which company intends to undertake those activities

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 Swach 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.

The CSR shall be undertaken by the Company as per the projects or programs or activities (either new or ongoing) as specified above and provided under Section 135, schedule VII of the Act read with rules made thereunder as amended from time to time. The following activities shall not be included –

1. Activities undertaken in pursuance of its normal course of business of the Company.
2. Any activity undertaken by the company outside India excluding training of Indian sports personnel representing any State or Union territory at national level or India at international level
3. The activities which are exclusively for the benefit of the Company employees as defined in clause (k) of Section 2 of the Code on Wages, 2019.
4. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act.
5. Sponsorship activities supported by the companies for deriving marketing benefits for its products or services.
6. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

The Board on recommendation of the CSR Committee shall give preference to the local area or areas around where it operates, for spending the amount earmarked for CSR activities.



Organizational mechanism and responsibilitiesConstitution 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.
4. Formulate the Annual action plan and recommend the same to the Board for approval.
5. Will decide that company will undertake CSR activities by itself or through implementing agencies
6. Any other agenda item as may be delegated by the Board of Directors to be reviewed/approved by the Committee from time to time

The Board of the company shall after taking into account the recommendations made by the CSR Committee:

1. 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.
2. approve the annual action plan
3. shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it.
4. shall obtain a certificate from Chief Financial Officer or the person responsible for financial management who will certify that the funds so disbursed have been utilised for the purpose and the manner approved.
5. The Board shall monitor the implementation of the projects with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the projects within overall permissible time period.
6. Review of impact assessment, if required.

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 Chief Financial Officer of the Company. To measure the impact of the work done, a social satisfaction survey / audit is carried out by an external agency.

Guiding Principles for monitoring of CSR activities**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. 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 3-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.



Further, compliance with the Policy shall be monitored and evaluated on regular basis. Respective Functional Heads will formulate action plan / checklist to ensure compliances of the various principles enunciated in the Policy for Corporate Social responsibility and Business Responsibility. Any grievances / complaints with respect to non-compliance with the Policy shall be reported to Chief Financial Officer or Company Secretary.

Tax treatment

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.

Website

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

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.

Further any subsequent amendment / modification in the Listing Regulations, NVGs and / or other laws in this regard shall automatically apply to these Policy. The same shall be added / amended / modified from time to time as authorized by the Board of Directors. The Managing Director is authorized to amend or modify the Policy, in whole or in part, from time to time.

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



