Corporate Social Responsibility Policy

Preamble

The Murugappa Group is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas.

"The Company" has been uploading the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. We believe that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. Therefore, our philanthropic endeavours are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society.

We have been carrying out Corporate Social Responsibility (CSR) activities for a long time through AMM Foundation, an autonomous charitable trust, in the field of Education and Healthcare, while also pursuing CSR activities for the benefit of community around our local areas of operations viz., locations where our plants operating.

Corporate Social Responsibility Purpose Statement

The Company shall seek to impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing. We are dedicated to the cause of empowering people, educating them and in improving their quality of life. While we will undertake programmes based on the identified needs of the community, education and healthcare shall remain our priority. Across the different programme areas identified by the company, it would be our endeavour to reach the disadvantaged and the marginalised sections of the society to make a meaningful impact on their lives.

We are committed to identifying and supporting programmes aimed at:

- Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation and the like to the underpriveliged;
- Work towards eradicating hunger and poverty, through livelihood generation and skill development;
- Supporting environmental and ecological balance through afforestation, soil conservation, rain water harvesting, conservation of flora & fauna, and similar programme;
- Promotion of rural sports, nationally recognized sports, paralympic sports and Olympic sports through training of sportspersons;
- Undertake rural development projects;
- Any other programme that falls under our CSR purpose including those listed in schedule VII of the Companies Act, 2013 as may be amended from time to time or as may be permitted by MCA from time to time and is aimed at the empowerment of disadvantaged sections of the society.

Scope

This policy will apply to all projects/programmes undertaken as part the Company's Corporate Social Responsibility and will be developed, reviewed and updated periodically with reference to relevant changes in corporate governance, international standards and sustainable and innovative practices. The policy will maintain compliance and alignment with the activities listed in Schedule VII and Section 135 of the Companies Act 2013 and the rules framed thereunder.

Governance

The approval of the CSR policy and oversight is the responsibility of the Company's Board of Directors. The responsibility of the CSR committee is to formulate the policy and to administer the policy through implementing partner(s) or via self-implementation.

The CSR Committee shall provide guidelines for projects/partner selection to the respective HR or CSR teams, wherever applicable. The CSR committee is to ensure that projects/programmes are compliant with regulations and are monitored and reported effectively.

As the Company's CSR activities evolve, the policy may be revised by the CSR committee and approved by the Board of Directors.

Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of this 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 or as may be permitted;
(b) the manner of execution of such CSR projects or programmes;
(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:

Based on the recommendation of the CSR Committee, the Board may alter the action plan at any time during the financial year, based on a reasonable justification to that effect.

CSR Expenditure

The CSR Committee shall recommend to the Board the amount of expenditure to be incurred on the CSR activities to be undertaken by the company in areas or subjects specified in Schedule VII of the Companies Act, 2013 or as may be permitted by MCA from time to time..

a) Unspent CSR amount:

Any amount remaining unspent pursuant to any ongoing project shall be transferred within the stipulated period stated in the Act/Rules to a separate bank account designated in the name of the Company.

The amount so transferred to the Unspent CSR Account should be utilized within three financial years from the date of such transfer failing which the amount unspent at the end of the third financial year should be transferred to a Fund specified in Schedule VII or by the Ministry of Corporate Affairs from time to time within the time prescribed in the Rules (currently six months from the expiry of the third financial year).

On-going project for the purpose of this policy means an on-going project as defined under the Rules. Any amount remaining unspent in respect of any project not being an on-going project shall be transferred within the stipulated period stated in the Act/Rules to the Fund specified in Schedule VII or by the Ministry of Corporate Affairs from time to time.

b) Surplus arising out of CSR spend

Any surplus arising out of CSR activities should form part of business profits of the Company. The surplus amount, if any should be:

i) ploughed back into the same project (or)

ii) transferred to the bank account designated in the name of the Company and spent pursuant to this policy and annual action plan (or)
iii) transfer the surplus amount to the Fund specified in Schedule VII of the Companies Act 2013 within six months of the expiry of the financial year.

c) Excess CSR spend

Any amount spent in excess of the requirement under Section 135 of the Companies Act, 2013 may be set off against the CSR obligation under Section 135 of the Act up to immediate succeeding three financial years subject to the conditions that:

(i) the excess amount available for set off should not include the surplus arising out of the CSR activities, if any.
(ii) Setting-off of the excess CSR spend requires the approval of the Board.

Implementation

The Company shall undertake CSR project/programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy.

The Company shall implement its CSR programmes/projects:

a) Through an implementation partner that can be a public charitable trust or a society registered under applicable Acts or a Company registered under Section 8 of the Companies Act 2013 which satisfies the conditions prescribed in the Rules;

   With effect from 1st April 2021, implementation partners are required to register themselves with the Central Government in the manner as laid down in the Rules. The Company should engage with only registered implementation partners to undertake CSR activities.
   or
b) On its own, through the relevant HR or CSR department or
c) through its own foundation (if applicable) specifically created for implementing its CSR initiatives.

The Company can engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of the Company's own personnel for CSR.

The Company may also enter into partnerships or alliances with NGOs, Trusts, or other Corporate Foundations etc. to effectively implement its CSR programmes/projects.

The Company can also collaborate with other company(ies) for undertaking projects or programmes or CSR activities in such a manner that the CSR Committee is in a position to report separately on such projects / programmes.

The Company shall formulate criteria and procedure for selection, screening and due diligence of its implementing partners.

Any creation or acquisition of a capital asset out of the CSR funds should be strictly undertaken in the manner prescribed in the Rules.

Monitoring of CSR activities and Reporting

The CSR Committee will oversee the implementation and monitoring of all CSR projects/ programmes and periodic reports shall be provided for review to the Board.

The Company will institute a well-defined, transparent monitoring and review mechanism to ensure that each CSR project/programme has:

1. Clear objectives developed out of the societal needs that may be determined through need assessment studies and research (secondary or primary);
2. Clear targets, time lines and measureable indicators, wherever possible;
3. A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act 2013 and the CSR Rules.

The Board should ensure that the administrative overheads do not exceed five percent of the total CSR expenditure for a financial year.

The Board should satisfy itself that the funds disbursed towards CSR have been utilized for the purposes and in the manner as approved by it.

The Chief Financial Officer shall certify to the Board at the meeting where the CSR spend utilization is reviewed for the financial year that the funds disbursed have been utilised for the purposes and in the manner as approved by it.

In case of ongoing projects, the CSR Committee should monitor the implementation of the project with reference to the approved timelines and year-wise allocation. The CSR Committee can make modifications for implementation of on-going projects within the overall permissible time period.

Reporting and Disclosures

The Board's Report should include the Annual Report on CSR containing the particulars as specified under the Act and Rules.

Impact Assessment

In case the average CSR obligation in the immediately three preceding financial years is ten crores or more, than then Company shall undertake an impact assessment of its projects with outlay of one crore rupees or more.

The impact assessment report should be placed before the Board and annexed to the Annual Report on CSR.

The composition of the CSR Committee, CSR Policy of the Company and Projects approved by the Board should be displayed on the Company's website.

The Policy was modified on 17th March 2021.

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