

# CSR Policy

## Prospira India Automotive Products Private Limited

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### PROSPIRA INDIA AUTOMOTIVE PRODUCTS PRIVATE LIMITED

#### Corporate Social Responsibility Policy

*[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (CSR) Rules, 2014]*

#### Introduction

Corporate Social Responsibility (“CSR”) is a Company’s sense of responsibility towards the ecological, physical and social environment in which it operates. CSR is a self-regulation business model through which corporate entities achieve balance on economic, environmental and social imperatives with their operations and development. It is a step towards organizations becoming socially responsible corporate citizens and positively impacting the environment, communities and societies.

Prospira India Automotive Products Private Limited (“PSIA”) is a responsible corporate organisation. It strives for the overall betterment of the society at large. It has always been committed to social service. It has repeatedly organised a part of its resources and activities in such a way that it positively affects society socially, morally, ethically and environmentally.

To this end, the Company seeks to undertake Corporate Social Responsibility (“CSR”) activities, which extend beyond the scope of the business and focus on human, environmental and social assets, with a special focus on addressing hunger, malnutrition, education and health.

With the advent of the Companies Act, 2013, the formulation of a Corporate Social Responsibility Policy became a mandatory requirement. Therefore, the Company seeks to formulate a robust CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of society.

#### CSR Objectives

The Company believes in balanced and sustainable development in harmony with the surrounding environment and CSR is primarily, the responsibility of the Company with the impact of its decisions and activities on society and also the environment, through transparent and ethical behaviour which is:

# CSR Policy

## Prospira India Automotive Products Private Limited

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- (a) To support the community with a special focus on the underprivileged sector;
- (b) To ensure that the Company is committed to operating its business in an economically, socially and environmentally sustainable manner while recognizing the interests of all its stakeholders;
- (c) To operate the CSR activities in a socially, environmentally and economically responsible manner;
- (d) To decide on modalities of execution of such CSR projects or programs and to take up programmes that benefit the communities in and around its work centres and over a period of time, results in enhancing the quality of life of the people in the area of its business operations,
- (e) To Monitor the process of such CSR projects or programs;
- (f) To generate community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a good corporate citizen of the Country.

### Scope

In furtherance of its CSR objectives, the following are covered under this Policy:

- i. CSR activities to be implemented by the Company on its own;
- ii. CSR Activities to be carried out through third-party registered trust/ Societies/ Section 8 companies with relevant experience in thrust areas; and
- iii. CSR activities to be implemented by the Company through Charitable Organizations.

### Definitions

In this Policy, unless the context otherwise requires:

1. **“Act”** shall mean the Companies Act, 2013, including any modifications, amendments or re-enactment thereof.
2. **“Agency” (or Agencies)** means any Section 8 Company or a registered trust/ society/NGO/ institution, performing social services for the benefit of the society

# CSR Policy

## Prospira India Automotive Products Private Limited

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and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.

3. **“Approved Budget”** shall mean the total budget as approved by the Board of the Company, which is to be utilized for CSR Projects.
4. **“Administrative Overheads”** means the expenses incurred by the Company for general management and administration of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.
5. **“Board”** shall mean the Board of Directors of the Company.
6. **“Company”** shall mean Prospira India Automotive Products Private Limited or PSIA and wherever the context requires, shall signify the Company acting through its Board.
7. **“CSR Policy”** means the CSR Policy of Prospira India Automotive Products Private Limited.
8. **“CSR Annual Plan”** shall mean the annual plan detailing the CSR expenditure for the year.
9. **“CSR Expenditure”** means all CSR expenditure of the Company as approved by the Board, including the following:
  - a. contribution to CSR Projects which shall be implemented and/or executed by the Company;
  - b. contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by a Registered Trust/ Registered Society/ NGO/ Institution/ Section 8 Company; and
  - c. Any other contributions covered under Schedule VII. Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR expenditure.
  - d. Any contribution made through third party

# CSR Policy

## Prospira India Automotive Products Private Limited

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10. “**Financial Year**” shall mean the period beginning from 1<sup>st</sup> January of every year to 31<sup>st</sup> December of the succeeding year.

### Thrust Areas:

While the Company is eligible to undertake any suitable/rightful activity as specified in **Schedule VII** of the Act, however, at present, it proposes to undertake the following activities:

- a) Education including Special Education;
- b) Eradicate hunger, poverty and malnutrition;
- c) Healthcare including preventive Healthcare;
- d) Sanitation and making available safe drinking water;
- e) Environmental sustainability;
- f) Promoting gender equality and empowering women.

### Focus CSR Areas:

The policy recognises that corporate social responsibility is not merely compliance, it is a commitment to support initiatives that measurably improve the lives of the underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 and Schedule VII of the Act.

1. Eradicating hunger, poverty and malnutrition, promoting 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,
2. Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly, and the differently abled and livelihood enhancement projects,
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centres and other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups,

# CSR Policy

## Prospira India Automotive Products Private Limited

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4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga,
5. 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,
6. Measures for the benefit of armed forces veterans, war widows and their dependents,
7. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports,
8. Contribution to the Prime Minister's National Relief Fund or any other fund(s) 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,
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government,
10. Rural development projects.
11. Slum area development- 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
12. Such other activities as specified under Schedule VII of the Act as may be recommended by the Board of Directors.

However, the Company shall not indulge itself in any of the following activities for CSR contribution:

- any activity undertaken in pursuance of the normal course of business of the Company;
- any activity undertaken by the Company outside India;
- any direct or indirect contribution to any political party;
- activities which are exclusively for the benefit of employees of the company;

# CSR Policy

## Prospira India Automotive Products Private Limited

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- activities supported by the Company on a sponsorship basis for deriving marketing benefits for its product or services;
- activities carried out for the fulfilment of any other statutory obligations under any law in force in India.

### Identification of CSR Projects:

1. CSR Projects need to be identified and planned for approval of the Board, in particular in Thrust Areas, with estimated expenditure and phase-wise implementation schedules;
2. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objectives in other areas;
3. As a cardinal principle, the CSR Projects in Thrust Areas, shall be identified based on a detailed assessment survey;
4. The CSR Officer may engage external professionals/firms/agencies if required, for the identification of CSR Projects;

### Implementation of CSR Projects

The Company shall implement the identified CSR Projects by the following means:

#### I. Direct Method

1. The Company may itself implement the identified CSR Projects within the scope and ambit of the Thrust Areas as defined in the Policy;
2. The Company may also implement the identified Projects through a Registered Trust/Society/NGO/Institution/Section 8 Company that is involved in CSR activities, within the scope and ambit of the Thrust Areas as defined in the Policy.
3. The Company may engage external professionals/firms/agencies if required, for implementation of its CSR Projects.

# CSR Policy

## Prospira India Automotive Products Private Limited

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### II. Indirect Method

1. The Company may implement the identified CSR Projects through Agencies, subject to the condition that:
  - a. The activities pursued by the Agency are covered within the scope and ambit of Schedule VII of the Act provided that-
    - i. The Agency has obtained a CSR Registration Certificate from the Ministry of Corporate Affairs (“MCA”) to undertake various CSR Activities as mentioned in **Schedule VII** of the Companies Act, 2013 and 12A & 80G Certificates from Income-tax Authorities.
    - ii. The Agency has an established track record of at least three years in undertaking similar programs or projects, and
    - iii. The Company has specified the Project to be undertaken through the Agency which shall preferably be in Thrust Areas, the modalities of utilization of funds on such Projects and the monitoring and reporting mechanism which shall be at least once in three months.

### Monitoring

The monitoring process for CSR Projects shall include the following:

- Evaluation of Planned progress V/s Actual Progress
- Actual expenditure V/s expenditure as per Approved Budget

### Fund Allocation and Others

#### 1. Fund allocation

- a) The Company, in every Financial Year, shall endeavour to spend the feasible amount, which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years. However, the aforementioned expenditure in any Financial Year shall be at least 2% of the Company’s average Net profits for the three immediately preceding Financial Years.
- b) The Board shall prepare a CSR Annual Plan for the above which shall include:

# CSR Policy

## Prospira India Automotive Products Private Limited

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- i. Identified CSR Projects
  - ii. CSR expenditure
  - iii. Implementation Schedules
- c) Total expenditure in the CSR Annual Plan shall be approved by the Board.
- d) In case the Company fails to spend the statutory minimum limit of 2% of the Company's average net profits of the immediately preceding three years, in any given financial year, the Board shall specify the reasons for the same in its report in terms of clause (o) of sub-section (3) of section 134.

### 2. Others

- a) The CSR Committee shall ensure that a major portion of the CSR expenditure in the Annual Plan shall be for the Projects in the Thrust Areas. However, there shall not be any preference given to any particular Thrust Area for budgetary allocation and it shall be made purely as per the identified CSR Projects on a need basis.
- b) The Managing Director and other Directors of the Company are authorized severally to decide on Projects to be implemented through the Indirect Method within the allocation as per the Annual Plan.
- c) Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company.
- d) The Company may build CSR capacities of their personnel or personnel of its Trust or Society, as well as those of the Agencies through institutions with established track records of at least three Financial Years but such expenditure shall not exceed 5% of the Approved Budget of the Company in one Financial Year.

### Duties and responsibilities

#### A. Board of Directors

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014.

1. The Board shall monitor the implementation of the CSR Policy and CSR Plan from time to time;



# CSR Policy

## Prospira India Automotive Products Private Limited

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2. In the discharge of CSR functions of the Company, the Board shall be responsible for its statutory obligations; or
3. The Board shall place the draft annual report as per the format in the annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 in the Board meeting in the following year for review and confirmation;
4. The Board shall prepare a transparent monitoring mechanism for ensuring the implementation of the projects/programmes/activities proposed to be undertaken by the Company;
5. The Board shall ensure that the CSR Policy and Projects approved by the Board, are displayed on the Company's website, if it is available;
6. 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/Finance Head or the person responsible for financial management shall certify to the effect.
7. In case of an ongoing project, the Board of a Company shall monitor the implementation of the project regarding the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time.
8. The board shall ensure that the administrative overheads shall not exceed 5% of the total CSR expenditure of the company for the financial year.

### **Amendments to the CSR Policy:**

1. The Company's Board of Directors shall have the power to revise/modify/ amend this Policy from time to time, as the Board may think fit.
2. Any subsequent amendment/modification in the CSR Rules made by the MCA, under the Act or any other laws in this regard shall automatically apply to this Policy.

