



AVL INDIA

CSR POLICY



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I. Concept

Corporate Social Responsibility (CSR) is an effective tool that synergizes the efforts of Corporate and the social sector agencies towards sustainable growth and development of societal objectives at large. CSR Policy of AVL India Private Limited (AVL) provides for the welfare measures for the community at large. The contribution to society at large by way of development in education and health care sector and sensitizing towards the need of socially and economically underprivileged class by taking up projects for the common good through responsible business practices and good governance.

This Policy shall apply to all CSR initiatives and activities taken up at the various work centers and locations of AVL for the benefit of different segments of the society.

II. Applicability

1. This policy encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for understanding socially useful programmes for welfare & sustainable development of the community at large. This Policy is titled as the 'AVL India CSR Policy'.
2. This policy is in compliance of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules) as amended time to time.
3. This policy shall be effective from the date of its adoption and approval by the Board of Directors of AVL.

III. Objective

The main objective of AVL India CSR policy is:-

- to lay down guidelines to make CSR a key business process for sustainable development of the society;
- to directly/indirectly undertake projects/programs which will enhance the quality of life and economic well-being of the communities in and around our society at large;
- To generate goodwill and recognition among all stake holders of the company through responsible business practices and good governance.



IV. Our Responsibilities

A) Towards our communities

To bring about a positive change in their lives through holistic, sustainable and integrated development.

B) Towards our Customers

To build gainful partnerships with the customers by understanding their needs and providing right products and service solutions.

C) Towards our Business Partners

To deliver ethical and fair business practices and give preference over others to those who demonstrate this.

D) As a Corporate Citizen

To adopt and practice environment-friendly technologies and energy efficiency in our operations while continuously monitoring and reducing emissions with environmental accountability.

E) Responsibilities towards our Employees

To foster a work culture with high ethical principles and standards and encourage our employees to perform with total integrity, commitment and ownership.

To support employee in their professional growth and recognize high achievers.

To maintain & raise the bar of our standards and guidelines. We recognize that our employees and contractors deserve to work in safe and healthy work environment and will make it our responsibility to ensure zero harm to people.

V. Implementation

1. The Company's CSR programmes will be identified and implemented according to this policy.
2. The Company will ensure every programme has:



- a) Clearly defined objectives consistent with this policy;
 - b) A system for monitoring actual spending by the grantees;
 - c) Impact assessment;
 - d) A reporting framework and system in alignment with the Act.
3. The time period for implementation of the programme will depend on its nature, extent of coverage and the intended impact of the programme.
4. While identifying long term programmes, all possible efforts shall be made to define the following:
- a) Programme objectives
 - b) Baseline survey- It would give the basis on which the outcome of the programme would be measured.
 - c) Implementation schedules - Timelines for milestones of the programme.
 - d) Responsibilities and authorities
 - e) Major results expected and measurable outcome.
5. CSR programs, projects or activities, will be implemented through one or more of the following methods:
- a) Directly by the Company;
 - b) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
 - c) 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; 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
6. CSR Expenditure: CSR expenditure will include all expenditure, direct and indirect, incurred by



the Company on CSR Programmes undertaken in accordance with the approved CSR Plan. Moreover, any surplus arising from any CSR Programmes shall be used for CSR. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

VI. CSR Activities

The Company may incur its CSR Expenditure on the following theme areas as prescribed by the Central Government under Schedule VII of the Companies Act, 2013:

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the purpose 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, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, 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;
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, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;



7. training to promote rural sports, nationally recognized sports, paralympics sports and Olympic sports;
8. contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedules 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. Explanation.- For the purposes of this item, the term '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. disaster management, including relief, rehabilitation and reconstruction activities.
13. Any other activity which may fall into the purview of CSR Programme through amendment in Schedule VII of the Companies Act, 2013.

The scope of the CSR activities of the Company will cover promoting education and health sector but not limited to the same and may extend to other specific projects/ programs as permitted under the law from time to time.

VII. Management Committee

The commitment of our management in order to carry on the CSR Projects includes the following projects:

- (i) Promoting preventive health care.
- (ii) Sanitation and making available safe drinking water.
- (iii) Eradicating hunger, poverty and malnutrition.
- (iv) To arrange establish, run, manage, control, look after and supervise the widows homes, old age homes, orphanages, child welfare centers and to provide medical relief and/or aid to the suffering human body.
- (v) To establish sponsor, administer and provide funds, stipends, scholarships and study grants to enable poor deserving and /or meritorious students and teachers to pursue their studies, research and training in any fields in India.



(vi) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare

The Board has taken the projects such as Vaccination Drive and ensuring environmental sustainability, ecological balance, protection of flora and fauna and animal welfare around Udyog Vihar IV, Gurgaon and Electronic City, Sector 18, Gurgaon.

The Company undertake such other projects prescribed under Schedule VII as the CSR Committee and Board of Directors may deem fit.

VIII. Exclusion from CSR

The following activities shall not form part of the CSR activities of the Company:-

1. The activities undertaken in pursuance of normal course of business of a company.
2. CSR projects/programs or activities that benefit only the employees of the Company and their families.
3. Any contribution directly/indirectly to political party or any funds directed towards political parties or political causes.
4. Any CSR projects/programs or activities undertaken outside India except in some circumstances.

IX. Sources of Funding for CSR

The committee shall endeavor to allocate the CSR funds for achievement and implementation of meaningful & sustainable CSR programmes.

The committee shall draw together its CSR Corpus from following sources:-

- i) 2% of average net profits made during the three immediately preceding financial years, as prescribed under the Companies Act, 2013 and the Rules;
- ii) Any income arising there from; and
- iii) Surplus arising out of CSR activities.



Any surplus arising out of the contribution made for CSR activities shall not form part of the business profit of the Company and shall be redeployed for such activities.

Only those programmes that are eligible in accordance with the Act and are consistent with the CSR themes identified by the CSR Committee shall be eligible for grants.

iv. Transfer to Funds

- a. If a Company is unable to spend the funds on ongoing projects, it shall transfer and send outstanding amounts to CSR UNSPENT ACCOUNT within 30 days from close of Financial year.
- b. If unspent amount does not pertain to the ongoing projects, it shall be transferred to funds established under Schedule VII of the Companies Act viz PM National Relief fund, PM Cares fund, Swachh Bharat Kosh, Clean Ganga Fund etc. within 180 days of the close of the financial year.

X. Administration of CSR Policy

The CSR policy shall be jointly administered by CSR Committee and Board of Directors of the Company. Both CSR Committee and Board of Directors will be jointly responsible for the execution and implementation of CSR programmes in accordance to CSR policy.

1. CSR Committee

CSR Committee shall be formed as per the applicable laws and the Committee shall be responsible for the implementation/monitoring and review of this policy and various projects/activities undertaken under the policy. The CSR Committee shall submit periodical reports to the board of directors.

1.1. Membership

The members of the Committee shall be appointed by the Board. The Committee shall be made up of at least 3 members. The Chairperson of the Committee shall be appointed by the Committee members.

At present the CSR Committee comprises of following members namely viz Mr. Shashi Singh, Chairman, Mr. Mukul Ghanekar and Mr. Uwe Dieter Grebe.

Only the members of the committee have the right to attend Committee meetings. However, others may be invited to attend all or part of any meeting as and when appropriate or necessary.



If a director resigns from the Board, he shall also resign from the membership of the CSR Committee of the Company.

In case the Company has two directors on its Board at any point of time, due to resignation or otherwise, then two such directors shall continue as members of the CSR Committee.

1.2. Responsibilities

1. Formulate and update our CSR policy, to be approved by the Board.
2. Suggest areas of intervention to the Board.
3. Approve projects that are in line with the CSR Policy.
4. Put monitoring mechanism in place to track the progress of each project.
5. Recommend the CSR expenditure to the Board who will approve it.

6. Delegating the authority to CFO/CEO or such other person for overlooking the CSR activities of the Company. The authorized personnel shall submit a report to the Board on Annual basis.

1.3. Power of CSR Committee

1. Seek monitoring and implementation report from the Organization receiving funds.
2. Formulating the CSR policy in compliance to Section 135 of the Companies Act 2013, with such policy to indicate activities to be undertaken as per Schedule VII of the Companies Act 2013.
3. Recommending to the Board the CSR expenditure to be incurred.
4. Recommending to the Board, modifications to the CSR policy as and when required.
5. Regularly monitoring the implementation of the CSR policy.

2. The Board of Directors

The Board of AVL will be responsible for:

1. Approving the CSR policy as formulated by the CSR Committee.
2. Approve the amount to be spent by the Company on its CSR activities.



3. Disclosure in its Annual Report.

XI. Evaluation, Monitoring and Reporting Framework

1. Evaluation

Prospective programmes shall be presented to the CSR Committee for evaluation. The proposals including Annual action plans shall set out proposed budget, social need for the programme and benefits expected.

2. Monitoring & Reporting

The CSR Committee will be responsible for monitoring the CSR activities and report to the Board from time to time.

The CSR Committee will recommend the total amount of expenditure which the Committee proposes to spend in different CSR theme areas. The Board of Directors will evaluate proposals received and approve the proposals for the implementation. Thereafter, the CSR Committee will designate the areas where CSR fund will be utilized. While implementation of CSR Programs, CSR spends will be closely monitored and funds shall be released against verifiable utilizations as per the approved work plans.

This may include field visits, comprehensive documentation, and regular interaction with beneficiary communities.

An Annual report as per the annual action plan on CSR containing the particulars as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014 shall form part of Annual Report of the Company.

XII. General

1. This Policy was initially effective from 25th July, 2014 .
2. In respect of matters not covered in this policy, Guidelines on CSR issued by Central Government shall be applicable.
3. In case of any doubt with regard to any provision of the CSR Policy and also in respect of matters not covered herein, a reference should be made to the CSR Committee.



4. The Director's Report of the Company shall include a section on CSR outlining the CSR Policy, CSR committee, CSR initiatives undertaken by Company, the CSR spend during the financial year and other information as required by the prevailing law.
5. Any or all provisions of the CSR policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued by Central Government from time to time.
6. The Company reserves the right to modify, cancel, add, or amend any provision of this policy.
7. The CSR policy, constitution of CSR committee and projects undertaken under CSR activities shall be posted on the website of the AVL Group.

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