# **Crompton**CORPORATE SOCIAL RESPONSIBILITY POLICY

# CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED

# CORPORATE SOCIAL RESPONSIBILITY POLICY

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#### 1. PRELUDE AND LEGAL FRAMEWORK

At Crompton Greaves Consumer Electricals Limited (CGCEL), Corporate Social Responsibility (CSR) is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business isa part of and the environment in which the business operates.

#### 2. FOCUS AREAS OF CSR ACTIVITIES

In accordance with the requirements under Section 135 of the Companies Act, 2013 ("the Act"), Corporate Social Responsibility Rules, 2014 ("the Rules") and anyother applicable provisions of the Act, CGCEL CSR Activities, amongst others willfocus on:

#### HUNGER, POVERTY, MALNUTRITION AND HEALTH

Eradicating hunger, poverty and malnutrition, 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.

#### EDUCATION

Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

#### GENDER EQUALITY AND WOMEN EMPOWERMENT

Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and suchother facilities for senior citizens and measures for reducing inequalities facedby socially and economically backward groups.

#### • ENVIRONMENTAL SUSTAINIBILITY

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources andmaintaining quality of soil, air and water including contribution to Clean GangaFund set-up by the Central Government for rejuvenation of river Ganga.

#### PROTECTION OF NATIONAL HERITAGE

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.

#### ARMED FORCES

Measures for benefit of armed forces veterans, war widows and their dependants, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.

#### PROMOTION OF SPORTS

Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sports.

#### CONTRIBUTION TO GOVERNMENT FUNDS

Contribution to Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or anyother fund set-up by the Central Government for socio-economic developmentand relief and welfare of Scheduled Castes, Scheduled Tribes, other backwardclasses, minorities and women.

#### TECHNOLOGY INCUBATORS

Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency 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 Organisation (DRDO), 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).

#### RURAL DEVELOPMENT PROJECTS

Strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.

#### SLUM AREA DEVELOPMENT

Strengthening slum areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods.

#### DISASTER MANAGEMENT

Disaster management, including relief, rehabilitation and reconstructionactivities.

#### 3. GOVERNANCE

The CSR Governance structure at CGCEL comprises the CSR Committee and the Board of Directors of the Company.

#### **BOARD**

- ➤ The Board monitors and reviews the performance and impact of the CSR programmes, provides input and course corrections if required and satisfies itself that the CSR funds so disbursed are aligned to the CSR Policy of the Company and have been utilized for the purposes and in the manner as approved by it.
- ➤ The CFO shall certify to the fact that CSR funds so disbursed have been utilised for the purposes and in the manner approved by the Board.

#### CSR COMMITTEE OF THE BOARD OF DIRECTORS

The CSR Committee of the Company shall consist of minimum three Directors, outof which atleast one director shall be an Independent Director.

The CSR Committee provides oversight and guidance on CSR performance and monitor compliance with the CSR Policy, commitments and the applicable CSR provisions.

The role & responsibilities of CSR Committee are:

- ➤ Formulation and recommendation to the Board, a CSR policy which shallindicate the activities to be undertaken by the Company as per the Act;
- > Monitoring the CSR policy of the Company from time to time;
- ➤ Formulation and recommendation to the Board an annual action plan as perthe provisions of the Act;
- Recommendation of any alteration in the annual action plan at any timeduring the year and update, if any, required to the CSR Policy;
- Implementation and Monitoring of the CSR activities as per the annualaction plan;
- ➤ Identify projects of the Company as 'Ongoing Projects' as per the provisions of the Act and recommend the same to the Board;
- Recommend the annual CSR expenditure budget to the Board for approval;
- Undertake Impact assessment through third parties for CSR projects whenever applicable;
- ➤ Ensure implementation of CSR activities of the Company within the applicable framework;
- ➤ Determine the overall scope of, provide input on, and recommend adoption of the CSR report to the Board of Directors of the Company;

- Carry out any other function contained in the Listing Regulations, as amended from time to time:
- ➤ Performance of such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

# 4. FUNDING, SELECTION, IMPLEMENTATION AND MONITORING AND THEIR GUIDING PRINCIPLES

#### A. Funding obligation:

The Board of CGCEL to ensure that 2% of average net profits during the three immediately preceding financial years is spent on CSR initiatives undertaken by CGCEL. If CGCEL spends any amount over and above such 2% of average net profits, the same is to be considered as excess CSR expenditure which can be set-off in the immediate succeeding three financial years subject to the conditions as prescribed under the Act.

In order to compute whether CGCEL has under spent or over spent, CGCEL shall consider the following:

- a. **Project Cost** it shall include designing, implementation, monitoring and evaluation cost incurred directly or indirectly on the project.
- b. Administrative Overheads to ensure that such expenses shall not exceed 5% of the total CSR expenditure of the Company for the financial year. Further, these expenses would not include expenses incurred by the Company towards designing, implementation, monitoring and evaluation.

#### B. Selection of activities:

#### The guiding principles for selection of activities are:

- a. Eligibility –Statutory eligibility of implementing agency through which the CSR activities are selected, i.e. to ensure whether those implementing agencies are either a company established under section 8 of the Act, or a registered public trust or a registered society. Further, whether those entities have been exempted under subclauses (iv), (v), (vi) or (via) of clause (23C) of Section 10 or registered under Section(s) 12A of the Income Tax Act, 1961 and also registered under Section 80G of the Income Tax Act, 1961, have an established track record of at least three years in undertaking similar activities and have also filed form CSR-1 with the Registrar of Companies.
- b. **Sustainability** Implementing agency has a track record of 3 years in undertaking similar programs or projects.



- c. **Goodwill –** Implementing agency shall have a goodwill in performing its activities diligently.
- d. Law of land Implementing agency shall have a good stand in terms of Law of Land.

#### C. Implementation & Monitoring:

#### i. Implementation:

The Company may undertake, through a registered trust or a registeredsociety, the CSR projects/programmes/activities in identified areas andas per the provisions of the Act and Rules, framed thereunder.

The Company may also collaborate with other companies for undertaking projects/programmes/activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the Act and Rules made thereunder.

Company may build CSR capacities of its own, i.e. of their own personnel, as well as those of their implementing agencies through institutions with a track record of at least three financial years, and anyother criterions which the CSR committee, may deem fit.

Accordingly, Crompton CSR Foundation (Wholly owned subsidiary of CGCEL and a section 8 Company) or such other entity will work closely with and support the Board and the CSR Committee in implementing CSR activities of the Company. Crompton CSR Foundation or such other entity will assist the CSR Committee inidentifying the areas of CSR activities, programs and execution of initiatives as per defined guidelines. Crompton CSR Foundation or suchother entity will also assist the Board and the CSR Committee in reporting the progress of deployed initiatives and in making appropriate disclosures (internal/external) on a periodic basis.

#### ii. Monitoring:

**Impact Assessment –** In the event of average CSR obligation of Rs. 10 crores or more in the three immediately preceding financial years, the Company shall ensure that impact assessment through an independent agency is carried out for CSR projects having an outlay of Rs. 1 crore or more. Expenditure incurred for such assessment shall notexceed 2% of the total CSR expenditure for the financial year or 50 lakhrupees, whichever is higher.

Monitoring will be done with the help of identified key qualitative and quantitative performance indicators, with a continuous feedback mechanism, and recourse for midcourse correction in implementation, if needed, to ensure efficacy.

Assessment of utilisation of funds will also be done on a quarterly basis, along with submission of an annual consolidated utilisation which will be part of the Company's Annual Report. This will include a rationale forshortfall or surplus of funds.

All expenditure towards the programs to be diligently documented. In case 2% of average net profit of the last 3 years is not spent in a financial year, reasons for the same to be specified in the CSR report.

The surplus from the allocated CSR budget will not be utilized for business or form part of business profits.

All activities will be undertaken in project mode with defined objectives and deliverables, clarity on target beneficiaries, implementation plans with schedule of timeline agreed prior to commencement of activities.

#### iii. Guiding Principles for Implementation and Monitoring:

- a. Accountability and Transparency Implementing agency shall beaccountable for all expenses along with the acknowledgements. Further, there should be transparency in the actions to protect the interest of all the stakeholders.
- Ethical Behaviour Management and Implementing agency shall maintain ethical behaviour while implementing and monitoring CSR programs without any corruption.
- c. No conflict of interest There shall not be any conflict of interest inthe objectives of employees involved in CSR activities and theimplementing agencies. Both of them should work for benefits of theneedy.
- d. **Respect for stakeholder's interest –** While identifying CSR programs, interest of all the stakeholders shall be taken into consideration.

#### D. Guiding Principles For Annual Action Plan:

CGCEL shall prepare an Annual Action plan of the Company to identify the activities and the CSR expenditure to be spent during the year which shall include the details as mentioned in the rules.

Further, the guiding principles required to formulate the Annual Action Plan are as follows:

- a. CSR programs shall not include activities as restricted under the amended CSR Rules.
- b. The preference for CSR programs is to be given by CGCEL to local areas and areas around its operations.
- c. The CSR activities may be carried out directly or through implementing agency/ies.
- d. Payments to implementing agencies or to vendors should be milestone based.

- e. All the guiding principles as required to be followed for implementing and monitoring the CSR Activities shall also be followed while formulating the Annual Action Plan.
- f. Action plan shall be Simple, Action oriented, Measurable, Relevant and Time Bound.

During any financial year, the Annual Action Plan of the Company may be modified to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved project(s).

Subject to the provisions of the Act, the Company may also utilize its CSR spend towards creation or acquisition of a capital asset.

#### 5. DISCLOSURES

Regular reporting and disclosure of all CSR activities will be a mandatory component as per the Act. Established reporting mechanisms will be put in place.

CGCEL will also disclose the CSR projects/programmes/activities on the official website as required under the Act and the rules.

A brief summary of CSR projects/programmes/activities will also be included in the Annual Report in the prescribed format as per the CSR rules of the Act.

The CSR Policy issued pursuant to the Act has been recommended by the CSR Committee of the Board of Directors and approved by the Board of Directors and shall be placed on the Company's website <a href="https://www.crompton.co.in">www.crompton.co.in</a>

#### 6. CONDITIONS AND RESTRICTIONS

The CSR Committee and the Board of Directors shall be governed by the following conditions and restrictions while undertaking any CSR projects/programmes/activities:

- The CSR projects/programmes/activities undertaken by the Company, as per this policy shall exclude activities undertaken in pursuance of its normal business.
- The CSR projects/programmes/activities shall be undertaken in India only except for training of Indian sports personnel outside India who is representingany State or Union Territory at national level or India at international level.
- The CSR projects/programmes/activities that benefit only the employees of the Company and their families, shall not be considered and not qualify as CSR expenditure.
- Contribution of any amount directly or indirectly to any political party under Section 182, shall not be considered and not qualify as CSR expenditure.



- The surplus, if any, arising out of the CSR projects/programmes/activities shall not form part of the business profit of the Company.
- Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services shall not form part of CSR expenditure.
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India shall not form part of CSR expenditure.

#### 7. EFFECTIVE DATE

This policy shall be effective from April 7, 2016 and as amended on March 27, 2019, May 15, 2020, March 23, 2021 and February 2, 2023.

#### 8. CONTACT PERSONNEL

For queries related to CSR projects/programmes/activities, please write to us at: <a href="mailto:secretarial@crompton.co.in">secretarial@crompton.co.in</a>

#### 9. LIMITATION AND AMENDMENT

The Board of Directors may in their discretion and on recommendation of the CSR committee, make any changes/modifications and/or amendments to this Policy from time to time.

Requirements with respect to quorum, notice of meeting, documentation, etc. shallbe in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of suchAct or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

End of Policy