

## **Corporate Social Responsibility Policy (CSR Policy)**

### **1. Title and Applicability**

- a. Aerzen Machines India Pvt. Ltd. (hereinafter referred to as Aerzen) has developed a CSR Policy (hereinafter referred to as Policy) in alignment with its objective, principles and values, for delineating its responsibility as a socially and environmentally responsible corporate citizen. The Policy lays down the principles and mechanisms for undertaking various programs in accordance with Section 135 of the Companies Act 2013.
- b. The Policy shall apply to all the CSR programs and activities undertaken by Aerzen at various locations for the benefit of diverse sectors of the society.

### **2. Validity of CSR Policy**

The CSR Policy shall come to affect from 01<sup>st</sup> May, 2020 and the Board may amend the Policy as may be required from time to time.

### **3. About Aerzen India – Making the Smart World**

Since it commenced its operations in India, Aerzen has placed great importance on acting as a responsible corporate citizen in the communities where it operates. Aerzen's Social Accountability Policy is already in place which ensure multiple compliances towards prohibition of child labour, fair compensation, hiring of apprentices and trainees and many more.

### **4. CSR Vision Statement**

Under the CSR vision of "Global Harmony with People, Society and Environment," Aerzen strives to build a society where people, society and the environment coexist in harmony. The aim is to create positive change for people everywhere, helping them to live a better life full of possibilities, while preserving the environment. In an effort to promote sustainable social development and better quality of life, Aerzen has not only provided products that meet the needs of customers but has also reached out to underserved individuals around the country, carrying out various social responsibility activities for local communities.

### **5. CSR Focus Areas and Programs**

**Aerzen's core focus areas are –**

- A. Education**
- B. Employability**
- C. Healthcare**
- D. Sports**
- E. Contribution to fund maintained by Central/State Governments**

### **6. CSR Budget**

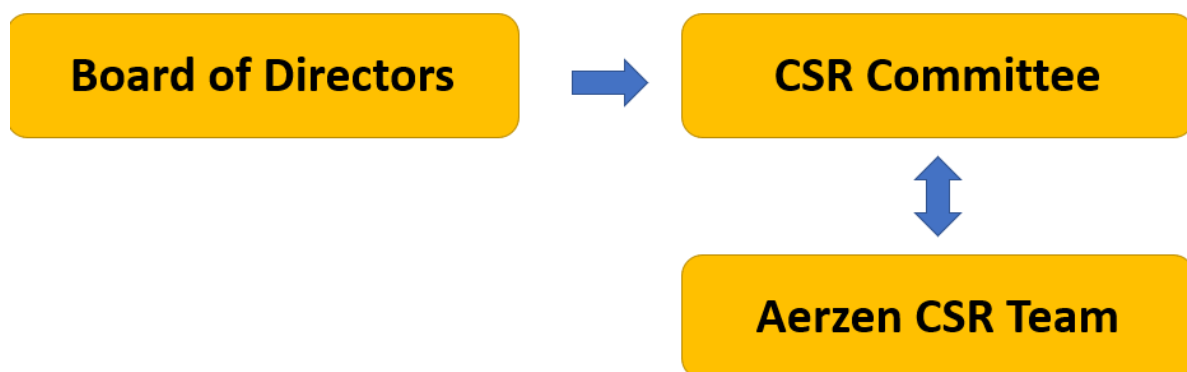
- a. The Board shall ensure that in each financial year, Aerzen spends at least 2 per cent of the average net profit made during the three immediately preceding financial years.
- b. The computation of average net profits will be carried out in accordance with the provisions of Section 198 of the Companies Act, 2013.

- c. The unutilized CSR budget from the 2 per cent of the average net profit will be put back into CSR activities of the succeeding year.
- d. The surplus arising, if any, out of the CSR projects or programs or activities shall not form part of the business profit of a company.
- e. Aerzen may collaborate or pool resources with other organizations (its subsidiary companies and NGO's) to plan, implement, monitor and report CSR activities.

## 7. Implementation

- a. CSR program will be undertaken by Aerzen in areas selected for interventions. Aerzen will choose to undertake need assessments as and when, it deems.
- b. Aerzen will encourage employees for volunteering in community service.
- c. The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.
- d. Aerzen may enter into partnerships with the government, business partners and communities to create multiplier effect of its social and environment projects.
- e. The mode of implementation of CSR programs will include a combination of direct implementation and partners such as government schools and college, training institutes, NGOs, business partners, registered societies etc. Aerzen will select its activity partners after appropriate due diligence.
- f. Aerzen may also implement the CSR programs through registered trust/foundation/society/company set up by Aerzen or its holding or subsidiary or associate company under section 8 of the Companies Act, 2013 or through other registered trust/society/company having an established track record of three years in undertaking the projects or programs proposed to undertaken by Aerzen.
- g. Aerzen may use the services of internal teams, expert agencies, consultancy firms etc., wherever required for carrying out base line surveys, guidance on project design and implementation, due diligence of implementation partners, impact assessment surveys etc.
- h. The teams responsible for implementing the various CSR projects are mentioned in the section on the Governance Structure of the Policy.

## 8. CSR Governance Structure



## 9. Roles and Responsibilities

### The Board:

The Board of Directors of Aerzen will be responsible for:

- ❖ the approval of the CSR Policy for Aerzen Machines India Private Limited

- ❖ disclosing the content of the Policy in its report and ensuring its placement on Aerzen's website in such a manner as prescribed under Section 135 of the Companies Act 2013 read with the CSR Rules
- ❖ ensuring that the social projects included in the Policy are undertaken by Aerzen
- ❖ that Aerzen spends, in every financial year, at least 2 percent of the average net profits made during the three immediately preceding financial years
- ❖ ensuring that Aerzen gives preference to the local areas around its operations for spending the amount earmarked for CSR projects
- ❖ ensuring that it specifies the reasons in its report for not spending the earmarked amount in case it to spend such amount

#### **CSR Committee:**

- 1. Composition of the CSR Committee:** The composition of the CSR Committee of the Board is as under.  
Mr. Ranjit Lala-Managing Director  
Mr. Pradeep Kumar Dubey-Director
- 2. Responsibility of the CSR Committee:**
  - ❖ formulate and recommend the CSR Policy to the Board for approval
  - ❖ monitor the Policy from time to time and recommend changes to the Board
  - ❖ recommend the amount of expenditure to be incurred on CSR projects
  - ❖ constitute a transparent monitoring mechanism for ensuring effective and efficient implementation of the CSR projects

#### **CSR Team:**

- 1. Composition of the CSR Team:**  
Mr. Abhiram Pathak- Senior Manager After Market  
Mr. Paritosh Gandhi-Senior Manager Marketing & Sales  
Ms. Rinal Bhavsar- Manager HR  
Mr. Harshal Erande- Senior Manager Technology
- 2. Responsibility of CSR Team:**
  - ❖ To seek guidance from the CSR Committee regarding policy, budget and implementation guidelines
  - ❖ To spread awareness regarding the approved CSR policy and place it on Aerzen's website
  - ❖ Recommend projects to be undertaken during the financial year to the CSR Committee.
  - ❖ Recommend targets and timelines for implementation of developmental initiatives.
  - ❖ Apprise CSR Committee with the project performance and status of CSR expenditure once every quarter
  - ❖ Facilitate effective implementation of Aerzen 's CSR plan across sectors and regions
  - ❖ Allocate appropriate resources to achieve desired performance in alignment with Sustainability & CSR targets and initiatives
  - ❖ Documentation and reporting of all CSR activities of the company in pursuit of the Companies Act and the CSR Rules

## **10. Monitoring and Reporting Framework**

### **Project Monitoring:**

Aerzen will institute a well-defined monitoring and evaluation mechanism to ensure that each CSR program has:

1. Defined objectives developed out of the societal needs
2. Defined targets, time lines and measurable parameters, wherever possible

- 
3. A progress monitoring and reporting framework that is aligned with the requirements of the section 135 of the Companies Act and the CSR Rules
  3. The CSR committee will meet periodically to discuss the progress of CSR activities and apprise the Board with the progress and action plan, from time to time.

**Budget monitoring:**

Aerzen will establish an accounting system to ensure proper accounting of CSR spends.

**Reporting Framework:**

- ❖ The CSR Team will monitor progress on CSR projects and CSR spend and report to the CSR Committee at regular intervals.
- ❖ Aerzen will report CSR performance in its annual report as per the structure and format prescribed in the notified CSR Rules.

Presented to CSR Committee and Board for final implementation w.e.f. 01<sup>st</sup> May 2020

**CSR Team**

**Abhiram Pathak      Paritosh Gandhi      Harshal Erande      Rinal Bhavsar**

**Approved by CSR Committee and the Board**

**Ranjit Lala                      Pradeep Kumar Dubey**