

# CORPORATE SOCIAL RESPONSIBILITY

## AS PER THE EXTANT CSR RULES, 2014

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## INTRODUCTION

The CSR Policy outlined hereunder covers the objectives and reasons behind framing a robust policy. Additionally, it also provides an insight into the governance model of the CSR Policy, identifies certain key building block for initiating and executing CSR policies. The structure and composition of the CSR Committee, its policies and execution has been discussed at length in the CSR Policy and due care has been taken, at the time of drafting the CSR Policy, to make it all-inclusive and consistent with the CSR provisions as contained in the Companies Act.

The Board of Directors (the “Board”) of **Igus (India) Private Limited** (the “Company”) has adopted the following policy and procedures with regard to Corporate Social Responsibility. The Board may review and amend this policy from time to time subject to the recommendations of Corporate Social Responsibility Committee.

## OBJECTIVES

The objective of the Company’s Corporate Social Responsibility Policy (“**CSR Policy**”) is to ensure that, consistently operate in a manner that increased its social impacts to society and stakeholders concerned, and at the same time adhere to the CSR mandate as contained in the Companies Act.

## DEFINITIONS

“**Board of Director**” or “Board” means the Board of Directors of the Company, as constituted from time to time.

“**Company**” means a company incorporated under the Companies Act, 2013 or under any previous company law.

“**CSR Programmes**” means Programmes, projects and activities carried out in this regard are the subject matter of this Policy.

“**Corporate Social Responsibility Committee or Committee**” means CSR Committee constituted by the Board of Directors of the Company, from time to time.

“**Policy**” means Corporate Social Responsibility Policy.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 or any other applicable regulation.

## **INTERPRETATION**

1. **“Corporate Social Responsibility” or “CSR”** means and includes but is not limited to:-
  - i. projects and programs relating to activities specified in the Schedule to the Companies Act; or
  - ii. projects or programs relating to activities undertaken by the board of directors of a Company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the Company subject to the condition that such policy will cover subjects enumerated in the Schedule of the Companies.
2. **“Corporate Social Responsibility Committee” or “CSR Committee”** shall mean a committee constituted by the Board of Directors as per the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
3. **“CSR Policy”** relates to the activities to be undertaken by the Company as specified in the Schedule to the Companies Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
4. **“Net Profits”** shall mean the net profit before tax of the Company as per its financial statement prepared in accordance with the applicable provisions of the Companies Act, but shall not include the following, namely :-
  - a. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
  - b. any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Companies Act.
5. **“CSR Projects”** shall mean such CSR projects which are selected by the CSR Committee to be pursued by the Company within the territory of India.

## CSR POLICY STATEMENT

The CSR Policy lays down a detailed CSR framework and commitments for **IGUS (INDIA) PRIVATE LIMITED**. This CSR Policy sets forth the policies and procedures of IGUS, developed pursuant to the Corporate Social Responsibility Policy Rules, 2014, notified by the Central Government of India under the Companies Act and effective as of April 1, 2014, as may be amended or supplemented from time to time.

## IGUS' COMMITMENT TO CSR ACTIVITIES

As a conscientious member of the Indian corporate community, the Company is committed to adhering to the CSR Policy.

**IGUS** shall make every endeavor to carry out CSR activities as enumerated under Annexure A to this policy. While planning to undertake CSR activities and/or during actual execution of CSR projects, either on its own or through any specialized agency/(ies), **IGUS** shall make every endeavor to ensure focus on the local areas in and around where the company operates, but may also choose to implement CSR programs or make contributions that will have benefits on a national scale as well.

The CSR funds shall equal to at least two per cent (2%) of the average net profits made by **IGUS** during the immediately preceding three financial years, as reported on **IGUS'** annual returns in each year, provided that, in determining "net profit" (as defined above) for any given year, any dividend income received from another Indian company or any profits arising out of its offices, subsidiaries or affiliates located outside of India, should be excluded.

## FORMATION OF CSR COMMITTEE

The Company has established a Corporate Social Responsibility Committee ('CSR Committee') to report to the Company's Board of Directors ("Board"), which is responsible for upholding the CSR Policy and executing the related procedures outlined herein. The CSR Committee is comprised of the following members:

1. Frank Blase
2. Marc Poensgen Klaus
3. Antony Parakal Kurian

**Mr. Antony Parakal Kurian Shall act as the Chairman of the CSR Committee: GENERAL POLICY**

**IGUS** may conduct CSR activities either singly or in collaboration or through a third party implementing agency. **IGUS** may engage in CSR activities through a registered trust or a registered society or a company set up by IGUS under section 8 of the Companies Act, either singly or along with its holding company / subsidiary company / associate company or along with another company or holding company / subsidiary company / associate company of such other company or otherwise.

- A. Alternatively, **IGUS** may also engage in CSR activities through making grants or contributions out of its CSR funds to third parties/not-for-profit entities (“**CSR Partners**”) with a proven track record of minimum three (3) years for implementing and running CSR programs.

**Selection of CSR Partner/(s)**

The CSR Committee after conducting appropriate diligence of CSR Partners may recommend its selection before the Board. The CSR Committee, after receiving approval from the Board, may direct IGUS to make grants or contributions out of its CSR funds to such approved CSR Partners, and, where applicable, concurrently provide such CSR Partners with directions as to how **IGUS** would like such CSR funds to be utilized.

**B. Monitoring and Evaluation**

After making a grant or a contribution, the CSR Committee shall use reasonable efforts to monitor the usage of such CSR funds by such CSR Partners, through reports from such CSR Partners and (wherever appropriate) through independent verification, to ensure compliance with any instructions given to such CSR Partners.

**C. Grants/Contributions**

**IGUS** may make grants or contributions of the CSR funds to one or more CSR Partners in any given year. **IGUS** reserves the right to choose new CSR Partners in any year, and the contribution of CSR funds to a particular CSR Partner in one year in no way guarantees that such CSR Partner will receive CSR funds from **IGUS** in any subsequent year. **IGUS**

shall allocate its CSR funds each financial year in accordance with the CSR Rules, and shall retain no such amounts for its own use or in its own accounts. For the avoidance of doubt, in the event that any budget surplus does arise out of any CSR program or remain after all expenditures of CSR funds have been completed in any financial year, such surplus shall not form part of the business profits of **IGUS**.

For the avoidance of doubt, the CSR activities of **IGUS** shall not include: (i) direct or indirect contributions of any of the CSR funds to any political party; (ii) any CSR activities or CSR programs otherwise conducted in the ordinary course of business of **IGUS**; (iii) any CSR activities or CSR programs conducted solely for the benefit of employees or their families; or (iv) any CSR activities or CSR programs conducted or intended to benefit persons outside India.

If the CSR Committee decides in any year that it wishes to recommend to the Board that **IGUS** implement and run a CSR program in its own direct capacity, without the use or assistance of a CSR Partner, then CSR Committee shall revise the CSR Policy so as to reflect any additional requirements of the Companies Act that may apply to such CSR program, and shall provide the Board with a detailed report on all ethical, social, legal, economic and other issues to be considered in connection therewith.

#### **D. Initial Procedures**

Within the first quarter of the fiscal year, the CSR Committee shall consult with **IGUS** accounting team to determine the amount of CSR funds that can be made available for expenditure for that financial year. The CSR funds for each year shall be calculated in accordance with the CSR Rules as described above.

Concurrently, the CSR Committee shall determine which CSR activity or CSR activities best aligns with **IGUS'** social and entrepreneurial goals for that year. In making this determination, the CSR Committee shall consider, among other factors: (i) **IGUS'** current business activities and objectives; (ii) the perceived needs of both **IGUS'** surrounding community in Bangalore and other localities; (iii) the amount of the CSR funds available; and (iv) the areas of need in which the CSR Committee believes the CSR funds may have a positive impact. The CSR Committee shall then seek to identify CSR Partners that are focused on such CSR activities.

## RECOMMENDATION OF CSR COMMITTEE AND ALLOCATION OF CSR FUNDS

### **A. Recommendations of the CSR Committee to the Board**

Within the first three (3) months of the beginning of each financial year, once the CSR Committee has identified appropriate CSR activities and CSR Partners for such year, and determined the amount of CSR funds available, the CSR Committee shall make a formal recommendation to the Board on various ways through which **IGUS'** CSR funds should be allocated for that fiscal year. Such recommendation should be made in writing and contain, at a minimum, with respect to such financial year:

- (i) the amount of the CSR funds available for expenditure;
- (ii) those CSR activities on which the CSR Committee wishes **IGUS** to focus;
- (iii) the intended beneficiaries of **IGUS** India's CSR activities;
- (iv) names of the recommended CSR Partners;
- (v) reasonable information with respect to each such CSR Partner's reputation and track record to support the selection of such CSR Partner;
- (vi) wherever applicable, proposed instructions to each CSR Partner on how the CSR funds should be utilized or directed within the CSR Partner's organization; and
- (vii) wherever applicable, proposed methods of monitoring such CSR Partners' compliance with any such instructions.

These recommendations shall be signed by the Chairman of the CSR Committee.

The Board shall review such recommendation and determine the suitability and appropriateness thereof in its sole discretion. The Board may request that the CSR Committee provide more information or conduct further diligence on any CSR Partner and may require the CSR Committee's recommendation to be revised in any manner whatsoever, subject to the CSR Rules, be resubmitted for approval. In any event, the Board shall approve a formal recommendation of the CSR Committee by **June 30th of each year**. Such approved recommendations shall be kept in the books and records of the Company.



## ANNUAL REPORT

For every financial year, **IGUS** shall prepare an annual report on the CSR activities in the format set forth in Annexure B hereto. Such report shall include, at a minimum: (i) a brief outline of the CSR Policy; (ii) the composition of the CSR Committee; (iii) the average net profit of IGUS for the three immediately preceding financial years; and (iv) The CSR funds available for such financial year, calculated in accordance with the CSR Rules. If IGUS has been unable to spend the entire CSR funds on CSR activities or CSR programs as envisaged under the Companies Act or CSR Rules, **the report shall specify the reasons therefor.**

\* \* \*

The CSR Policy shall at all times be subject to the approval of the Board and IGUS shall display the CSR Policy on **IGUS' website**. If you have any questions on this Policy, please contact a member of the CSR Committee.

## **ANNEXURE-A**

### **SCHEDULE VII**

The Companies Act specifies that the requirements of the CSR Rules may be fulfilled through implementing programs or projects, or making contributions to certain third parties, focused on:

- a. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh ("Clean India Fund") set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- b. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- d. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Ganga Clean Fund set up by the Central Government for rejuvenation of river Ganga;
- e. 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;
- f. measures for the benefit of armed forces veterans, war widows and their dependents;
- g. training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- h. contribution to the Prime Minister's National Relief Fund or any other fund set 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;

- i. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- j. rural development projects; and
- k. 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.

## **ANNEXURE- B**

### **FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

1. A brief overview of CSR activities proposed to be undertaken. The Company's CSR Policy shall be attached to the Board's Report.
2. The composition of the CSR Committee shall be described in the CSR Policy.
3. Average net profit of the Company for last three financial years
4. Prescribed CSR funds (two per cent of the amount in item 3 above)
5. Details of funds spent on CSR activities during the financial year.
  - a. Total amount to be spent for the financial year;
  - b. Amount budgeted for CSR activities unspent, if any; and
  - c. Manner in which the funds were spent during the financial year as detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
No.	CSR Activity	Sector in which the CSR Activity is covered	Projects or programs: (1) Local area or other (2) The State and district where the CSR Activity was undertaken	Budget for CSR Activity	Amount actually spent on CSR Activity (1) Direct expenditure (2) Overhead	Cumulative expenditure on CSR Activity during the reporting period	Total amount spent (either directly or through an implementing agency*)
1							
2							
3							
	TOTAL						

\* Give details of the implementing agency, if applicable: \_\_\_\_\_

6. In case the Company has failed to spend the entire amount of available CSR funds, the Company shall provide the reasons for not spending the amount in its Board report.

7. A responsibility statement from the CSR Committee that the implementation and monitoring of the CSR Policy is in compliance with the CSR Policy.

8. The signature of a Board Member and the Chairman of the CSR Committee