

# **Eastman Auto & Power Limited's Corporate Social Responsibility (CSR) Policy**

## **INDEX**

<b>S. No.</b>	<b>PARTICULARS</b>	<b>PAGE NO.</b>
1.	Objective	3-3
2.	Vision & Mission Statement	3-3
3.	Key Focus areas of CSR Policy	3-3
4.	CSR Governance structure	4-5
5.	CSR Expenditure / Budget	5-6
6.	Activities not included in CSR activity	6-6
7.	Modes of implementation of CSR activities	6-7
8.	Capital Assets	7-7
9.	Unspent CSR funds	7-7
10.	Monitoring Process & Mechanism	7-8
11.	Process for identification of key communities and issues	8-8
12.	Amendment	9-9
13.	Policy Exception	9-9

## 1. OBJECTIVE

At EAPL, we recognize our responsibility to contribute to the social and environmental well-being of the communities in which we operate. This Corporate Social Responsibility (CSR) Policy is formulated in alignment with Section 135 of the Companies Act, 2013, and other applicable regulations, ensuring a structured and impactful approach towards our CSR initiatives.

Through this policy, we aim to:

- (a) Establish clear guidelines for compliance with CSR regulations, committing a percentage of the company's profits towards social development projects.
- (b) Ensure the effective implementation, monitoring, and reporting of CSR initiatives to achieve meaningful and measurable impact.
- (c) Foster employee engagement by creating opportunities for active participation in community welfare programs.

## 2. VISION & MISSION

**Vision** - To be a responsible corporate entity that actively contributes to the sustainable development of society by fostering economic, social, and environmental well-being for present and future generations.

**Mission** - Our mission is to drive sustainable development and positive social impact in the communities we serve. We are committed to acting with responsibility in supporting local economies and promoting environmental stewardship while fostering a culture of empathy and engagement among our employees. Together, we strive to create a better future for all stakeholders through collaboration, innovation, and respect for diversity.

## 3. KEY FOCUS AREAS OF EAPL CSR POLICY

The scope of CSR work is vast and there is a lot that can be done to improve living conditions of various target groups. We do, however, realize that for the desired impact, there has to be planning and identification of focus groups and areas, for proper utilization of the CSR funds. Eastman has identified Four pillars of its CSR strategy as – Education & Employment, Empowerment, Environment & Sustainability and Health & well-being.

Activity under schedule VII	Our Focus View
<b>Education &amp; Employment</b>	We aim to Promote education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
<b>Environment &amp; Sustainability</b>	We believe in 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 etc.
<b>Empowerment</b>	We aim to promote 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.
<b>Health and well-being</b>	We intend to contribute for eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water Etc.

#### 4. CSR GOVERNANCE STRUCTURE:

The overview of the CSR Governance structure shall be as follows:



##### 4.1 Roles & Responsibilities of Board of Directors

- (a) Approving the CSR Policy of the Company
- (b) Ensure spending 2% of profits as required under the Act.
- (c) Disclose the content of the CSR Policy in its report and place the Policy on the Company's website as prescribed under Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014
- (d) Ensure that the social programs undertaken are aligned to the CSR Policy of the Company Specify reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount
- (e) Project that was initially not approved as a multi-year project – Board may extend its duration beyond one year based on reasonable justification;
- (f) Form the CSR Committee in accordance with the requirements of the Act.

##### 4.2.1 Formation of CSR Committee:

CSR Committee should consist of **three or more directors**, out of which at least one director must be independent director.

**Tenure** : Tenure of the CSR Committee will be 3 years

**Meetings** : The CSR Committee shall hold meetings (Minimum 2 meetings in a year)

**Quorum** : A minimum of two members of the Committee present in person or through audio visual means.

*The number of members of the CSR Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board, subject to the provisions of the applicable law.*

**4.2.2 Roles & Responsibility of CSR committee** - The CSR Committee shall be responsible for providing recommendations to the Board with respect to CSR Projects that may be undertaken by the Company in accordance with the CSR Policy as well as the Companies Act, 2013 and the CSR Rules.

Without prejudice to the generality of the foregoing, the CSR Committee shall be responsible for the following activities:

- (i) Formulate and recommend a CSR policy to the Board. CSR policy shall point out the activities to be undertaken by the company as enumerated in Schedule VII of the Act.
- (ii) Recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the company.
- (iii) Recommend the allocation of amount of expenditure to be incurred on CSR programmes.
- (iv) Monitor the CSR policy of the Company from time to time.
- (v) Establish a transparent controlling mechanism for the implementation of the CSR projects or

programs or activities undertaken by the company.

- (vi) Allocate the programmes to the CSR Implementation team

#### 4.3.1 – Formation of CSR Operational Committee –

CSR Operational Committee will be an internal Company team identified by the CSR Committee/Company Management.

#### 4.3.2 – Roles and responsibilities of CSR Operational Committee

- a) To establish a transparent controlling, monitoring and reporting mechanism for the implementation of the CSR projects or programs or activities including but not limited to:
- Manner of execution of such projects or programs;
  - Modalities of utilization of funds and implementation schedules for the projects or programs;
  - Details of need and impact assessment, if any, for the projects undertaken by the company,
  - CSR Activities audit as recommended by the committee on time-to-time basis.
- b) An Annual CSR Plan to be drafted and placed before CSR Committee for their review and recommendation to the Board preferably within three months of start of every financial year, detailing the CSR activities, budgets, implementation timelines, and expected outcomes for the financial year including identification of beneficiaries. Once approved, CSR Operational Committee should periodically review the status of projects/activities and shall present details as and when requested by the Board/CSR Committee.
- c) The CSR Operational Committee to ensure that a detailed CSR report to be prepared annually and included in the company's Board report and such other reports as provided under the Act. The report shall include the list of activities undertaken, CSR expenditure, and the impact assessment results (if applicable).
- d) CSR Operational Committee shall recommend the projects to be classified as 'on-going projects' with detailed rationale for such classification to the CSR Committee.
- e) To ensure that the objectives of CSR Policy are being met in an efficient and effective manner
- f) To ensure that utilization certificate has been received from the implementing agencies periodically.
- g) To ensure that the CSR utilization certificate is also reviewed by Chief financial officer and obtain his certification which is required to be placed before the Board.
- h) To ensure background checks are adequately carried out before engaging with any implementing agency including visits to the project sites, implementing agency offices etc.

*(As per CSR Amendment Rules 202, every company having average CSR obligation of Rs.10 Crore or more in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees.)*

All questions of interpretation or discrepancies which shall arise under, or as a result of, or pursuant to, or in connection with the implementation of the CSR Policy or any initiative or activities undertaken by the Company in terms of the CSR Policy, shall be referred to the CSR Committee for their inputs and the final decision/determination/ interpretation shall rest with the Board.

## 5. CSR EXPENDITURE / BUDGET

- (a) As per the Companies Act 2013 (the Act), EAPL pledges to **contribute at least 2% (two percent) of average Net Profits of the Company made during the three immediately preceding financial years** in accordance with the Act and the Rules and the CSR Policy.

- (b) The Board shall be responsible for sanctioning the CSR Expenditure and along with the CSR Committee responsible for recommendation of manner in which the CSR Expenditure shall be incurred in a year along with taking steps to ensure that the amount for the CSR Expenditure is available to the Implementation Group for application towards the CSR Activities.
- (c) Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy and the annual action plan for the financial year in which such surplus has arisen.

## 6. ACTIVITIES NOT INCLUDED IN CSR ACTIVITY

In order to count towards CSR Expenditure, as per Rule 2(1)(d) of the Companies (CSR Policy) Rules, 2014, CSR Activities must be undertaken in compliance with the applicable laws and shall not include the following:

- (a) Activities undertaken in pursuance of **normal course of business** of the company.
- (b) Activities **undertaken outside India**, except for training of Indian sports personnel representing any State or Union Territory at national level or India at international level;
- (c) Contribution of any amount, directly or indirectly, to **any political party** under section 182 of the Act;
- (d) Activities **benefitting employees of the company** as defined in section 2(k) of the Code on Wages, 2019;
- (e) Sponsorship activities for deriving **marketing benefits** for products/services;
- (f) Activities for **fulfilling statutory obligations** under any law in force in India.

It shall be ensured that the administrative overheads shall not exceed 5% percent of total CSR expenditure of the Company for the financial year.

*(Administrative overheads are the expenses incurred by the company for 'general management and administration' of CSR functions which generally comprise of items such as employee costs, utilities, office supplies, legal expenses, etc.)*

## 7. MODES OF IMPLEMENTATION OF CSR ACTIVITIES –

CSR programs, projects or activities of the company should be implemented through following methods:

- a) Directly by the Company;
- b) Implementing Agencies;
- c) Any foundation or body incorporated by the company and eligible to undertake such CSR projects.
- d) in collaboration with other organizations/group companies While the company can engage suitable Implementing Agencies to undertake approved CSR projects.
- e) The company can also partner with local governance bodies, such as Gram Panchayats, Civic Bodies, Municipality to directly undertake approved CSR projects with the help and support of these bodies.

As per Rule 4(1) of the Companies (CSR Policy) Rules, 2014 “Implementing Agency” means an entity amongst the following categories and **having unique CSR registration number** issued by MCA:

- (i) A company established under **section 8 of the Companies Act, 2013** with section 12A and section 80G registrations under the Income Tax Act, 1961, established by the company, either

singly or along with any other company OR having an established track record of at least three years in undertaking similar activities.

- (ii) **Registered Public Trust** with section 12A and section 80G registrations under the Income Tax Act, 1961, established by the company, either singly or along with any other company or having an established track record of at least three years in undertaking similar activities.
- (iii) **Registered Society** with section 12A and section 80G registrations under the Income Tax Act, 1961, established by the company, either singly or along with any other company or having an established track record of at least three years in undertaking similar activities.
- (iv) Company established under **section 8** of the Companies Act, 2013 or **Registered Trust or Registered Society established by the Central Government or State Government**.
- (v) Entity established **under an Act of Parliament or State Legislature**.

## 8. CAPITAL ASSET

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –

- (a) A company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number.
- (b) Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) A public authority

*Provided that any capital asset created by the Company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with this requirement, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.*

## 9. UNSPENT CSR FUNDS

As per Section 135, if the company fails to spend prescribed CSR amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, **specify the reasons for not spending the amount and**, unless the unspent amount relates to any ongoing project referred to in sub-section (6), **transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.**

Any amount remaining unspent under sub-section (5), **pursuant to any ongoing project**, shall be transferred by the company **within a period of thirty days** from the end of the financial year to a **special account to be opened by the company** in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social **Responsibility Policy within a period of three financial years from the date of such transfer**, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

## 10. MONITORING PROCESS & MECHANISM:

- (a) To ensure that the objectives of CSR Policy are being met in an efficient and effective manner, the



utilization of the amount sanctioned towards CSR Activities should be reported by the CSR Operational Committee to the CSR Committee in such manner as the CSR Committee may direct or as per the applicable provisions of the Act.

- (b) In the event any of the CSR Activities are undertaken through an Implementing Agency, the CSR Operational Committee should obtain relevant information from the Implementing Agency and ensure that the progress on such CSR Activity is submitted to the CSR Committee in such manner as the CSR Committee may direct.
- (c) For the purposes of monitoring, the CSR Operational Committee may visit the Implementation Agency site to review the CSR project and carry out inspections as recommended by the CSR Committee from time to time.
- (d) Upon receipt of such progress report by the CSR Implementation Team, the CSR Committee may review and deliberate upon such reports and provide such inputs or recommendations, as it may deem necessary, to the Board.
- (e) Notwithstanding anything to the contrary, the Board shall not be obliged to comply with the recommendations of the CSR Committee / CSR Implementation Team.

## **11. PROCESS FOR IDENTIFICATION OF KEY COMMUNITIES & ISSUES**

### **A. Community Issues –**

- a. Interactions with NGOs active in various locations
- b. Interactions with Local Govt. Bodies, Municipal Corporations, Zilla Parishad, Gram Panchayats
- c. interactions with forums – any CSR forum of Cos.

### **B. Validation –**

- a. Field visits
- b. Interactions with prospective Beneficiaries, all Stakeholders
- c. Need Assessment Surveys
- d. Base Line Surveys

### **C. Partner Selection –**

- a. Identifying a partner for Project Implementation
- b. Existing / New – Interviews with CSR Team

### **D. Project Concept Design –**

- a. Designing the Project along with Local Bodies, NGOs
- b. Proposed Outcomes, Duration, cost of project & location coverage etc.
- c. Role of Stakeholders – Local Govt Bodies, implementing Partner, Corporate Partners, CSR Team

### **E. Review -**

- a. Review by CSR Operations committee
- b. Review with CSR Committee, as may be necessary

### **F. CSR Committee Approval**

- a. Approval from CSR Committee



## 12. AMENDMENT:

The Board of the Company may, subject to compliance with applicable law, at any time alter, amend or modify the CSR Policy as it deems fit to comply with the statutory obligation of the Company to undertake the CSR Activities.

## 13. POLICY EXCEPTION:

Any exception to the policy, within applicable legal framework, would have to be approved by the Board of Directors.

**Disclaimer:** The Board of Directors (BOD) reserves the right to alter, modify, change or withdraw this policy at any time at its sole discretion.

----- **END** -----