

Corporate Social Responsibility (CSR) Policy

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INOX Air Products Limited
Corporate Social Responsibility Policy

1. SHORT TITLE AND APPLICABILITY

- 1.1 This policy, which encompasses the philosophy of INOX Air Products Limited ("**Company**") for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large, is titled as the '**CSR Policy**'.
- 1.2 This policy shall apply to all corporate social responsibility ("**CSR**") initiatives and activities to be undertaken by the Company.
- 1.3 This CSR Policy shall operate as the corporate social responsibility policy of the Company for the purposes of Section 135 of the Companies Act, 2013 and the rules made thereunder ("**CSR Rules**").
- 1.4 All the definitions as mentioned in the CSR Rules shall apply to the Company.
- 1.5 This updated CSR Policy has been adopted in the meeting held by the board of directors of the Company ("**Board of Directors**" or "**Board**") dated XXX, in line with the amendments in the Companies Act, 2013 read with rules made thereunder.

2. VISION AND OBJECTIVE

- 2.1 In alignment with vision of the Company, the Company, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate.
- 2.2 The objective of the CSR Policy is to:
 - 2.2.1 Ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially and environmentally sustainable manner, while recognising the interests of all its stakeholders.
 - 2.2.2 To directly or indirectly take up programs that benefit the communities in and around its work centers and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
 - 2.2.3 To generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive and socially responsible image of the Company as a corporate entity.

3. CSR PROJECTS / PROGRAMES

- 3.1 The Company proposes to serve the society by undertaking CSR projects / programs and proactively responding to the needs of the community preferably in the economic proximity of the Company's operations.
- 3.2 The Company proposes to adopt one or more of the following CSR projects / programs / activities as prescribed by applicable laws, including Schedule VII of the Companies Act, 2013, as amended from time to time:

- 3.2.1 Eradicating hunger, poverty and malnutrition, promoting health care (including preventive health care) and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for promotion of sanitation and making available safe drinking water;
- 3.2.2 Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 3.2.3 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;
- 3.2.4 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 Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- 3.2.5 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;
- 3.2.6 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;
- 3.2.7 Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- 3.2.8 Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Fund (PM CARES 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;
- 3.2.9 (a) 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 the Central Government or State Government; and (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)
- 3.2.10 Rural development projects;

3.2.11 Slum area development; and

3.2.12 Disaster management, including relief, rehabilitation and reconstruction activities.

3.3 The CSR activities shall be undertaken within the territory of the Republic of India.

4. CSR COMMITTEE

4.1 The CSR policy and programs shall be implemented, managed and supervised by the CSR committee appointed by the Board of Directors of the Company ("**CSR Committee**").

4.2 The CSR Committee shall comprise at least of such number of directors as is mandatorily required by applicable laws.

4.3 The CSR Committee of the Company shall comprise of three or more Directors, of which at least one should be an Independent Director (if applicable as per law).

4.4 The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:

1. List of CSR projects
2. Manner of execution of such projects
3. Modalities of utilisation of funds
4. Monitoring and reporting mechanism for the projects.
5. Details of need and impact assessment, if any

5. ROLES AND RESPONSIBILITIES OF THE CSR COMMITTEE

The CSR Committee shall:

5.1 Formulate and recommend to the Board the CSR Policy which shall indicate the activities undertaken by the Company in areas or subject, as specified under Schedule VII of the Companies Act, 2013 as amended from time to time.

5.2 Place before the Board the CSR projects or programs proposed to be taken up by the Company for approval, each year.

5.3 Oversee the progress of the CSR projects or programs rolled out under this CSR Policy on a quarterly basis.

5.4 Recommend the budgets and revision of budgets for the carrying out the projects or programs referred to in clause 5.1.

5.5 Submit a report to the Board of Directors on all CSR activities undertaken during the financial year on quarterly basis.

5.6 Monitor and review the implementation of the CSR Policy, from time to time .

6. ROLE AND RESPOSIBILITIES OF THE BOARD

6.1 The Board shall take into account the recommendations of the CSR Committee and

provide appropriate instructions / directions to the CSR Committee when required.

- 6.2 The Board shall consider the CSR Policy formulated by the CSR Committee and approve the same with or without modifications, if required and shall place it on the website of the Company, in the manner prescribed under CSR Rules.
- 6.3 The Board shall ensure that activities included by the Company in the CSR Policy are in accordance with Schedule VII of the Act.
- 6.4 The Board shall consider the budgetary allocation proposed by the CSR Committee and approve the same with or without modifications, if required.
- 6.5 The Board shall ensure that the CSR activities undertaken by the Company are in accordance with the CSR Policy of the Company.
- 6.6 The Board shall monitor the CSR activities of the Company in accordance with its CSR Policy and the law.
- 6.7 The Board shall ensure that the Company spends, in every financial year at least two per cent of the average net profits of the Company, made during the three immediately preceding financial years, in pursuance of the CSR Policy, provided that the Company shall give preference to the local area and areas around it where it operated, for spending the amount earmarked for the CSR activities.

7. FINANCIAL OUTLAY FOR CSR ACTIVITIES

- 7.1 Every year, the Company shall with the approval of its Board of Directors make a budgetary allocation for CSR activities/ projects for the year. The budgetary allocation will be based on the profitability of the Company and the requirements of applicable laws.
- 7.2 Administrative expenses to the extent of 5% of the total CSR spent is allowed as per the Act.
- 7.3 The Company expects to spend the budgeted amount allocated for CSR activities/ projects planned for each financial year, within that year. If for any reason, the budget of a year remains unutilised, the CSR Committee and the Board of Directors will disclose the reasons for not being able to spend the entire budgeted amount on the CSR activities as planned for that year in the annual report of the Company.
- 7.4 Any surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

8. TREATMENT OF UNSPENT AMOUNT

- 8.1 For ongoing project: If the unspent amount relates to any ongoing project, Company shall transfer such amount within a period of 30 days from end of financial year to a 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 "INOX Air Products Limited - Unspent CSR Account" and such amount shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of three financial years from date of such transfer as per the relevant section / provision of the Companies Act, 2013 and CSR Rules made thereunder.

In case the Company fails to spend such amount within the above specified three financial years, it shall transfer the same to a Schedule VII of the Companies Act, 2013, within a period of thirty days from the date of completion of the third financial year.

- 8.2 Other than ongoing projects: Company shall transfer such unspent amount to a Fund specified in Schedule VII (Schedule VII Fund), within a period of six months of the expiry of the financial year.

9. EXCESS CSR SPENT

In case of excess CSR Spend in any year, such excess amount may be set-off against the requirement to spend up to immediate succeeding 3 financial years subject to:

- i. the excess amount available for set off will not include surplus arising from CSR Activities; and
- ii. the Board to pass a resolution to that effect.

10. IMPLEMENTATION

- 10.1 For effective implementation, long-term CSR plans will be broken down into medium-term and short-term plans. Each plan recommended by the CSR Committee should specify the CSR activities planned to be undertaken for each year, define the responsibilities of the designated authorities to be engaged in this task, and also prescribe the measurable and the expected outcome and social/ environmental impact of the CSR activities.
- 10.2 The Company recognises that the period of implementation of its long term CSR projects can extend over several years depending upon the expected outcomes/ impact thereof. While planning for such long term projects the CSR Committee would estimate the total cost of each project and recommend to the Board of Directors of the Company that the Company should commit such amount for long term expenditure till the completion of the project.
- 10.3 Each long term project will be broken up into annual targets and activities to be implemented sequentially on a yearly basis, and the budget would have to be allocated for the implementation of these activities and achievement of targets set for each successive year, till the final completion of the project.
- 10.4 The Company may take up the implementation of CSR project with its own manpower and resources, if the CSR Committee is confident of its organisational capability to execute such projects.

11. EXECUTING AGENCY

- 11.1 If in the opinion of the CSR Committee, the implementation of CSR projects requires specialised knowledge and skills, and if the Company does not have such expertise in-house, the wherewithal, and dedicated staff to carry out such activities, the CSR Committee may decide to avail the services of external specialised agencies for the implementation of such CSR projects.
- 11.2 The Board shall ensure that the CSR activities are undertaken by the company itself or through –
- (a) 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

(b) 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

(c) any entity established under an Act of Parliament or a State legislature; or

(d) 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.

- 11.3 In the event an external agency is engaged for the purposes of the CSR initiatives of the Company, the Company will need to enter into an agreement with the relevant executing/implementing external agency, setting out the terms and conditions of the engagement of the external agency.

12. MONITORING

- 12.1 The Company recognises that monitoring is critical for assessment of the progress as regards timelines, budgetary expenditure and achievement of targets. Monitoring may be done periodically with the help of identified key performance indicators, the periodicity being determined primarily by the nature of key performance indicators.
- 12.2 Monitoring will be done in project mode with continuous feedback mechanism, and recourse always available for mid-course correction in implementation, whenever required.
- 12.3 The performance of the Company's CSR activities would be monitored on the basis of their achievement of annual targets and the utilization of their annual budgets for the activities planned and the targets set for each year.
- 12.4 Monitoring of the CSR activities will be overseen by the CSR Committee. The monitoring and evaluation may be assigned by the CSR Committee to an independent external agency for the sake of objectivity and transparency.
- 12.5 If the projects are being implemented by external agencies, the Company may in consultation with CSR Committee designate special executives for this purpose.

13. GENERAL

- 13.1 All the definitions as mentioned in the Companies (Corporate Social Responsibility Policy) Rules, 2014 shall apply to the Company.
- 13.2 The Company reserves the right to modify, cancel, add, or amend this CSR Policy.
- 13.3 A copy of this CSR Policy will be handed over to the Directors within one month of the date of the approval of this Policy by the Board of Directors. The Policy shall also be posted on the web-site of the Company and appropriate disclosures shall be made in the Annual Report of the Company as per law.
- 13.4 In case of any doubt with regard to any provision of this CSR Policy and also in respect of matters not covered herein, a reference should be made to the CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.
- 13.5 All provisions of the CSR Policy would be subject to revision/amendment in accordance with the applicable laws.