

Preface

This Corporate Social Responsibility policy (hereafter referred to as '**Policy**') of Sona BLW Precision Forgings Limited (**Company/Sona Comstar**) has been designed in consonance with the requirements of Section 135 of the Companies Act, 2013 amended vide the Companies (Amendment) Act, 2019 and the Companies (Amendment) Act, 2020 (hereafter referred to as '**Act**') to lay down the guidelines for undertaking Corporate Social Responsibility (hereafter referred to as '**CSR**') initiatives at Sona Comstar in accordance with the Companies (Corporate Social Responsibility Policy), Rules, 2014, as amended from time to time including vide the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (hereafter referred to as '**Rules**').

Words and expressions used and not defined in this Policy shall have the same meanings respectively assigned to them in the Act and/or Rules, unless the context otherwise requires.

1. Driving Principles

- 1.1 Social responsibility and corporate governance are deeply integrated in the Company's functioning through ethical practices, transparency and accountability. The Policy lays down the guiding principles that shall apply to all CSR programs/projects undertaken by the Company as per Schedule VII of the Act within the geographical limit of Republic of India, to benefit marginalized, poor and deprived sections of society and for contributing towards environmental sustainability.
- 1.2 The Company is committed to the overall welfare and development of society including but not limited to education, women empowerment, environmental sustainability, disaster management, health care and sanitation. The Company has adopted appropriate business processes and strategies to achieve the above objectives.

2. Objectives and Scope of this Policy

- 2.1 The objectives and scope of this Policy are:
 - 2.2.1 The main objective of the Policy is to lay down the general framework of action for Sona Comstar to fulfil its CSR obligations and in particular to specify the CSR activities and programs to be undertaken and also specify the modalities of execution and implementation and monitoring process of such CSR activities and programs.

2.2.2 This policy shall apply to all CSR initiatives and activities taken up by the Company including those undertaken in and around the factories and various other work-centers of the Company, for the benefit of different segments of the society.

3 Strategy

Sona Comstar will target its CSR strategy towards spending on social objectives of supporting education, providing food, medicine, livelihood, training and opportunities to socially/economically oppressed so as to help them become economically self-reliant. The CSR spending would target areas neighboring the works and offices of the Company in particular though the Company may also extend its CSR activities to any other areas within India, depending upon the cause with an intent to create a positive social impact. The CSR initiatives may also include contributing to scientific or social research/innovation programs which have the potential to contribute positively to the environment and general social good. Regular and critical review of the undertaken initiatives shall ensure constant improvement and lead to better impact of the projects on the society. Each of Sona Comstar's CSR interventions would be conceived and implemented with a focused approach towards a target beneficiary in order to achieve maximum impact. Although impact could reach more than one beneficiary group, impact measurement would be in terms of assessing the difference, the initiatives have made, to the intended beneficiaries.

3.1 CSR Activities

- Implementing entities

3.1.1 The board of directors of Sona Comstar (hereafter referred to as '**Board**') shall ensure that Sona Comstar undertakes the CSR activities within the overall framework of the CSR Policy of the Company:

- (a) on its own; or
- (b) through 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
- (c) through 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
- (d) through any entity established under an Act of Parliament or a State legislature; or
- (e) through 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 CSR activities.

- 3.1.2 The CSR activities/projects shall be undertaken through only through those of the entities stipulated in subclauses (b) to (e) of clause 3.1.1 above which have obtained a unique 'CSR Registration Number' in accordance with the Rules.
- 3.1.3 The Company may also collaborate with other companies to undertake CSR activities provided the CSR committees of the respective companies are able to report separately on such CSR activities/projects.
- International organisations
- 3.1.4 Sona Comstar may engage international organisations for designing, monitoring and evaluation of its CSR projects as well as for capacity building of the Company's personnel.
- Administration
- 3.1.5 The Company's CSR functions will be headed by an officer appointed by the Company ('**CSR Head**') who may be supported by such number of employees as may be desired by the Board or CSR Committee.
- 3.1.6 Administrative overheads including salaries of employees working on the CSR initiatives shall not exceed 5% (five percent) of its total CSR expenditure in one financial year or such other amounts as may be specified under the Rules, from time to time.
- CSR Activities and Exclusions
- 3.1.7 The CSR projects shall include all the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act and the Rules including CSR interventions set out in clause 3.1.8 below. For avoidance of doubt, it is clarified that the following shall not be regarded as CSR activities of the Company, unless otherwise specified (i) by the MCA under any notification, circular, FAQs or otherwise; or (ii) under the Rules:
- (a) Activities undertaken in normal course of business of the Company;
 - (b) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
 - (c) Activities benefiting employees of the Company as defined in section 2(k) of Code of Wages, 2019;
 - (d) Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
 - (e) Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

(f) One-off events such as marathons, awards, charitable contribution, advertisement, sponsorships of TV programs, etc.

- CSR interventions

3.1.8 Sona Comstar's CSR interventions consist of four pillars that aim to strengthen and reinforce the nation and the society: (I) Samridh Bharat, (II) Swasth Bharat, (III) Surakshit Bharat, and (IV) Saksham Bharat. The Company shall focus on the following activities under each of these pillars:

I. Sona Comstar – Samridh Bharat Program

Samridh Bharat Program shall focus on creating an enduring prosperity through environmental sustainability, ecological balance, and conservation of natural resources. The program will include the measures like:

- support to projects to promote innovations, incubations in mobility solutions aimed at reducing dependence on fossil fuels;
- collaborate and contribute to programs launched by universities and institutions of eminence to promote innovation driven startups in technology;
- support projects and research programs to combat air pollution through a collaborative, constructive and solution-oriented approach including the menace of stubble burning;
- support organizations working for conserving nature, wilderness preservation and combating degradation of the environment.

II. Sona Comstar – Swasth Bharat Program

Swasth Bharat Program shall focus on health care and nutrition through measures like:

- health outreach program for the socially and economically backward people, school children and communities;
- support health awareness programs, camps and events;
- support in development of infrastructure in health care centers, hospital and dispensaries;

- support to specific projects/programs dedicated to women & child health care and nutrition;
- co-ordinate and support the agencies in management of disaster, epidemic, pandemics including relief, rehabilitation and reconstruction and developmental activities;
- promote sanitation including drinking water facilities to the schools set up by the Government and local bodies.

III. Sona Comstar – Surakshit Bharat Program

Surakshit Bharat Program shall focus through measures like:

- measures for the benefit of armed forces veterans, war widows and their dependents;
- support organizations working for families of martyrs, war widows, disabled soldiers and their children and dependents of the armed forces;
- support in 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.

IV. Sona Comstar – Saksham Bharat Program

Saksham Bharat program shall focus on through measures like:

- providing employability and promotion of skill development programs for the rural youth in numerous modules;
- support in livestock development and agriculture development program for farmers;
- empowering woman through self-help groups and promotion of livelihood and employment opportunities;
- training to promote rural sports, nationally recognized sports, paralympic sports and olympic sports;
- promoting education, employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement.

- partnering with government education departments, institutions and organization for promoting education and development of model schools, development of infrastructures like hostels, classrooms, e-learning techniques etc.;
- support scholarship program to help the meritorious, under privileged children to opt for better schools and higher studies;
- distribution of books etc. for imparting education/knowledge;
- promote gender equality, empowering women, setting up homes and hostels for women and orphans.

- V. All other areas/activities as may be prescribed under Schedule VII of the Act or the Rules, as amended from time to time.

While the Company may undertake various CSR activities as above, the Company's primary focus for the next few years will be in respect of CSR activities under its 'Samridh Bharat Program'. The Company may undertake CSR activities anywhere across the geography of India but preference may be given to CSR activities in the local area where the operations of the Company are carried out.

Any surplus, generated/arising out of the CSR activities shall not form part of the business profit of the Company and will be ploughed back to the CSR initiatives or shall be transferred to the unspent CSR account of the Company and spent in pursuance of this Policy and the annual action plan of the Company or the Company may transfer such surplus amounts to any fund specified in Schedule VII of the Act, within a period of 6 (six) months of the expiry of the financial year.

3.2 CSR Budget

- 3.2.1 The Company shall spend at least 2% (two percent) of its average net profits, or such sums as may be prescribed under the Act, made during the 3 (three) immediately preceding financial years on CSR activities in accordance with this Policy. For this purpose, the net profits shall be calculated in accordance with the applicable provisions of the Act and the Rules.
- 3.2.2 Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to any fund specified in Schedule VII of the Act, within a period of 6 (six) months of the expiry of the financial year.
- 3.2.3 Any unspent amounts in relation to ongoing projects will be transferred within a period of thirty days from the expiry of the financial year to the unspent CSR

account of the Company. Such unspent amount shall be spent by the Company towards CSR activities within a period of 3 (three) financial years from the date of such transfer, failing which, the Company shall transfer the same to any fund specified in Schedule VII of the Act, within a period of thirty days from the date of completion of the third financial year.

- 3.2.4 In case of failure to spend the CSR amounts, in addition to clauses 3.2.2 and 3.2.3, the Board shall also specify the reasons for not spending the CSR amounts in its report in terms of clause (o) of sub-section (3) of section 134 of the Act.
- 3.2.5 The Company may spend the requisite CSR amounts in one or more tranches.
- 3.2.6 If the Company spends an amount in excess of requirement provided under section 135 of the Act, such excess amount may be set off by the Company against the requirement to spend under section 135 of the Act up to immediate succeeding 3 (three) financial years subject to the conditions specified under the Rules.

3.3 CSR Planning

3.3.1 The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of this Policy, which shall include the following, namely:-

- (a) the list of CSR projects that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects as specified under the Rules;
- (c) the modalities of utilisation of funds and implementation schedules for the CSR projects;
- (d) monitoring and reporting mechanism for the CSR projects; and
- (e) details of need and impact assessment, if any, for the CSR projects undertaken by the Company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

3.3.2 All proposals by the CSR Head for a CSR project shall be submitted to the Company Secretary who in turn will place it before the CSR Committee for necessary consideration and approval.

The CSR Committee/CSR Head may engage external professionals/firms/agencies if required for the purpose of identification of CSR projects.

The time period/duration of each project/programs shall depend on its nature, extend of coverage and intended impact of such activity.

4 Impact assessment

4.1 The Company shall undertake impact assessment of the relevant CSR projects:

- (a) in accordance the provisions of the Rules, if the Company meets the threshold as prescribed under the Rules; or
- (b) as per the decisions of the Board or CSR Committee or any person/body authorised by the Board.

4.2 The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

4.3 The expenditure for undertaking impact assessment may booked towards CSR spend in accordance with the provisions of the Rules.

5 Reporting and Monitoring

CSR Committee shall be responsible for the implementation/monitoring and review of this Policy and various projects/activities undertaken in pursuance of this Policy.

The CSR Committee will have the powers to:

- (a) seek monitoring and implementation report from the implementing agencies receiving funds;
- (b) delegate a designated official(s) with the help of the CSR Head to co-ordinate with the organization receiving funds to inspect the activities undertaken and ensure information in a timely manner.

The CSR Committee shall submit periodical reports to the Board.

The Board shall satisfy itself that the funds disbursed towards fulfilment of CSR obligations of the Company have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

In case of ongoing project, the Board shall monitor the implementation of the CSR project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the CSR project within the overall permissible time period.



6 Disclosure

The annual report of the Company shall include a section of CSR outlining objectives of the CSR Policy, members of the CSR Committee, CSR initiatives undertaken by Company, the CSR spend during the financial year and other information in the format as prescribed under the Rules.

7 Amendment

The Board, either on its own or as per the recommendations of the CSR Committee, may amend this Policy, from time to time. The decision of the Board on all matters, relating to this Policy, shall be final and binding upon all concerned.

8 Display of CSR activities on website

The Board shall disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

Adopted by Board of Directors on - 24 September 2014

Last amended on - 3 June, 2021