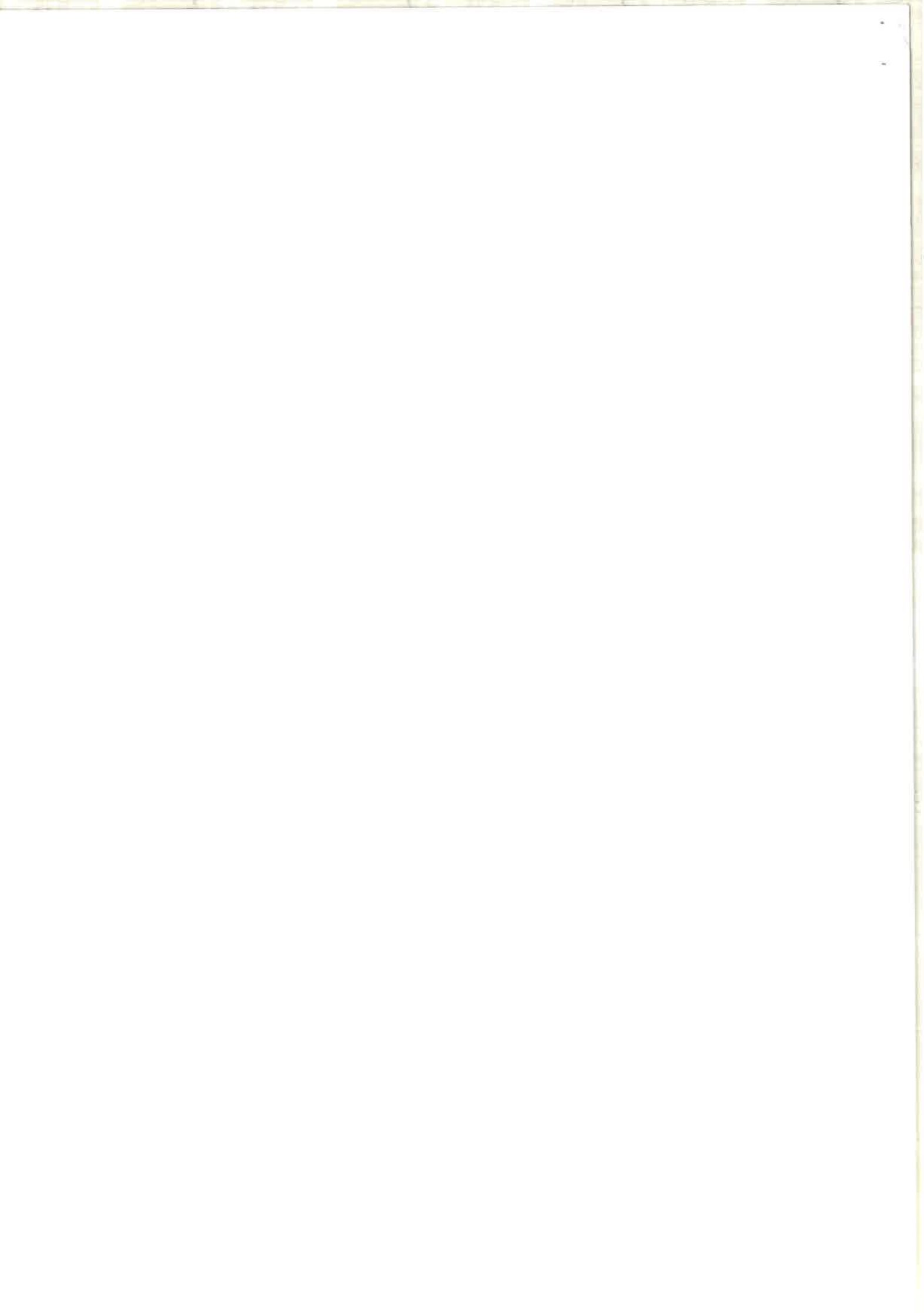


**CORPORATE SOCIAL RESPONSIBILITY POLICY**

<b>Name of Document</b>	<b>Corporate Social Responsibility Policy</b>	
<b>Version</b>	2.0	
<b>State whether Policy/Code/Manual/ Guideline</b>	Policy	
<b>Company Level</b>	Company Level	
<b>Issuing Authority</b>	Ashok Sharma - Managing Director.,	
<b>Owner of the document / CSR Team</b>	Sunetra Ganesan / Ratnakar Nawghare / Bharat Santra /Padamkumar Gandhi	
<b>Effective date of document</b>	1st April 2014	
<b>Release Date</b>	1st April 2014	
<b>Date of last review</b>	31st January, 2023	
<b>Next review date</b>	31 <sup>st</sup> January, 2026	
<b>Version History</b>	Original	
<b>VERSION</b>	<b>PREPARED BY</b>	<b>CHANGES &amp; REASONS FOR CHANGE</b>
1.0	Ratnakar Nawghare	NA
2.0	Ratnakar Nawghare	Review and changes in line with the amendments in the Act





## 1. Introduction and background

Mahindra EPC Irrigation Limited (“The Company”) has been a socially responsible corporate going beyond the legal & statutory requirements to make responsible investments in the community. The Company has defined Corporate Social Responsibility (CSR) and pledged to commit 2% of the average net profits of the Company made during the 3 immediately preceding financial years for its CSR initiatives specifically to benefit the economically, socially disadvantaged communities and the Planet. With the belief that Education is the main route to address India's social challenges, the Company selected Education as its main thrust area for CSR. Being a responsible corporate citizen and a part of Mahindra Group, the Company also participates in the areas of public health, environment, and community support programme. More specifically, the major CSR programs that the Company has been participating in are as follows:

- **Project Nanhi Kali** – Founded in 1996, this is a sponsorship program that supports the education of under privileged girls from poor urban, remote rural and conflict afflicted tribal communities by providing them comprehensive academic and material support. Since 2005 the Project is jointly managed by the K C Mahindra Education Trust and Naandi Foundation.
- **Public Health, environment, and community support programme** –The Company is also committed towards the society for health, environment, and community support by organising various health check-up programmes, drinking water facilities, school development and tree plantation programmes.
- **ESOPs** – Employees are encouraged to volunteer for various CSR projects in the areas of education, health, and environment through the Employee Social options program (ESOPs). Some of the projects to which the employees have extended their volunteering efforts are skill development of youth, health awareness, donations of medical equipment to orphanages and senior citizens etc.
- **Farmer support** - The Company also organises various programmes for farmer community in India for creating awareness amongst farmers for the best agricultural practices and improvement in the yield of their Agri produce.

In keeping with the RISE philosophy the Company will continue to drive positive change to enable people and communities to RISE above their limiting circumstances.



## 2. Objective of the CSR Policy

The **objective** of this policy is to -

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organized manner through the employee volunteering programme called Employee Social Options (ESOPs).

## 3. Scope and applicability:

This policy shall be applicable across Mahindra EPC Irrigation Limited ("the Company").

## 4. Policy Statement

### 4.1 CSR Vision Statement & Ideology –

Our redefined 'Core Purpose' is to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to RISE". In line with our Core purpose, our CSR vision is to focus our efforts within the constituencies of girls, youth & farmers by innovatively supporting them through programs designed in the domains of education, health and environment, while harnessing the power of technology. By investing our CSR efforts in these critical constituencies who contribute to nation building and the economy, we will enable our stakeholders and communities to RISE.

For Mahindra EPC Irrigation Limited responsible business practices include being responsible for our business processes, products, engaging in responsible relations with employees, customers and the community. Hence for the Company, Corporate Social Responsibility goes beyond just adhering to statutory and legal compliances, and creates social and environmental value for our key stakeholders.

### 4.2. Total Outlay –

From April 01, 2014 in line with the new Companies Act 2013 (the Act), Mahindra EPC Irrigation Limited pledges to contribute 2% of the average net profits of the Company made during the 3 immediately preceding financial years specifically towards CSR initiatives. For this purpose, the net profit and average net profit shall be calculated in accordance with the provisions of section 198 of the Act read with the Companies (Corporate Social Responsibility



Policy) Rules, 2014. The Company may spend up to 5% of the total CSR expenditure in one financial year on administrative expenses relating to the general management and administration of CSR functions in the company.

The surplus arising out of the CSR activities will not be considered as a 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 it should be spent in pursuance of this CSR policy and annual action plan of the Company, or the Company may transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by the company in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the company towards CSR within a period of 3 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 30 days from the date of completion of the third financial year.

In order to compute whether the Company has under spent or over spent, the Company shall consider the following:

- a. *Project Cost* – it shall include designing, implementation, monitoring and evaluation cost incurred directly or indirectly on the project.
- b. *Administrative Overheads* – To ensure that such expenses shall not exceed 5% of the total CSR expenditure of the company for the financial year. Further, these expenses would not include expenses incurred by the Company towards designing, implementation, monitoring and evaluation.

#### **4.3 CSR Thrust Areas**

The Company will focus its efforts within the constituencies of girls, youth & farmers through programs designed in the domains of education, health and environment. The Company may also make contributions to its Corporate Foundations/Trusts i.e. K C Mahindra Education Trust and Mahindra Foundation, towards its corpus for projects approved by the Board.

Our commitment to CSR will be manifested by investing resources in any of the following areas or such other area as may be prescribed in the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 from time to time.



1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly & the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women & orphans; setting up old age homes, day care centers, and such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & 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;
5. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries; promotion & development of traditional arts & handicrafts;
6. Measures for the benefit of armed forces veterans, war widows & their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7. Training to promote rural sports, nationally recognized sports, Paralympic sports & Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
9. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT),



Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

10. Rural development projects.

11. Slum Area Development.

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

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the company

#### **5. Implementation:**

50% of the CSR budget is managed by the Company which focuses on long- term high- impact and high Investment projects of the Company, and the balance 50% of the budget focusses on projects that cater to the local needs of the communities within which they operate, until otherwise decided and directed by the CSR Committee.

While CSR programs may be identified by the CSR Committee, Corporate Foundations (KCMET, Mahindra Foundation) or CSR Committee may also evaluate projects submitted directly by reputed not for profit organizations having an established track record of at least 3 years in carrying on the specific activity. To ensure that there is focus and maximum impact the CSR Committee may endeavor to work on fewer projects over a longer period of time so as to ensure that the outcomes of the projects can be measured.

CSR initiatives will be implemented either directly by the Company or through implementing partners which includes:

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 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) company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax



Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The Company may engage International Organisations (as defined in Clause 2(g) of the Companies (Corporate Social Responsibility Policy) Rules 2014) for designing, monitoring, and evaluation of CSR Projects as well as capacity building of their personnel.

The Company may also collaborate with other companies to undertake CSR projects, provided the CSR Committees of the respective companies are able to report separately on such projects.

#### **6. Governance and Monitoring Process:**

The Company has a well-defined and robust governance structure to oversee the implementation of the CSR Policy and monitoring of CSR projects as per the requirements of Section 135 of the Companies Act, 2013.

##### **Governance: Board-level CSR Committee -**

The Board level Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for formulating and recommending to the Board the CSR policy and a CSR annual action plan, provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect. The CSR Committee reports to the Company's Board of Directors.

The members of the Board Level CSR Committee of the Company shall consist of minimum three Directors, out of which at least one director shall be an Independent Director.

The CSR Committee will review the progress of varied CSR projects in terms of both outcome assessment and financial monitoring. The Committee will be responsible for formulating an annual action plan and recommending the same to the Board. The Committee will review the strategy from time to time and may choose new focus areas and projects as and when required. In addition the CSR Committee will mandate the effective and timely monitoring and evaluation of varied CSR projects by directing CSR team of the Company responsible for CSR or a third party independent agency to carry out situational analysis, need assessment surveys, project visits, or impact studies, etc. if and as may be required especially for the strategic and high value CSR programmes.

##### **Monitoring: Impact Assessment -**

In the event of average CSR obligation of Rs. 10 crores or more in the three immediately preceding financial years, the Company shall ensure that impact assessment through an independent agency is carried out for CSR projects having an outlay of Rs. 1 crore or more.





Expenditure incurred for such assessment shall not exceed 2% of the total CSR expenditure for the financial year or 50 lakh rupees, whichever is higher.

Monitoring will be done with the help of identified key qualitative and quantitative performance indicators, with a continuous feedback mechanism, and recourse for mid-course correction in implementation, if needed, to ensure efficacy.

Assessment of utilisation of funds will also be done on a quarterly basis, along with submission of an annual consolidated utilisation which will be part of the Company's Annual Report. This will include a rationale for shortfall or surplus of funds.

All expenditure towards the programs to be diligently documented. In case 2% of average net profit of the last 3 years is not spent in a financial year, reasons for the same to be specified in the CSR report.

All activities will be undertaken in project mode with defined objectives and deliverables, clarity on target beneficiaries, implementation plans with schedule of timeline agreed prior to commencement of activities.

#### **Guiding Principles for Implementation and Monitoring:**

- a. *Accountability and Transparency* - Implementing agency shall be accountable for all expenses along with the acknowledgements. Further, there should be transparency in the actions to protect the interest of all the stakeholders.
- b. *Ethical Behaviour* - Management and Implementing agency shall maintain ethical behaviour while implementing and monitoring CSR programs without any corruption.
- c. *No conflict of interest* - There shall not be any conflict of interest in the objectives of employees involved in CSR activities and the implementing agencies. Both of them should work for benefits of the needy.
- d. *Respect for stakeholder's interest* - While identifying CSR programs, interest of all the stakeholders shall be taken into consideration.

#### **7. Annual Action Plan:**

The CSR Annual Action Plan shall include the following: -

- (a) the list of CSR projects or programmes 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 or programmes,
- (c) the modalities of utilization of funds and implementation schedules for the projects or programmes,



- (d) monitoring and reporting mechanism for the projects or programmes and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company.

Further, the guiding principles required to formulate the Annual Action Plan are as follows:

- (a) CSR programs shall not include activities as restricted under the amended CSR Rules.
- (b) The preference for CSR programs is to be given by the Company to local areas and areas around its operations.
- (c) The CSR activities may be carried out directly or through implementing agency/ies.
- (d) Payments to implementing agencies or to vendors should be milestone based.
- (e) All the guiding principles as required to be followed for implementing and monitoring the CSR Activities shall also be followed while formulating the Annual Action Plan.
- (f) Action plan shall be Simple, Action oriented, Measurable, Relevant and Time Bound.

During any financial year, the Annual Action Plan of the Company may be modified to include any unbudgeted expenditure, either on account of new project(s) or due to increase in the outlay for approved project(s).

Subject to the provisions of the Act, the Company may also utilize its CSR spend towards creation or acquisition of a capital asset.

#### **8. CSR Team:**

The Company has set up a CSR Team which is responsible to implement CSR projects as per the CSR Annual Action Plan laid out by the Board level CSR Committee. The CSR Team will monitor CSR projects and will be responsible to report on the progress of the projects, to the Board and CSR Committee, at regular intervals.

#### **9. Disclosures:**

Regular reporting and disclosure of all CSR activities will be a mandatory component as per the Act. Established reporting mechanisms will be put in place. The Company will also disclose the CSR projects /programmes /activities on the official website as required under the Act and the rules.

A brief summary of CSR projects/programmes/activities will also be included in the Annual Report in the prescribed format as per the CSR rules of the Act.



The CSR Policy issued pursuant to the Act has been recommended by the CSR Committee of the Board of Directors and approved by the Board of Directors and shall be placed on the Company's website: <https://www.epcmahindra.com/>

#### **10. Conditions and Restrictions:**

The CSR Committee and the Board of Directors shall be governed by the following conditions and restrictions while undertaking any CSR projects/ programmes/ activities:

- The CSR projects/programmes/activities undertaken by the Company, as per this policy shall exclude activities undertaken in pursuance of its normal business.
- The CSR projects/programmes/activities shall be undertaken in India only except for training of Indian sports personnel outside India who is representing any State or Union Territory at national level or India at international level.
- The CSR projects/programmes/activities that benefit only the employees of the Company and their families, shall not be considered and not qualify as CSR expenditure.
- Contribution of any amount directly or indirectly to any political party under Section 182, shall not be considered and not qualify as CSR expenditure.
- The surplus, if any, arising out of the CSR projects/programmes/activities shall not form part of the business profit of the Company.
- Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services shall not form part of CSR expenditure.
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India shall not form part of CSR expenditure.

#### **11. Effective Date:**

This policy was first approved by the Board of Directors on 29<sup>th</sup> March, 2014.

Further, the amendments made to this policy are approved by the Board of Directors as on 11<sup>th</sup> May, 2021 and 23<sup>rd</sup> October, 2020 and 31<sup>st</sup> January, 2023 and is effective from 31<sup>st</sup> January, 2023.



## 12. Limitation and Amendment:

The Board of Directors may in their discretion and on recommendation of the CSR committee, make any changes/modifications and/or amendments to this Policy from time to time.

Requirements with respect to quorum, notice of meeting, documentation, etc shall be in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

\*\*\*\*\*

