Hardcastle and Waud Manufacturing Company Limited

Corporate Social Responsibility (CSR) Policy

1. Objective

This Corporate Social Responsibility (CSR) Policy of the Company outlines the governance, implementation, and monitoring framework about CSR activities that may be carried on by the Company, as may be approved by the Board, from time to time:

- Establishing a guideline for compliance with the provisions of the Act to dedicate a percentage of the Company's profits for social welfare projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

This Policy shall be read in line with Section 135 of the Companies Act, 2013 (the Act), Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time (the Rules) and such other rules, regulations, circulars and notifications as may be issued by the appropriate authority from time to time.

2. Definitions

In this policy document unless the context otherwise requires:

(a) 'Act' means the Companies Act, 2013 as amended from time to time;

(b) 'Administrative overheads' means as defined in the Act;

(c) 'Board' means the Company's Board of Directors;

(d) 'Company' means Hardcastle and Waud Manufacturing Company Limited;

(e) 'CSR Policy' means this policy, as amended from time to time;

(f) 'Executive' shall mean CFO or such person or persons as may be authorised by the Board from time to time to execute the CSR activities of the Company and to implement the CSR Policy;

(g) 'Ministry' means the Ministry of Corporate Affairs, Government of India;

(h) 'Net Profit' means net profit as defined in Section 135 of the Act and in the Rules, as amended from time to time;

(i) 'Ongoing Projects' means as defined in the Act;

(j) Words and expressions used in this CSR Policy and not defined herein but defined in the Act and or the Rules shall have the meaning respectively assigned to them therein.

3. CSR Activities

The Company recognizes that corporate social responsibility is not merely compliance; it is a commitment to take or support initiatives for undertaking socially useful programmes for welfare and sustainable development of the community at large.

CSR Activities that may be undertaken by the Company shall be under any areas / subject that are recognized under Section 135 of the Act and in Rules.

These are as follows as on today:

i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
iii. 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;
iv. 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;
v. 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;
vi. 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;
vii. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
viii. 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 and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
ix. 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).

x. Rural development projects
xi. 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.
xii. Disaster management, including relief, rehabilitation and reconstruction activities.

The above areas shall be liberally interpreted so as to capture the essence of the subjects enumerated herein. Clarifications/ notifications issued by the Ministry from time to time shall be used to determine whether any activity is covered under the approved activities.

4. The Geographic Reach

The Company will give preference to conducting CSR activities in the States, where it has its operations.

5. Annual spends

The Company will spend not less than 2% of its average Net Profits (if Section 135 of the Act is applicable in a financial year) made during the three immediately preceding financial years. The Board shall ensure that the administrative overheads, if any, shall not exceed applicable permissible threshold of total CSR expenditure of the Company for a financial year.

Any surplus arising out of CSR activity will not form part of 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 shall be transferred to a fund specified in Schedule VII, within a period of six months from the expiry of the financial year.

Where a Company spends an amount in excess of the amount to be spend, such excess amount may be set off against the requirements to spend under Section 135 of the Act upto immediately three succeeding financial years subject to the condition that such excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub rule 2 of the Rules and the Board shall pass a resolution to that effect.

6. Modalities

The Board shall from time to time identify & approve the CSR activities to be undertaken by the Company, its budget, the annual action plan, if any, and the modalities of expenditure pertaining to the identified / approved CSR activity(ies) which shall be in conformity with the CSR Policy.

The CSR activities shall be implemented in such manner as may be permitted under the Act and the Rules.

7. Monitoring

At the beginning of every financial year, annual requirement of CSR spend shall be determined along with broad estimates of periodic spending and identified list of activities / areas with respective estimated spend. The balance of annual spends against which CSR activities are yet to be identified, shall be separately indicated for decision during the year.

A periodic review shall be taken by the Board, wherein it shall review -

1. Progress of various activities undertaken under CSR Policy.

2. Estimated CSR expenditure on identified activities and actual expenditure on the same.

3. New activities identified with estimated expenditure.

4. Such other matters or aspects as the Board may from time to time identify.

In the periodic review, the Executive shall place a report based on the periodical review conducted by it. The Board shall review such reports and check whether the funds so allocated or disbursed during the year have been utilised for the purposes and manner as approved and the Chief Financial Officer or the person responsible for financial management shall certify to that effect.

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

8. Reporting and Disclosures

The Company shall provide, in formats as set out under the Rules, details of CSR initiatives and activities of the Company in its Annual Directors' Report.

9. Amendments to the Policy

The Board may review and amend this CSR Policy from time to time, at its own discretion.