

Bimetal Bearings Limited

Corporate Social Responsibility (CSR) Policy

01/09

Applicability:

This Policy is called “**Corporate Social Responsibility Policy**” (“**Policy**”) and will be applicable to the Company from **1st October 2014**.

Scope:

The Company shall mandatorily spend towards Corporate Social Responsibility (**CSR**) activities in terms of the provisions of the Companies Act, 2013 (**Act**) read with the relevant schedules and the rules thereunder.

The Company in the initial phase will focus on the following areas for CSR projects from amongst the activities specified under **Schedule VII** of the Companies Act, 2013 (**Act**):

- i) Rural development projects,
- ii) Promoting education, including special education and employment enhancing skills especially among children, women and the differently abled and livelihood enhancement projects,
- iii) Contributing funds to technology incubators located within academic institutions which are approved by the Central Government

Operation of the Policy:

The Company shall contribute towards the social and economic development of the Community. The policy shall apply to all CSR initiatives and activities to be undertaken by the Company.

CSR Committee:

- i. The Company has constituted a CSR Committee of the Board consisting of 3 (Three) Directors including 2(Two) Independent Directors as specified under the Act.
- ii. The Committee shall:
 - a. Formulate and recommend to the Board a ‘Corporate Social Responsibility Policy’ indicating the activities to be undertaken by the Company.
 - b. Provide perspective and guidance to the Board of Directors on matters relating to CSR.
 - c. Formulation of the Annual Action Plan

Corporate Social Responsibility (CSR) Policy (Contd...)

- d. Recommend to the Board of Directors the amount to be spent on the CSR activities.
- e. Ensure that CSR Activities are undertaken directly or through registered 'Implementation Agencies' who meet the eligibility criteria prescribed under the CSR Policy Rules.
- f. Monitor the Company's CSR policy from time to time.
- g. Ensure legal and regulatory compliance relating to CSR as provided under the Act and the Rules.
- h. Provide guiding principles for selection, implementation and monitoring of projects.
- i. Periodically review the effectiveness of CSR spend.

Governance:

- i. Approving of the CSR Policy and overall governance of CSR will be the responsibility of the Board of Directors of the Company
- ii. CSR Committee may recommend one or more employees / officers of the company for the purpose of implementation, administering and executing of CSR activities in accordance with and in adherence to the terms of this Policy.

Core Focus Areas

The following broad areas forming part of Schedule VII of the Act shall be the core themes for undertaking CSR Activities.

- 01) Abolishing poverty, malnourishment and hunger, improvising health care which includes preventive health care and sanitation and making available safe drinking water.
- 02) Improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects.
- 03) Improving gender equality, setting up homes / hostels for women and orphans.
- 04) Introducing the measures for reducing inequalities faced by socially and economically backward groups.

Corporate Social Responsibility (CSR) Policy (Contd...)

- 05) Introducing the measures for reducing inequalities faced by socially and economically backward groups.
- 06) Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga.
- 07) 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.
- 08) Areas for the advantage of skilled armed forces, war widows and their dependents.
- 09) Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
- 10) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development providing relief and welfare of the Scheduled Castes, the Scheduled and backward classes, minorities and women.
- 11) Contributions or funds provided to technology incubators are approved by the Central Government.
- 12) Rural development projects.
- 13) Disaster management, including relief, rehabilitation and reconstruction activities
- 14) Slum area development where '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.

CSR Budget, CSR Implementation Agencies, Annual Plan for CSR Expenditure:

- a. The overall amount to be committed to CSR projects / spending in each financial year in accordance with the provisions of the Act as approved by the Board.
- b. Within the overall budget, specific CSR initiative / project spending will be identified and recommended by CSR Committee to the Board.

Bimetal Bearings Limited

04/09

Corporate Social Responsibility (CSR) Policy (Contd...)

- c. The Company can also allocate a sum higher than the statutory minimum in terms of the Act and the Rules as regards to the CSR budget.
- d. The Act provides that CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the CSR Committee, except the expenditure on an item not in conformity or not in line with activities under purview of Schedule VII. Hence, all the expenditure including the 3establishment expenses relating to manpower engaged full time in CSR activities has to be reported under CSR.

Formulation of Action Plan:

- a. The CSR Committee shall formulate and recommend an Action Plan for carrying out CSR Activity (subject to the following proviso):
 - The Board may alter the Action Plan at any time during a financial year, as per the recommendation of the CSR Committee.

CSR Programmes / Projects Proposals

The CSR Committee recommend / propose projects including modalities of execution in the areas / sectors chosen, time schedules for implementation etc. based on the following guidelines:

- a) that the projects / programmes relate to the core themes specified in this Policy.
- b) that the Implementation Agencies meet the eligibility criteria and are capable of carrying out the projects proposed to be assigned to them.
- c) that the projects / programmes would be implemented within the country and preferably in areas where the Company has its presence.
- d) that the projects / programmes should not be exclusively for the benefit of employees of the Company or their family members.
- e) that the projects / programmes shall not be anything done by the Company in its normal course of business.
- f) that the projects / programmes shall not involve any direct or indirect objectives for business development.

CSR Implementation:

Company may undertake CSR Activities directly or through registered Implementation Agencies.

Corporate Social Responsibility (CSR) Policy (Contd...)

- a. Company must identify the CSR Projects or Programmes and categorize them whether the projects or programmes fall within the meaning of “Ongoing Projects” and if so assign an identification number for such projects and programmes so as to keep a record of such projects, facilitate proper accounting, compliances, disclosures, audits, and assessments.
- b. Company may collaborate with other companies for undertaking projects or programmes or CSR activities provided CSR Committee is in a position to report separately on such projects or programmes. Further, the Board of Directors shall ensure that the funds disbursed for CSR Projects or Programmes in general and for such projects or programmes undertaken in collaborative model are properly accounted and utilized for the purposes and in the manner as approved by the CSR Committee and the Chief Financial Officer or the person responsible for financial management shall certify to the effect and present such certificates for all the CSR Projects or Programmes of a size not less than Rs.50 Lakhs and irrespective of its size for all Projects or Programmes undertaken under the collaborative model.
- c. Company may, in consultation with CSR Committee build internal capacity for identifying, recommending, undertaking, supervising, monitoring, assessing the impact of CSR Projects or Programmes undertaken / being undertaken by the Company. Company may engage international experts for designing, monitoring and evaluation of CSR Projects or Programmes or for guiding the capacity building initiatives of the Company.
- d. In case of “ongoing project(s)”, the CSR Committee may review every such project mandatorily at every meeting and members of CSR Committee may even undertake a physical visit to the project site to review of progress, functioning, impact and any other aspect the Committee may deem fit.
- e. The Board of Directors shall monitor and review the implementation of every “ongoing project(s)” with reference to the approved timelines and year-wise allocation and if so considered fit, the Board may require any modifications to be made to any such project for the purpose of smooth implementation of the project within the overall permissible time period.

Implementation Agencies:

- a. The implementation agencies, whether established by the Company itself or those which have established track record and have proper registrations under Section 12A and 80G of the Income tax Act, 1961 as well as duly registered with the Ministry of Corporate Affairs as prescribed under the Rules.

Corporate Social Responsibility (CSR) Policy (Contd...)

- b. Every Implementation Agency, unless it is established by the Company itself, shall have not less than three years of established track record in undertaking activities similar to the CSR Projects or Programmes for the undertaking of which an agency is being short-listed by the CSR Committee.
- c. The CSR Committee shall carry out requisite due diligence and ensure that such agencies have not only sufficient track record in undertaking similar activities but also the said track record shows that they are capable of undertaking such activities of the size proposed to be entrusted to them by the Company.
- d. The CSR Committee may engage legal / other advisors for such due diligence so as to ensure that such agencies have well established systems and processes with sufficient resources at their disposal to be able to carry out such activities in the State / District where such CSR activities are proposed to be undertaken.
- e. The CSR Committee shall ensure that the Company enters into proper contracts with clearly specified scope of work, definition and description of the specific projects and programmes, time lines, schedule of release of payments, reporting systems, supervision and monitoring aspects and proper scope for audits and impact assessment, consequences of breach of terms and dispute resolution.
- f. Such implementing agencies shall be mandatorily required to provide reports on the progress of the project at the end of every calendar quarter.
- g. CSR Project / Programme shall be undertaken directly by the Company if the outlay for a chosen Project / Programme is less than Rs.50 Lacs (or any amount decided by the Board from time to time) or if it is an “Ongoing Project”.

CSR Expenditure:

- a. The Company shall ensure that it 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.
- b. The Board may approve CSR Projects or Programmes that involves an outlay of more than the amount mandatorily required to be spent in a financial year and such excess may be carried forward towards the amounts required to be spent in succeeding three financial years, provided such amounts shall not include any surplus generated out of the project and further such carrying forward and setting off shall be approved by the Board of Directors.
- c. Any surplus generated on account of or from any CSR Activity shall be ploughed back and spent on CSR Projects or Programmes. Any such surplus shall not form part of the business profits of the Company.

Bimetal Bearings Limited

Corporate Social Responsibility (CSR) Policy (Contd...)

07/09

- d. The administrative overheads shall not exceed 5% of the total CSR expenditure of the Company as stated in the Rules from time to time. All expenditure towards the programs to be diligently documented

Surplus and Unspent CSR Obligations:

- a. If in a financial year there remains unspent CSR amount due to non-commencement of the project or for any other operational reason and if the CSR project is such that the implementation of which will be a multi-year project, then the Company has to deposit such unspent amount in a separate account tilted 'Unspent CSR Account' of the Company before the expiry of Thirty (30) days from the date of close of a financial year.
- b. The CSR Committee shall ensure that any project which has been classified as an "ongoing project" is a multi-year project undertaken or proposed to be undertaken by the Company and it does not have timelines exceeding three years excluding the financial year in which the project has commenced or is scheduled to be commenced.
- c. Amount lying in the Unspent CSR Account should be utilized and spent for the multi-year project earmarked for that purpose 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 (30) days from the date of completion of the third financial year or such other period specified from time to time.
- d. If the Board of Directors upon recommendation of the CSR Committee is of the opinion that there being no identifiable projects for CSR spend or due to such justifiable reason that the Annual Action Plan and the budget set-forth could not be implemented then the amount which are unspent have to be transferred to the specific fund notified by the Government or until then to a fund included in Schedule VII within a period of six months of the expiry of the financial year or such other period specified from time to time.
- e. If any surplus generated on account of or from any CSR Activity could not be ploughed back into the same project, it shall be transferred to the Unspent CSR Account and spent in pursuance of CSR objectives of the Company as per the Annual action Plan of the Company or transfer it to the fund specified in Schedule VII, within a period of 6 (Six) months of the expiry of the financial year or such other period specified from time to time.

Corporate Social Responsibility (CSR) Policy (Contd...)

Monitoring, Assessment & Reporting Mechanism:

- a. The CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company. A time frame shall be fixed for all CSR projects/ activities for their timely completion with suitable milestones.
- b. The CSR Committee shall be responsible for submitting to the Board of Directors, at every meeting of the CSR Committee, a detailed report on every CSR Projects or Programmes undertaken by the Company, whether directly or through any Implementation Agency, the date of commencement, duration, date of completion / stage of completion, amount actually earmarked / amount spent as on the date of such report, location of the project, agency engaged for undertaking the project, issues, hindrances, obstacles, delays, deficiencies encountered while carrying out the project and any other information that may be required to be furnished by the CSR Committee from time to time.
- c. Expenditure incurred on every CSR Project or Programme shall be verified and authenticated by the Chief Financial Officer (CFO) / Head of Finance of the Company. The CFO / Head of Finance shall submit a certificate to the CSR Committee on the expenditure incurred on the CSR Activities undertaken by the Company and any amount remaining unspent, and classify such unspent amounts between those pertaining to “ongoing projects” and those pertaining to other projects and ensure that statutory compliances with respect to such unspent amounts are properly carried out.

Asset Creation and Transfer:

If the CSR Project or Programme undertaken by the Company requires creation of capital asset, it shall be ensured that such assets are created in the name of either the Trust established by the Company as an Implementing Agency for carrying out CSR Activities or in the name of any public authority specified under the CSR Policy Rules.

CSR Impact Assessment:

The Company shall undertake impact assessment if applicable in a financial year as per the rules applicable from time to time.

CSR Reporting and Disclosure Requirements:

- a. The Board shall disclose the composition of CSR Committee in the Board's Report.

Bimetal Bearings Limited

09/09

Corporate Social Responsibility (CSR) Policy (Contd...)

- b. CSR Committee of the Board will periodically consider the progress report on the various CSR initiatives taken up by the Company.
- c. Details of the CSR activities undertaken by Company and amounts spent along with reasons for spends below budgeted levels, if any, shall also be reported in Company's Annual Report under Directors' Report as per the format specified in the Rules and displayed on the website of the Company. If the Company in any year fails to spend the budgeted amount, it shall be disclosed in the Board's report along with the reason.
- d. Further the composition of the CSR Committee and the CSR Policy shall also be displayed on the website of the Company.

The Policy will be reviewed annually and if necessary, the Policy may be reviewed at any time to meet any particular need.

Amendments to the Policy as approved by the Board of Directors at their meeting held on 13th August 2021. These changes to come into effect with immediate effect.

(Sd/-) Krishna Srinivasan
Chairman (CSR Committee)

18th August 2021