



HERO MOTORS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

As approved by the Board of Directors on May 1st, 2014.



CORPORATE SOCIAL RESPONSIBILITY

1. PREAMBLE:

The definition and scope of corporate responsibility is quite vast. Terms like corporate responsibility, corporate social responsibility, sustainable development, corporate philanthropy, corporate citizenship, corporate consciousness, responsible business etc are used interchangeably. Now, the investors and shareholders are no longer the only stakeholders in the business. Business draws on resources both natural and social from the society and planet and provides products and services to the society. It forms an integral part of the society and is responsible and accountable to a wide range of stakeholders i.e. customers, employees, supply chain, nature, environment, regulatory bodies etc.

With the emergence of corporations and conglomerates, the pressure on business on corporate governance, ethics, values and disclosures have increased. Along with regulatory frameworks a number of voluntary frameworks and guidelines require businesses to disclose the manner in which the business is being conducted for example Carbon Disclosure Project (CDP), Sustainability Indexes etc. In India, the Companies Act, 2013 mandates Corporate Social Responsibility (CSR) activities to be undertaken by companies meeting the criteria specified in the Act.

2. REGULATORY REFERENCE:

- 1) Section 135 under the Companies Act, 2013 ;**
- 2) Companies (Corporate Social Responsibility Policy) Rules, 2014**
- 3) Schedules VII**

3. POLICY:

- a) This policy shall be known as Corporate Social Responsibility Policy of the Company which is referred in this Policy as “the Policy” or “CSR Policy”.
- b) The Policy shall be displayed on the website of the Company;

4. OBJECTIVE:

- i. Strive for economic development that positively impacts the society at large with minimal resource footprint.

5. CSR COMMITTEE:

As per requirement of Section 135 of Companies Act, 2013 and rules related thereto, the Board of Directors of the company has constituted the "Corporate Social Responsibility Committee" comprising of following Directors:

1. Mr. Gian Parkash Sood, Director, as Chairman of the Committee
2. Mr. Pankaj Munjal, Managing Director as Member of the Committee
3. Mrs. Charu Munjal, Director, as Member of the Committee

The Company Secretary acts as the secretary of the Committee. The Board of Directors may change the composition of Committee as it may deem fit.

6. SCOPE OF CSR ACTIVITIES:

(A) The CSR Activities shall include the following:

- i. To carry out philanthropic activities for the welfare of society.
- ii. To support the infrastructure for welfare of differently abled persons like handicapped, deaf, dumb and blind and old persons etc.
- iii. To support the medical infrastructure and health initiative camps covering lifestyle diseases, ENT, maternity issues, woman reproductive health issues for underprivileged or any other class or category of persons, as the trust may deem fit, for welfare of the society.
- iv. To work in the area of eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by Central Government for the promotion of sanitation and making available safe drinking water.
- v. To work in the area of promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

- vi. To work in the area of 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.
- vii. To work in the area of 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.
- viii. To work in the area of 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 and handicrafts.
- ix. To work in the area of measures for the benefit of armed forces veterans, war widows and their dependents.
- x. To work in the area of training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
- xi. To contribution to the Prime Minister's National Relief 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.
- xii. To make contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- xiii. To work in the area of rural development projects.
- xiv. To work in the area of slum area development.
- xv. To undertake any other activities in furtherance of the aforesaid objectives, as the CSR Committee may deem fit.

(B) The CSR Activities shall not include the following: -

- i. Activities undertaken in pursuance of normal course of business of the Company;
- ii. Activities that benefit only the employees of the company and their families;

- iii. Contribution to any political party

7. CSR EXPENDITURE:

- ❖ In the beginning of every financial year, the CSR Committee shall determine whether the provisions of Section 135 of the Act for mandatory CSR spend are applicable to the Company and accordingly, determine the CSR Expenditure Budgeted for the financial year and recommend the same for Board approval.
- ❖ CSR Expenditure Budgeted shall include all expenditure including contribution to corpus or on projects / programmes relating to the CSR Activities. For achieving the CSR objectives through implementation of meaningful and sustainable CSR programmes, the Company shall allocate the following as its annual CSR Expenditure Budgeted.
 - 2% of its average net profits made during the three immediately preceding financial years, as prescribed under the Act and the CSR Rules from time to time.
 - Any income arising there from.
 - Surplus arising out of CSR Activities; and
 - Such other amount, as may be determined by the Company from time to time.
- ❖ Any surplus arising out of CSR Activities shall not form part of the business profits of the Company and the same shall be spent on CSR activities.

8. MODE OF IMPLEMENTATION OF CSR ACTIVITIES:

The CSR activities would be implemented on a project mode with objectively verifiable indicators and continuous engagements with defined monitoring and reporting mechanism.

The CSR activities shall be executed through any one of the following modes:

1. Directly by the Company as referred in Rule 4(1) of the Companies CSR Rules, 2014.

2. Through Section 8 Company set up by a holding company or subsidiary of the Company, or by an associate company.
3. Through a registered trust or society.
4. Contribution to corpus of a trust / society / company with charitable objects created exclusively for a purpose directly relatable to a subject covered in schedule VII of the Act.
5. Through an other NGO, Civil Society Organization, Voluntary agencies, missions, professional consultancy organizations, trusts etc. provided it qualifies and meets the track record and other criteria as per Rule 4(2) of Companies (CSR Policy) Rules, 2014.

9. LOCATION OF CSR ACTIVITIES:

The CSR Committee will decide on the locations for CSR activities.

10. MONITORING AND REPORTING:

1. The CSR Committee shall monitor all CSR Activities, including utilization of funds to ensure their effective implementation in accordance with the CSR Rules read with section 135 of the Act.
2. The progress of CSR programmes under implementation will be reported to the CSR Committee at half yearly intervals.
3. The minutes of the meetings of the CSR Committee shall be placed before the Board.
4. The CSR Committee may be directed by the Board to present the cost incurred on CSR Activities annually and also the impact assessment thereof as appropriate.

11. REVIEW AND AMENDMENT:

The Board may amend, abrogate, modify or revise any or all clauses of this Policy, on recommendation of the CSR Committee and in accordance with the guidelines issued by the Govt. from time to time in respect to the Act and the CSR Rules.

12. EFFECTIVE DATE:

This policy is effective from May 1st, 2014.

13. CONTACT:

For queries relating to the CSR policy, please write to us at: legal@heromotors.com