



## WEG INDUSTRIES (INDIA) PRIVATE LIMITED CSR POLICY

### 1. CORPORATE SOCIAL RESPONSIBILITY (CSR) PHILOSOPHY

WEG Industries India Pvt. Ltd is a leading manufacturer of Electrical Motors and Generators. In fulfilling WEG's mission statement of 'Sustainable growth, maintaining simplicity', WII is committed to serving the communities through world-class products and services.

Corporate Social Responsibility (CSR) has always been at the forefront of WEG's operating philosophy. WII's focus in CSR is on bringing about inclusive growth in the society through interventions to improve healthcare, promote education, generate livelihood opportunities and support rural development.

**WII CSR Vision Statement:** Continuous value addition to human lives, making this world a better place to live.

**WII CSR Mission Statement:** Strive towards the inclusive growth of society, understanding social issues, respecting diversity and creating prosperity.

### 2. APPLICABILITY

This Policy is applicable to WII and will apply to all the CSR projects, programs and activities undertaken by WII.

### 3. CSR COMMITTEE

**The CSR Committee shall comprise of minimum 3 Directors, as may be decided by the Board of the Directors of the Company**

CSR Committee Members

1. Jean Carlo Butske
2. Wilson Jose Watzko
3. Andre Luis Rodrigues
4. Joao Paulo Gualberto Da Silva


#### 3.1 RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

Approve the CSR Policy after taking into account the recommendations made by the CSR Committee.

Disclose contents of CSR Policy in the Executive Committee' report.

Ensure that CSR projects, programs and activities incorporated in CSR Policy approved by the Board, on recommendation of the Committee, are undertaken by WII.


Ensure that WII spends CSR expenditure on CSR projects, programs and activities in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 ("CSR Rules") and any amendments thereof.




Ensure annual report on CSR in the prescribed format to be covered in the Executive Committee' Annual report.



### **3.2 ROLE AND RESPONSABILITIES OF THE CSR COMMITTEE**



Formulate & recommend the CSR Policy to the Board for approval which shall provide the indicative list of projects, programs and activities to be undertaken by WII as specified in Schedule VII to the Companies Act, 2013 and the expenditure to be incurred thereon.



Monitor the CSR Policy and recommend the modifications to the CSR Policy, as and when required.

Recommend to the Executive Committee the CSR projects, programs and activities to be undertaken and the expenditure to be incurred on such CSR projects, programs and activities.

Execution of identified CSR Projects, programs and activities.

Institute a transparent monitoring mechanism for implementation of the CSR activities undertaken by WII.

### **3.3 QUORUM AND FREQUENCY OF MEETINGS**

The quorum for a CSR Committee meeting shall be one-third of its total strength or two members, whichever is higher.

The CSR Committee shall meet as and when required, but at least once in a year to discuss and review CSR projects, programs and activities and Policy.

The CSR Committee members may attend the meeting physically or via visual means as permitted under the Companies Act. The Committee shall have the authority to call such employee(s), senior official(s) and or externals, as it deems fit.

The CSR committee shall have the authority to obtain professional advice from external sources for the purposes of accomplishments of overall CSR objectives laid down in this CSR Policy.

## **4. CSR MAIN THRUST AREAS**

In accordance with WII CSR Philosophy and the specified activities under the Companies Act, 2013 read with the CSR Rules, and any amendments thereof, the CSR committee will ensure the CSR programs, projects and activities are designed and implemented in any of the following thrust areas.



However, commitment to CSR will be manifested by investing in any of the area mentioned in Schedule VII of the Companies Act. Such other activities as the Committee may consider being appropriate.

## 5. CSR PROJECTS, PROGRAMS AND ACTIVITIES

### 5.1 IDENTIFICATION

Identification of CSR projects, programs and activities will be done in a participatory manner. WII may recourse to the participatory rural appraisal mapping process as and when required. Subsequently, based on a consensus and in discussion & requests from / with District Administration / Local Government / Local Bodies such as Panchayats / Civic Bodies, where required, projects will be prioritized by assessing the following:

- Project / Program / Activity Objectives
- Implementation Action Plan
- Major result expected including the expense ratio as against the actual CSR spend

A list of CSR projects, programs and activities which WII plan to undertake during implementation year will be laid down before the Executive Committee at the beginning of each financial year, specifying the modalities of execution in the areas, sectors chosen and implementation action plan for the same.

CSR Activities shall be undertaken in project, programs mode.

### 5.2 GEOGRAPHICAL REACH

WII shall give preference to the local areas and areas around it where it operates, for spending the amount earmarked for CSR projects, programs and activities. However, the CSR Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Committee for undertaking CSR activities.

## 6. MODALITIES OF EXECUTION OF ACTIVITIES

The CSR committee will identify suitable projects for implementation in line with the thrust areas identified. These projects will be executed directly by WII or by partner agencies or by collaboration with other corporates.

These agencies would work singly or jointly with other agencies.

\*\*The Board may decide to undertake its CSR Activities approved by the CSR committee, through itself or through -

- (a) 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
- (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) 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 activities.

### 6.1 CRITERION FOR CSR PARTNER(S) AND AGREEMENTS

CSR committee will assess the CSR partner(s) organization who would execute the projects at the grass root levels. At a minimum they need to meet following criteria:

- The CSR partner(s) has a permanent office / address in India
- The CSR partner(s) is a registered Trust, Society or section 8 companies having an established track record of three years in undertaking similar CSR programs or projects in pursuance with the relevant regulations.
- The antecedents of the CSR Partner are verifiable.
- Have requisite framework to report progress / status of the projects on a quarterly basis on agreed parameters.
- Maintain a required level of auditable records on the CSR initiatives conducted.

Once the project/Program is approved, WII and the CSR partner will be required to enter into an agreement as per the standard MOU requirement.

All CSR Partners must follow norms of confidentiality, if and as applicable.

## 7. CSR PROCESS

\*\* 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 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 utilisation 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:

## 8. MONITORING, REVIEW AND REPORTING MECHANISM

To ensure steady progress of varied CSR Projects, Programs, Activities both outcome assessment and financial monitoring will be done by CSR Committee members either by internal or external resources. The CSR Committee will review the strategy from time to time and may choose new focus areas and projects on Executive Committees approval as and when required. The following monitoring mechanism will be adopted:

- Submission of monthly progress reports on execution from CSR Partner(s).
- The CSR Committee will provide the progress update of the CSR projects, programs and activities to the Executive Committee every six months or such other intervals as may be decided by the Committee.
- The Annual report shall be prepared on the CSR projects, programs and activities in the prescribed format to form a part of the Executive committee' Report.
- Impact Assessment through, independent agency their CSR projects having outlays of INR one crore rupees and which have been completed not less than one year before undertaking the impact study, if the Company has an average CSR obligation of INR 10 crores or more, in three preceding financial years
- \*\*The Company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

## 9. ANNUAL SPENDS / ALLOCATION OF FUNDS

The CSR budget will be calculated in line with Section 135 of the Companies Act, 2013 and the CSR Rules thereof.


The surplus arising out of the CSR projects, programs and activities will not be considered as a part of the business profits of WII 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 transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year Until a fund is specified in Schedule VII for the said purpose by the Ministry of Corporate Affairs, the unspent CSR amount shall be transferred by the company to any fund included in schedule VII of the Act.

\*\* In case the company spends an amount in excess of the allowed CSR expenditure, then the Company may set off such excess amount against the CSR expenditure of such number of succeeding three financial years subject to the conditions that –


- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities
- (ii) the Board of the company shall pass a resolution to that effect.

All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective financial year.


Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by the Central Board of Direct Taxes to be read together with the CSR Rules




The CSR Committee shall be responsible to maintain a record of the expenditure of each project, program and activity of CSR.



\*\*The Chief Financial Officer or a person responsible for financial management shall provide a certificate to the Board on an annual basis, confirming that the funds disbursed as CSR expenditure have been utilized for the purposes and in the manner of CSR expenditure approved by the CSR Committee and Board.



\*\*The Board, in the year following the CSR expenditure, shall satisfy itself that the funds so disbursed 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 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 project within the overall permissible time period.

## 10. CSR CAPACITY BUILDING

WII may build CSR capacities of its own employees as well as those of its CSR Partners by providing training to them in understanding CSR objectives, specifics of CSR, how and where to incur the CSR expenditure, implementation, monitoring, reporting.

Expense on capacity building including expenditure on administrative overheads will not go beyond the limit of 5% of total CSR expenditure of WII in a financial year and the Institutions providing training must have an established track record of minimum 3 years in implementing such training as provided in the CSR Rules.

## 11. CSR POLICY REVIEW

The Executive Committee on its own or based on recommendation from CSR Committee can amend this Policy, as and when required subject to amendment is in accordance with the Companies Act, 2013 and CSR Rules thereof as may be amended by relevant statutory authorities from time to time.

*\*\*amended as per notification dated 22nd January 2021, issued by the Ministry of Corporate Affairs, notifying the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.*