



UNIPARTS
GROUP

UNIPARTS INDIA LIMITED

Corporate Social Responsibility (CSR) Policy



CORPORATE SOCIAL RESPONSIBILITY POLICY (“CSR Policy”)

Preamble:

Uniparts India Limited (“Uniparts India” or the “Company”) is an Indian based global manufacturer of engineered systems and solutions. Uniparts India is the largest exporter of systems and components for the Off-Highway Market and operates out of six manufacturing facilities, comprising of four manufacturing facilities in India of the Company and two manufacturing facilities of its subsidiary companies (out of which one is located in India), and three warehouses of its subsidiary companies located across three continents.

Uniparts India and its subsidiaries (“Uniparts Group”) has developed core competencies along the value chain like dual-shore manufacturing, warehousing solutions and an unparalleled supply chain capability. With strategic locations across the globe, Uniparts Group is able to service their OEM Customers in all main markets like India, North and South America, Europe and Japan. With extensive experience in the industry, backed by state of the art manufacturing technology and backward integrated manufacturing processes, Uniparts Group is able to support their customers with global solutions to meet their future challenges.

Uniparts Group believes that the vision of an organization can only be realized with the active contribution of all stakeholders including the communities and society where it operates. And hence, the Company has taken on themselves its obligation to the society and the people in need with special emphasis in the surrounding areas of the factories and establishments of Uniparts India. While the States have been carrying out a number of development projects, Uniparts India on its part likes to participate / contribute and makes its presence in social, economic, infrastructural, agricultural, educational etc., development for augmenting the quality of life of people in areas surrounding its factories and establishments and society in general. The purpose of these efforts would be not only to help people by providing facilities for education, health, civic amenities, agri-based livelihood etc. but also to create opportunities for development of skills, employment including self-employment and to improve quality and dignity of life. Uniparts India on its part will not only have the satisfaction of being a

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Controlled By: Group CPO	Approved By: Board of Directors



part of the larger society, which has created it but also to create an environment, which ultimately would be providing Uniparts India the much needed resources from an economically productive society including employable people as well as peace loving community.

The concept of Corporate Social Responsibility (“CSR”) has now gained prominence from all avenues. Recently, with the enactment of the Companies Act, 2013, the mandate for CSR has been formally introduced to the dashboard of the Boards of Indian companies. Even before the issue of CSR was mandated by the Companies Act, 2013, Uniparts India was aware of its Corporate Social Responsibility and was fulfilling the aspiration of the society through contribution to the CSR activities.

In accordance with the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Regulations”), the Company has constituted a Corporate Social Responsibility Committee of the Company (“CSR Committee”), and the CSR Committee has formulated this CSR Policy and recommended the same to the Board of Directors of the Company (“Board”) for its consideration and approval. The Board vide its resolution dated 2014 approved and adopted the CSR Policy with immediate effect.

1.0 Objectives of this CSR Policy:

The main objective of this CSR Policy is to lay down guidelines for the Company to make CSR a key business process for sustainable development for the society and establish a framework for ensuring compliance with the provisions of CSR Regulations by dedicating a percentage of the Company’s profits for CSR activities and implementing appropriate procedures and reporting mechanism. The Company aims to ensure the implementation of CSR initiatives in letter and spirit by identifying & helping under-developed areas with special emphasis on areas in and around factories/units of Uniparts India.

Effective From: 1 st April 2014	Version: 1.0
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2.0 Areas of Focus / CSR Activities

This CSR Policy recognizes that corporate social responsibility is not merely compliance but a commitment to support initiatives that measurably improve the lives of underprivileged. The Company would give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. However, the Company may identify such other areas, as it may deem fit, with the approval of the CSR Committee. The Company will undertake one or more of following activities as notified under the CSR Regulations:-

- (i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and 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;
- (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;

Effective From: 1 st April 2014	Version: 1.0
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- (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 any other -fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects
- (xi) such other areas as may be notified by the Ministry of Corporate Affairs from time to time.

The CSR activities shall be undertaken by the Company as projects, programs or activities (either new or ongoing) excluding activities undertaken in pursuance of the normal course of business of the Company. The CSR projects or programs or activities that benefit only the employees of the Company and their families, and contribution of any amount (directly or indirectly) to any political party, shall not be considered as CSR activities under this CSR Policy.

3.0 Budget and Funding

For achieving the CSR objectives, the Company will, on yearly basis, allocate atleast 2% of the average net profits of the Company made during the three immediately preceding financial years, as its annual budget for the CSR activities. The average net profits for this purpose shall be computed in accordance with the provisions of CSR Regulations.

The Company may build CSR capacities of its own personnel as well as those of its Independent Implementing Partner (as mentioned above) through Institutions with established track records

Effective From: 1 st April 2014	Version: 1.0
Controlled By: Group CPO	Approved By: Board of Directors



of at least three financial years but such expenditure shall not exceed five percent of the total CSR expenditure of the Company in one financial year.

The surplus arising out of the CSR activity will not be a part of business profits of the Company. The corpus would thus include 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities. Any unutilized CSR allocation of a particular year, will be carried forward to the following year, i.e. CSR budget will be non-lapsable in nature.

All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board shall, its report under Section 134 of the Companies Act, 2013, specify the reason for not spending the amount.

4.0 Organizational Mechanism

- a) CSR Committee:- The CSR Committee will be responsible for, *inter-alia*, recommending the amount to be spent on CSR activities, instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company, and monitor the CSR policy from time to time.
- b) The CSR Committee may identify and authorize the official(s) of the Company to deal with and report on the matters related to implementation of the CSR activities. The concerned official(s) should have suitable background, and report directly to the CSR Committee or a member nominated by the CSR Committee.
- c) The CSR Committee shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee / external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishment of CSR objectives of the Company.

5.0 Guidelines for consideration of proposals and allotment of funds for CSR projects & activities

Effective From: 1 st April 2014	Version: 1.0
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The guidelines for consideration of proposals and allotment of funds for CSR projects & activities are detailed in Annexure – I.

6.0 Implementation Strategy for CSR projects / Activities

All projects or programmes or activities under this CSR Policy shall be approved by CSR Committee before they are put up for consideration of the Board. The Board may decide to implement the CSR activities by any of the following modes-

- 6.1 Directly on its own or through its own non-profit making registered trust / registered society / company incorporated under Section 8 of the Companies Act, 2013 or collaborating or pooling their resources through other companies, or
- 6.2 By making grants to an independent implementation partner who shall be a reputed non-profit making registered trust / registered society / company incorporated under Section 8 of the Companies Act, 2013 or Section 25 of the Companies Act, 1956, having a track record of at least three years in undertaking similar programs / projects / activities (Independent Implementation Partner), or

The strategy for implementation of the CSR projects / Activities is detailed in Annexure – II.

7.0 Monitoring Strategy for CSR projects / Activities

The projects shall be monitored as per the strategy detailed in Annexure – III.

8.0 Audit:

The Company may, at its sole discretion, undertake social audit of projects implemented under its CSR programme through an independent agency after 2-3 years of completion of the project so as to assess the effect of CSR intervention.

9.0 Review and Reporting

Effective From: 1 st April 2014	Version: 1.0
Controlled By: Group CPO	Approved By: Board of Directors



The CSR Committee will review the CSR activities of the Company and will provide the progress update to the Board every six months or such other intervals as deemed appropriate.

The Company will report, in the prescribed format as set out herein as Annexure IV, the details of the CSR initiatives and activities of the Company in the Board Report and on the website of the Company, as required under the CSR Regulations. Such reporting will be done, pertaining to financial year(s) commencing on or after the 1st day of April 2014.

10.0 General:

- a) The competent authority to take decision on sanctioning works / allocation of funds for CSR and appointing authorized agencies for implementing projects / activities shall be as authorized by the Board or CSR Committee of the Company.
- b) If it is observed that any CSR activity taken up for implementation is found not properly implemented, the CSR Committee may, at its discretion, discontinue funding the project at any time during the course of implementation.
- c) The Board on its own and /or as per the recommendations of the CSR Committee can amend or modify this CSR Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the applicable laws / regulations on the subject as may be issued by the relevant statutory authorities, from time to time.

Effective From: 1 st April 2014	Version: 1.0
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Broad Guidelines for consideration of proposals and allotment of funds for CSR Projects and Activities

1. Individual proposals have to be within the framework of the CSR Policy.
2. Identification of projects and the executing agency will be made, inter-alia, by assessing the following – activities to be undertaken, time frame, financial requirement, organizational responsibilities, outcome / expected results and sustainable aspects. The CSR official will evaluate the proposals and give its recommendations to the CSR Committee. The releasing of funds in phased manner shall be clearly defined in the proposal to ensure proper utilization and submission of periodical progress reports before release of installments.
3. The proposals or projects or activities identified by the Company which are within the purview of CSR Policy may be executed through Independent Implementation Partner as considered appropriate by the CSR Committee. However, such projects submitted by Independent Implementation Partner shall be approved only after verification of their credentials, capability and preparedness to work in the specified locations.

Effective From: 1 st April 2014	Version: 1.0
Controlled By: Group CPO	Approved By: Board of Directors

Implementation Strategy

Every project must be formally examined and approved to ensure that each project is in line with the CSR Policy of the Company, the monitoring indicators are clearly defined and adequate budget should be allocated for each such project. The CSR Projects/ Activities shall be implemented in any of the following ways:-

1. Directly on its own or through its own non-profit making registered trust / registered society / company incorporated under Section 8 of the Companies Act, 2013 or collaborating or pooling their resources through other companies, or
2. By making grants to an independent implementation partner who shall be a reputed non-profit making registered trust / registered society / company incorporated under Section 8 of the Companies Act, 2013 or Section 25 of the Companies Act, 1956, having a track record of at least three years in undertaking similar programs / projects / activities (“Independent Implementation Partner”), or

Every Project will specify the implementation schedule indicating the starting date, date of completion, likely benefits etc. The methodology of implementation shall be as follows:-

A) Directly by the Company or through its own non-profit foundation or collaborating or pooling their resources through other companies. -

- i. The activities which can be implemented by the Company, either directly or through its own non-profit foundation setup so as to facilitate this initiative, shall be taken up by the Company through respective CSR functionary at the units.
- ii. The activities which cannot be taken up by the Company because of its nature, size and other limitations shall be considered for implementation through other alternatives viz. pooling the resources through other companies. In that case, it shall be ensured that the CSR Committee of respective companies are in a position to report separately on such projects or programs or activities in accordance with the CSR Regulations.

Effective From: 1 st April 2014	Version: 1.0
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B) Through Independent Implementation Partner:-

- i. The proposals of the CSR Projects of long duration focusing on overall sustainable development in a given time frame requiring a dedicated team and full time attention shall be considered for implementation through Independent Implementation Partner.
- ii. The Independent Implementation Partner shall be identified based on their credentials and long standing performance in respective fields. At a minimum, the Independent Implementation Partner shall meet the following criteria:-
 - a. the Independent Implementation Partner has a permanent office/ address in India;
 - b. the Independent Implementation Partner is a registered trust/registered society or a company incorporated under Section 8 of the Companies Act, 2013 or Section 25 of the Companies Act, 1956, having a track record of atleast three years in undertaking similar programs / projects / activities;
 - c. Possesses a valid income tax exemption certificate;
 - d. The antecedents of the Independent Implementation Partner are verifiable;
 - e. Have requisite framework to report progress / status on the projects on agreed parameters; and
 - f. Maintain a required level of auditable records on the CSR initiatives conducted in conjunction with the Company as mutually agreed.
- iii. Independent Implementation Partner may also come forward on their own with specific proposals in the field of their expertise, within the purview of CSR Policy. Such proposals, which are be complete in all respects and supported by their credentials and capabilities, will be submitted to the CSR Committee for their approval.
- iv. Every claim/installment of Independent Implementation Partner for the work completed should be supported by proper bills and receipts / documents in support of the claim.

Effective From: 1 st April 2014	Version: 1.0
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Monitoring Strategy

All CSR Projects/Activities shall be monitored directly or indirectly by the Company. The monitoring strategy shall be as below:-

1. Determination of the monitoring schedule for each project based on the approved project proposal.
2. All relevant progress reports of the project shall be obtained for study and gap analysis.
3. Identification of measures for impact assessment
4. Discussions meetings with the implementation team to be convened for identification of reasons for slippages (if any) and agreeing on a corrective action. This may be done through a field visit or remotely, based on what has been agreed in the MoU.
5. Discussions with the implementation team regarding what lessons are emerging and how they can be applied within the project as well as outside.
6. An Impact Report of the project to be submitted to the CSR Committee after full commissioning of the project.

Effective From: 1 st April 2014	Version: 1.0
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FORMAT FOR THE ANNUAL REPORT ON CSR TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;
 - (b) Amount unspent , if any;
 - (c) Manner in which the amount spent during the financial year is detailed below.

S. No.	CSR project or activity identified	Sector in which Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on project, (2) Overhead	Cumulative spend upto the reporting period	Amount spent: Direct or through implementing agency*

Effective From: 1 st April 2014	Version: 1.0
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*Give details of implementing agency:

6. In case the company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

(Managing Director)

(Chairman of CSR Committee)

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