

Foseco India Limited

Corporate Social Responsibility (CSR) Policy

Preamble:

CSR is a commitment on the part of an organisation to adopt appropriate strategies and projects for the welfare of the people and society at large. The people and the society are the ultimate beneficiaries. The CSR activity covers the process by which an organisation develops and defines its relationship with the ultimate stakeholders contributing to the common good of the society.

The most important condition on which the success of any CSR initiative hinges is sustainability i.e., all decisions should be based only on the society and the environment in which it lives.

Therefore, it is the core corporate responsibility of Foseco India Limited (**“the Company”**) to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

The Company recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The Company is responsible to continuously enhance shareholders' wealth; it is also committed to its other stakeholders to conduct its business in an accountable manner that is aimed at sustainable development and inclusive growth.

Purpose:

To attain its CSR objectives in a professional and integrated manner, the Company shall:

- Commit towards aligning with nature by adopting eco-friendly practices; pursue initiatives related to quality management, environment preservation by encouraging conservative / judicious use of natural resources and social awareness.
- Undertake proactive engagement with stakeholders to actively contribute to the socio-economic development of the periphery/community in which it operates.
- Using environment friendly and safe processes in production.
- Create a positive footprint within the society by creating inclusive and enabling infrastructure/ environment for liveable communities.

Activities:

The CSR activities undertaken by the Company and the related expenditures incurred, shall mean and include, but not limited to:-

- eradicating extreme hunger and poverty;
- promotion of education in all areas of academic interest including sports and other fields that enhance or impart knowledge and build character;
- promoting gender equality and empowering women;
- reducing child mortality and improving maternal health;
- combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- ensuring environmental sustainability like tree plantation, afforestation, bio-diversity conservation, adopting / using energy efficient products, environment friendly practices, etc;
- employment enhancing vocational skills;

- social business projects;
- building sustainable livelihood;
- rural development covering basic infrastructure facilities, housing facilities, safe drinking water, sanitation and hygiene, building roads in rural areas, providing electrification through solar and other alternate methods, amongst others;
- contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- such other matters as may be prescribed.

The CSR activities shall be undertaken, as projects or programmes or activities (either new or on-going), including expenditures incurred, but excluding activities undertaken or expenditures incurred in pursuance of its normal course of business.

The Board of the Company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society established by the Company or its holding or associate Company under section 8 of the Act or otherwise:

Provided that-

- if such trust or society is not established by the Company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programmes or projects;
- the Company will, on a case-to-case basis, specify the projects or programmes to be undertaken through these entities, the modalities of utilization of funds on such projects and programmes and the monitoring and reporting mechanism;

The Company may also collaborate with other companies or Non-Governmental Organisations (NGOs) for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of respective companies or NGOs are in a position to report separately on such projects or programmes in accordance with these rules.

The Company may grant donations to the NGOs provided the funds are earmarked as a part of the corpus of the NGOs and are used for the specified purposes stated by the Company.

The CSR spend shall include all expenditures, direct and indirect, both capital and revenue expenditure. Surplus funds, if any, allocated for CSR activities or arising out of CSR activities shall be ploughed back into the CSR activities only and shall not form part of business profits of the Company.

Subject to the provisions of sub-section (5) of section 135 of the Act, the CSR projects or programmes or activities undertaken in India only shall amount to CSR Expenditure.

The CSR projects or programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with Section 135 of the Act.

The Company may undertake following activities, in addition to the above:

- Encourage girl child education by providing appropriate infrastructure to the underprivileged families and groom them as future value creators.
- Assist in skill development by providing direction and technical expertise to the vulnerable thereby empowering them towards a dignified life.

- Emphasize on providing basic nutrition/health care facilities with special focus on establishing health centres for the mother and child as well as the elderly.
- Facilitate water conservation by reducing water consumption at the plants and taking up rain water harvesting projects.
- Create a business value chain which is sustainable – environmentally + socially + economically.
- Promote an inclusive work culture.
- Work towards generating awareness for creating public infrastructure that is barrier free, inclusive and enabling for all including the elderly and the disabled.
- Create positive awareness towards the need to adopt measures that lead towards reducing carbon footprints, dependence on fossil fuels and promote alternate energy approaches.
- Promoting the well-being and development of employees and their families through an inspiring corporate culture that engenders good values.
- Employee participation is an important part of developing responsible citizenship. Our Company encourages and motivates employees to spend time volunteering on issues of their interest.
- At the time of national crises, the Company will respond to emergency situations and disasters by providing timely help to affected victims and their families.

CSR Committee:

The Company will govern the CSR activities through a Committee of the Board comprising three or more Directors including at least one Independent Director. The CSR Committee will report to the Board.

The Committee shall approve all CSR projects/programmes undertaken by the Company. It will also approve the NGOs with whom the Company will collaborate or contribute to for CSR programmes. The Committee should meet at least once a year.

All projects and programmes above a value of Rs. 10 Lac will also be subjected to an annual financial audit by a third-party auditor as part of a regular financial audit.

The Committee will also prepare the draft CSR report at the end of the year for approval by the Board for reporting to the shareholders. The Company's Annual Report would include the Annual Report on CSR as per the particulars specified under CSR rules.

The Report shall include 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.

Implementation Mechanism

The Company will implement the CSR through a core team of Company employees headed by the Managing Director. The core team will implement the activities and report to the CSR Committee.

Monitoring Mechanism

Each of the Company's CSR projects and programmes would have clearly defined output, outcome and process indicators which will have to be reported at specified frequencies. All projects and programmes will be monitored by the CSR Committee. The monitoring process will cover any modifications to the policy, including the CSR structure, programme and financial reviews.

All the projects recommended above would be evaluated from the perspective of time frames and social impact. The company would also ensure accountability for the funds invested in the NGO's project through continuous monitoring of the project's progress.

Partnerships:

Collaborative partnerships will be formed with the Government(s), District Authorities, village panchayats, zilla parishads, NGOs and other like-minded stakeholders. This helps widen the Company's reach and leverage.

Budgets:

A specific budget is allocated for CSR activities. This budget should be project driven.

The Company shall spend, in each financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years. The average net profit shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for the activities.

CSR Expenditure

CSR expenditure shall include all expenditure, direct or indirect, capital or revenue, incurred by the Company for projects or programmes relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but will not include any expenditure on an item not in conformity with activities which fall within the purview of the Schedule VII of the Act.

The amount to be spent on CSR activities shall be calculated in accordance with the provisions of the Companies Act, 2013 and Rules and notification issued thereunder. Any shortfalls in the expenditure may be made up by contributions to the approved Funds. Any surplus arising out of CSR projects, programmes or activities shall not form part of the business profit of the Company.

Information dissemination

All disclosures, display and reporting requirements related to CSR activities will be made in accordance with the provisions of the Companies Act 2013, its Rules and the notifications issued by the Ministry of Corporate Affairs from time to time. Information on CSR activities will be uploaded on the website of the Company www.fosecointia.com and also reported in the Directors' Report to the Shareholders.

Management Commitment:

The Board of Directors, the Management and all employees subscribe to the philosophy of compassionate care. We believe and act on generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Dated: 8 February, 2017