



CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. PREAMBLE

GMM Pfaudler Limited (hereinafter referred to as “the Company”), recognizes the impact it has among communities in which it operates and believes that it has a responsibility to improve and enrich the lives of these communities. With its dedicated and focused approach, the Company has been contributing its time expertise and resources to help local communities. The Company is committed to focus its CSR activities in and around the areas in which it operates and would support activities in areas beyond on a case-to-case basis.

2. VISION

Our Vision is to inspire positive change in people and communities across India and beyond through sustainable development and inclusive growth. Our purpose is to drive holistic empowerment and overall wellbeing of the communities in which we operate with a focus on issues relating to healthcare, education and environmental sustainability.

3. CSR STRATEGY AND INITIATIVES

The Company, as a part of its CSR mandate works to contribute towards the overall development of the communities in the vicinity of its factories and offices also other vulnerable communities where need arises. All programs and activities undertaken as a part of CSR have a clear objective to create sustained impact in the most efficient manner. We will also strive to contribute towards the Sustainable Development Goals (SDG) established by the United Nations and play our part as a responsible corporate citizen.

4. FOCUS AREAS OF ENGAGEMENT

The CSR Committee has identified the following focus areas around which the Company shall be focusing its CSR initiatives and channelizing the resources on a sustained basis:

- i. Healthcare: Programmes aimed at promoting affordable health care, preventive healthcare and alleviation of malnutrition among the less privileged.
- ii. Education: Enhancing vocational skills and thereby improving the employability of youth. Improving the quality of education imparted in schools in the villages.

- iii. Environmental Sustainability: Supporting projects aimed at protecting the environment, protection of flora and fauna, and conservation of natural resources. Contributing to create a clean environment in and around its area of operation to ensure that the quality of air and water is maintained above safety levels.

The CSR Committee may undertake projects in any other areas falling within the Schedule VII of the Companies Act, 2013 ("Act") (and amendments thereto) from time to time. Also, the CSR areas highlighted in this policy shall be monitored and reviewed by the management, CSR Committee and the Board of Directors from time to time.

5. CSR GOVERNANCE:

The Constitution and the role of the CSR Committee of the Board of the Company shall be in accordance with Section 135 and other applicable provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014 including any modifications or amendments thereof).

Role of CSR Committee shall include *inter-alia* the following:

- Recommend, formulate and implement directly or indirectly, CSR activities approved by the Board and in compliance with Schedule VII of the Act.
- Approve the budgets for the CSR Expenditure and recommend to the Board for approval.
- Monitor and recommend the amount of CSR Expenditure to be incurred for CSR activities and to ensure it is in line with the CSR Policy.
- To regularly monitor CSR Policy of Company from time to time.
- Any other activity as may be decided by the Board.

6. IMPLEMENTATION PARTNER:

The Company incorporated GMM Pfaudler Foundation ("the Foundation"), a formal structure as a section 8 Company in March 2022, to design and implement its CSR activities. GMM Pfaudler Foundation is registered with Ministry of Corporate Affairs with registration number as CSR00029127 and also under Section 12A and 80G of Income Tax Act, 1961.

The Company's CSR initiatives shall be implemented directly and / or through GMM Pfaudler Foundation for the purposes of accessing expertise/enhancing resources and for support in project implementation.

The Foundation will work as the core implementation partner for GMM Pfaudler and will create cross-company/NGO synergies to encourage exchange of CSR ideas, best practices and learning.

7. MODALITIES FOR EXECUTION OF CSR ACTIVITIES:

- The Company shall spend, minimum two percent (2%) of the average net profits made during the three immediately preceding financial years, for CSR activities. The CSR committee through the Foundation will evaluate the projects identified and implement them through GMM Pfaudler Foundation. The contribution shall be made to the Foundation every quarter.
- The Company also encourages building other partnerships as required with Government Organizations, Non-Government organizations (NGOs) and other local government bodies, etc. to build sustainable impact and reach out to a large and varied section of the society.
- Credible and committed NGOs having a minimum track record of 3 years of consistent and impactful work will be meticulously selected.
- Any surplus arising out of the CSR projects or programs shall not form the part of the business profits of the Company and would be ploughed back to the CSR corpus for spending on CSR projects only.
- Company will be allowed to set-off excess amount, if any, that may have been spent in excess of the requirement provided under sub section (5) of Section 135, in the three succeeding financial years, subject to compliance to certain conditions laid down under amended Section 135 read with the Rules.

8. MONITORING/ REVIEW MECHANISM:

- GMM Pfaudler Foundation will monitor the implementation of the CSR activities and report the progress to the CSR Committee on a six-monthly basis.
- Annual audit of the amount spent on CSR Projects will be carried out and report/ observations will be forwarded to the CSR Committee.
- The CSR Committee will meet twice a year to monitor the process, progress, impact and outcomes of the various projects undertaken. The CSR committee in turn would keep the Board informed.
- The Company will also obtain a report on the implementation of its CSR projects in the prescribed form under the Companies Act, 2013 and include the same in the Company's Annual Report.
- Impact Assessment shall be conducted by a third party in case of long-term partnerships and for short term funding, evidence through the impact of quality work on the ground, a regular observation by the Foundation, and quarterly updates from implementing agencies.

9. EMPLOYEE ENGAGEMENT:

Employee Volunteering is one of the important areas through which GMM Pfaudler would extend its contribution towards CSR. The Company shall propose both short-term need-based CSR volunteering activities and long-term sustainable avenues for employees to offer their service in the areas including education, environment, skill-building, or a befitting area that will make a difference.

10. AMENDMENTS TO THE POLICY:

The Board of Directors may amend this Policy, inter-alia, upon recommendation of the CSR Committee. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Act, Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder, from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Whereas, in case of a conflict with any other laws, provisions of Section 135 of the Companies Act; 2013, shall prevail.

11. GUIDING PRINCIPLES UNDER CSR POLICY:

Guiding principles for selection of CSR activities and implementation and monitoring of CSR activities are enclosed as an Annexure to this Policy.

ANNEXURE

GUIDING PRINCIPLES UNDER CSR POLICY

I. Guiding principle for selection of activities

The CSR Activities for the Company are carried out by GMM Pfaudler Foundation, Implementing Partner and following guiding principles for selection of CSR activities shall be followed: -

1. Activity: CSR activities permitted in Schedule VII of the Companies Act, 2013 as may be amended from time to time, only should be undertaken in close coordination with the Foundation and CSR Committee.
2. Location: Preference should be given to the local areas in India where the Company operates, to the extent reasonably possible.
3. Benefits: Priority should be given to projects which will bring long term, sustainable and lasting benefits to the community. Emphasis to be given on long term viability of activities which have the potential of remaining viable even upon disengagement at the end of the project period.

4. Budget allocation: Company shall spend, minimum two percent (2%) of the average net profits made during the three immediately preceding financial years, for CSR activities. The spend on any identified activity should be decided on the need assessment either undertaken by the Company or the Foundation.

II. Guiding principle for implementation and monitoring of activities

1. Once the CSR projects or programs are identified and finalized, the Foundation should make a schedule for implementation. Unless it is an Ongoing project, the entire CSR activities should be fully implemented before the close of the financial year.
2. For Ongoing project, year wise budget would be allocated, and milestones of completion should be defined and adhered to.
3. As far as possible every effort should be made to ensure that approved CSR activities are implemented in line with the implementation schedule(s) shared with the CSR Committee which forms part of the Annual Action Plan.
4. For monitoring, the Foundation, implementing the projects or programs shall place reports/update(s) at CSR Committee meeting(s). The minutes of such CSR Committee meetings shall be placed before the Board of Directors of the Company.
5. Company shall review its average CSR obligation to ascertain the applicability of the impact assessment, if any, through an independent agency, of CSR projects. In such cases, the impact assessment reports should be placed before the Board and shall be annexed to the annual report on CSR, if required.

The Guiding principles set out hereunder are indicative and not exhaustive and the CSR Committee is permitted to carry out such changes herein, as deemed fit and expedient, from time to time.

Document Control

All changes to the process document can be made only by the Document Owner.

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