

MRF LIMITED

Corporate Social Responsibility Policy

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A. OBJECTIVE

1. This policy has been prepared pursuant to and in accordance with the requirements of Section 135 of the Companies Act, 2013 (hereinafter called as “the Act”) and the Companies (Corporate Social Responsibility Policy) Rules, 2014, notified vide Notification dated 27th February, 2014 (“CSR Rules”) as amended from time to time.
2. This policy shall apply to all CSR initiatives and activities taken up across the Company including those at factories and various other work-centres of the Company, for the benefit of different segments of the society.

B. DEFINITIONS

- (1) Administrative overheads” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- (2) Net profit means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -
 - (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section.

- (3) On Going Projects for the purpose of Section 135 of the Companies Act, 2013 means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

C. CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (“CSR Committee”) :

The Board of Directors of the Company shall constitute a CSR Committee of Directors comprising of at least three directors with one being an Independent Director.

D. RESPONSIBILITIES OF CSR COMMITTEE:

CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy in consonance with the long term vision and strategy of Company in respect of CSR activities, which shall include the following, namely:

1. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act, with more focus on programs specified in clause F of this policy;
2. the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4 of the CSR Rules 2021;
3. the modalities of utilization of funds and implementation schedules for the projects or programmes;
4. monitoring and reporting mechanism for the projects or programmes; and
5. details of need and impact assessment, if any, for the projects undertaken by the company.
6. Recommend to the Board any alteration of the Annual Action plan at any time during the financial year, based on the reasonable justification to that effect.
7. Recommend to the Board reclassification of yearly CSR projects to on-going projects, with requisite justifications.

E. RESPONSIBILITY OF BOARD OF DIRECTORS:

The role of the Board with respect to CSR is as under:

1. Review and approve the recommendations of CSR Committee in respect of annual budget for CSR;
2. To formulate and recommend annual action plan in pursuance of its CSR policy;
3. To approve the CSR projects or programmes that are recommended to be undertaken in areas or subjects specified in the Act; along with the manner of execution of such projects or programmes as specified in the Act;
4. To ensure that the funds are utilized for approved purpose and shall be certified by the Chief Financial Officer (CFO) or Person in charge of finance.

5. To monitor the implementation of ongoing projects and make modifications in such projects to ensure smooth implementation of the project within permissible time period. Also to review the impact assessment reports made by external agencies on projects, mandatorily required to undertake impact assessment, for better decision on future CSR projects.
6. To review and approve the Annual Action Plan in pursuance of the CSR Policy of the Company and make any Alteration to such Plan at any time during the financial year, as may be recommended by the CSR Committee; and
7. Ensure that the Company spends in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years of the Company on CSR activities;
8. In case of excess CSR Spend in any year, to approve and pass a resolution to the effect that the excess amount may be set off against the requirement to spend in the 3 immediate succeeding financial years.
9. Ensure unspent CSR money to be transferred to appropriate accounts within the timeline prescribed.

F. GUIDING PRINCIPLES FOR SELECTION OF PROGRAMMES & PROJECTS:

1. MRF shall undertake projects in any one or more of the following focus areas
 - a. Training to promote nationally recognised sports (including cricket)
 - b. Livelihood enhancement including driver training
 - c. Poverty alleviation
 - d. Promotion of education
 - e. Promoting health care including preventive health care and sanitation
 - f. Rural development
 - g. Environment sustainability and conserving natural resources
 - h. Providing drinking water
 - i. Disaster Management
2. In addition to the above, projects may be undertaken covering activities specified in Schedule VII of the Companies Act 2013 (as amended by the Central Government from time to time). The activities listed under Schedule VII, as on date, are given in the Annexure.
3. CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure. The surplus, if any, arising out of any CSR project or program or activity shall not form part of the business profits of the Company.

4. The CSR project shall not be any activity which is undertaken in pursuance of its normal course of business. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of MRF.
5. The CSR project shall comply with any other stipulation or restriction as provided under the CSR Rules or any clarification or circular issued by the Ministry of Corporate Affairs, from time to time.

G. MODALITY OF EXECUTION & IMPLEMENTATION:

1. Each project may be executed in any of the following modes:
 - a. Directly by MRF.
 - b. 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
 - c. 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
 - d. any entity established under an Act of Parliament or a State legislature; or
 - e. 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.
 - f. A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
2. While approving each specific project, the CSR Committee will prescribe the time period for implementation monitoring and reporting mechanism for the projects or programmes
3. All proposals for a CSR project should be submitted to the Company Secretary who in turn will place it before the Chairman & Managing Director for preliminary clearance and thereafter to the CSR Committee for recommending the same to the Board for final approval.

H. ANNUAL ACTION PLAN:

The CSR Committee shall formulate and recommend to the Board, an annual action plan 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 as specified in sub-rule (1) of rule 4;
- 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;
- e. details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect

I. CREATION OR ACQUISITION OF CAPITAL ASSETS:

The CSR amount can be spent for creation or acquisition capital assets which shall be held by:

- a) a company established under section 8 of the Act or Registered Public Trust or Registered Society, having Charitable objects and CSR Registration Number under the Rules; or
- b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c) Public authority

J. IMPACT ASSESSMENT:

To undertake Impact Assessment of the CSR Projects in cases where it is mandatorily required by the Act/Rules.

K. MONITORING AND REPORTING:

1. A report on progress of the CSR projects undertaken by the Company will be submitted to the CSR Committee with full details of cost incurred, date of completion and results achieved on a regular basis.
2. In order to ensure proper end use of the funds, officials may be deputed to personally inspect / verify the execution of the project / expenditure incurred.

3. A summarised report on implementation of the approved projects should be placed at least once in six months before the Committee.
4. CSR initiatives of the Company will be reported in the Annual Report of the Company in compliance with Section 135 of the Companies Act, 2013 and rules made thereunder. Details of CSR committee, CSR Policy, Projects approved are to be published in the website of the Company.

L. AUTHORITY & AMENDMENTS:

This Policy has been approved by the Board of Directors of the Company based on the recommendations of the CSR Committee. This policy may be amended from time to time by the Board, as it deems appropriate. In the event of any conflict between this Policy and the provisions of the Act and the CSR Rules, this Policy shall be read and interpreted in accordance with the Act and Rules. In the event of any amendment to the Act and the CSR Rules, this Policy (including the Annexure attached hereto) shall be deemed to have been amended accordingly.

M. EFFECTIVE DATE:

This effective w.e.f. 07.06.2021.

ANNEXURE

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

(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 art and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows];

(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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable

Development Goals (SDGs).

(x) rural development projects

(xi) slum area development.

Explanation.- For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.