

FAG Bearings India Limited

Policy on Corporate Social Responsibility

CSR Policy

CSR Committee of Board of Directors



:2014

PREAMBLE

At FAG, we believe that science and technology are synonymous with economic and human development as both aim to drive progress, improve standard of living while preserving environment and supporting sustainability.

As a part of global Schaeffler group, and as a leading manufacturer of rolling bearings in the country, we find numerous opportunities to contribute to human progress through our innovative technologies and thus touch lives of people.

At the same time, being an Indian Company, we are equally motivated by Indian ethos of Dharma as a key plank for organizational self realization. We constantly strive to contribute, in our humble way, to the motto 'सर्वे भवन्तु सुखिनः'— (May every one be happy) and take up the cause of welfare of communities in which we operate.

Delineating our responsibility as a Corporate Citizen, we at FAG are committed to operate our business in an economically, socially & environmentally sustainable manner. At the same time we endeavour to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small way enhance the quality of their lives.

These initiatives are independent of the normal conduct of FAG's business. Programmes, projects and activities (collectively "CSR Programmes") as framed within the purview of Schedule VII of the Companies Act, 2013 as amended from time to time and carried out, are the subject matter of this Policy.

This Policy is also in compliance with applicable provisions of section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility) Rules, 2014 (hereinafter referred as "CSR Regulations").

OBJECTIVES

CSR policy of FAG envisions and directs its greater role, transcending its business interest towards sustainable development of the society.

We aim to constantly identify and implement unique initiatives which are scalable and sustainable and which have capacity to create a positive impact on the lives of people —especially the weaker and underserved sections. By contributing to development of health, science and culture, we wish to further all round progress.

With a view to extending the reach of CSR initiatives and leverage collective expertise FAG will also encourage partnership with like minded stakeholders.

This policy lays a framework to identify and implement different CSR initiatives of the company within the context of this Policy and in alignment with relevant provisions of the Companies Act, 2013 while following high standards of corporate governance.

CSR Committee of the Board of FAG Bearings India Limited reviews, improves, directs and monitors effective implementation of this Policy.

RESOURCES

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, FAG will allocate a fund not less than the limit mandated as per the regulatory requirements.

FAG will endeavour to utilise allocated fund for that particular financial year only, unless otherwise decided by CSR Committee of the Board. A portion of allocated fund that remain unspent / unutilized during that Financial year, will be dealt with in accordance of prevailing law, rules and regulations.

Any surplus arising out of CSR Projects or Programs or activities shall not form part of the business profits of the Company.

CSR AREAS

Guided by the nation's need in form of regulatory norm, the following Areas have been identified for CSR activities (detailed in Annexure-1):

Sr.	Identified Areas	Sr	Identified Areas
1	Health	5	Education
2	Societal	6	Socio Economic Development
3	Sports	7	Culture, National Heritage & Art
4	Environment	8	Rural Development

- Activities mentioned in Annexure - 1 shall be considered as CSR activities; and to capture the essence of the identified areas, activities mentioned in this annexure must be interpreted liberally.
- The Company may undertake various projects under any or all of these identified areas or such other area that may under the law for the time being in force be permissible.
- Activities would be undertaken through well defined project / programmes and be reported to CSR Committee on periodical basis.
- The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.

IMPLEMENTATION

Local areas wherefrom FAG operates will be given priority, however, depending upon the requirement of time and national interest, coverage could be extended to anywhere within India.

PROJECT IDENTIFICATION

At FAG project identification shall be done broadly by means of the following:

- Based upon the Survey / Studies by professional institutions/agencies,
- Internal need assessment,
- Receipt of proposals / requests from District Administration/local Govt. etc.,
- Discussions and request with local representatives / Civic bodies / Citizen's forums / NGOs,
- Such other means / sources as may be deemed fit by the Company's Management Committee of CSR.

PROJECT EXECUTING [AGENCY / PARTNERS]

Company's CSR activities may be carried out:

- a) On its own,
- b) Through registered trust or registered Society or Company incorporated under Section 8 of the Companies Act, 2013,
- c) A Company can collaborate with other companies for CSR. However, CSR Committees of respective companies should be in a position to report separately on project/ program or
- d) Combination of above.

For execution of identified programmes through an external agency, an appraisal of it would be carried out to determine its existence, performance rating, beneficiaries, reputation and recognition, governance track record and compliance criterion and such other details as may be deemed necessary to ensure its capability and usefulness for execution of identified CSR Activity.

Approved CSR programs will implemented through proper memorandum of understanding /agreement with execution agency defining all aspects.

Monitoring & Evaluation

To ensure effective implementation of the CSR programmes undertaken, a monitoring mechanism will be put in place. The progress of CSR programmes under implementation and status of the work done shall be reported to CSR Management Committee on a monthly basis.

CSR Management Committee would evaluate performance of project teams and report to the CSR Committee on periodical basis.

There should be a proper system in place for obtaining feedbacks from beneficiaries of the CSR program of the Company.

GENERAL

- a) In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference shall be made to CSR Committee and their interpretation & decision shall be final.
- b) Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the requirements of the law for the time being in force. The Company reserves the right to modify, cancel, add, or amend any of these Rules.
- c) CSR Committee will meet at least twice in a year.
- d) In case of urgent payment a post facto approval will be taken from the Board; but the amount should fall within budget approved by the Board.
- e) CSR Activities / Expense would be subject to compliance of prevailing Internal Group Guidelines.
- f) This Policy supersedes all previous policies / procedures on Corporate Social Responsibilities.

Annexure - 1

Health	<p>Eradicating: hunger, poverty and malnutrition</p> <p>Promoting: health care including preventive health care and sanitation;</p> <p>Making available Safe drinking water</p>
Society	<p>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;</p>
Socio Economic Development	<p>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, the Scheduled Tribes , other backward classes, minorities and women;</p>
Cultural	<p>Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art;</p> <p>setting up public libraries;</p> <p>promotion and development of traditional arts and handicrafts;</p>
Sports	<p>Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;</p>
Environment	<p>Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water;</p>
Education	<p>Promoting education, including; special education and employment enhancing vocation skills especially among <u>children, women, elderly, and the differently abled</u> and livelihood enhancements projects;</p>
Others	Measures for the benefit of armed forces veterans, war widows and their dependents
	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
	Rural development projects
	Slum area development projects