

# Policy on Corporate Social Responsibility



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## I. Background and Context

As a leading global supplier to the automotive and industrial sectors, the Schaeffler Group has been driving forward groundbreaking inventions and developments in the fields of motion and mobility for over 70 years.

Schaeffler believes 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 part of the global Schaeffler Group, Schaeffler India Limited (The Company/Schaeffler) strives to be a preferred technology partner for its customers driving innovation agility and efficiency, Schaeffler finds numerous opportunities to contribute to human progress through innovative technologies. At the same time, being an Indian Company, Schaeffler is equally motivated by the Indian ethos of Dharma as a key plank for organizational self-realisation. The Company constantly strives to contribute the motto: सर्वे भवन्तु सुखिन (May everyone be happy).

To Schaeffler sustainability means enabling a future worth living by fostering the growth of the Schaeffler Group with a long-term view and continuity for the benefit of all stakeholders. Schaeffler is led by the values of being sustainable, innovative, excellent and passionate. Hence, partnering with organisations, which conduct their business in a responsible manner. Schaeffler's comprehensive '[Supplier Code of Conduct](#)' document covers policies around human rights, prohibition of forced or child labour, fair working environment, environmental and climate protection besides focusing on working with integrity.

Pursuant to the requirements of [Section 135](#) of the Companies Act, 2013 (hereinafter referred to as "the Act") and [Corporate Social Responsibilities Rules, 2014](#) (hereinafter referred to as "the Rules"), Schaeffler India Ltd is outlining its processes and governance mechanism relating to Corporate Social Responsibility (CSR) programmes to be conducted in India.

## II. Objectives

CSR policy of Schaeffler envisions and directs its greater role, transcending its business interest towards sustainable development of the society. Schaeffler aims 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. Schaeffler also focuses on sustainability when engaging with both external and internal stakeholders. Sustainability efforts will be intertwined with CSR activities. By contributing towards the development of health, science, environment sustainability and protection of culture, Schaeffler wishes to further all round inclusive growth and creating a better world for tomorrow's generation. With a view to extending the reach of CSR initiatives and leverage collective expertise Schaeffler will also encourage partnership with like-minded stakeholders.

### III. Approach

#### Mode of implementation:

##### A. Project Identification

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

- a) Based upon the survey/ studies by professional institutions/ agencies,
- b) Internal need assessment,
- c) Receipt of proposals/ requests from District Administration/ Local Government,
- d) Discussions and request with local representatives/ Civic bodies/ Citizen's forums/ NGO(s),
- e) Such other means/ sources as may be deemed fit by the Company's Management Committee of CSR.
- f) Projects which has alignment with Schaeffler Group sustainability priorities
- g) Projects will be identified with a goal of having lasting impact and clear exit strategy for longer term sustainability, after Schaeffler's CSR support ends.

##### B. Project executing (agency/partners)

The 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 which have an established track record of at least 3 years in undertaking similar activities for which the grant is being given. The partners must be registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961) or as per the amendments made by the Ministry of Corporate Affairs or any other authorities from time to time. The partner shall also be registered with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 1<sup>st</sup> April 2021 or as per the amendments made by the Ministry of Corporate Affairs from time to time.
- c) Schaeffler can collaborate with other companies established under Section 8 of the Companies Act for CSR. However, CSR Committees of respective companies should be in a position to report separately on project/ program or
- d) Combination of above.
- e) Schaeffler will engage only with implementing partners that do not violate fundamental responsibilities of human rights, child labour, and corruption.

### CSR Priority and Focus Areas

Supporting the vision of creating a cleaner, safer and smarter world, the key thematic areas that drive Schaeffler's India portfolio include:

1.	Health Care	2.	Preservation of National Heritage, Art and Culture
3.	Occupational Skill for Employability and livelihood enhancement	4.	Education
5.	Environment Sustainability	6.	Empowering women

Activities mentioned in Annexure – 1 which also includes the above-mentioned thematic areas will be considered as CSR activities; and to capture the essence of the identified areas, activities mentioned in this annexure must be interpreted liberally. Schaeffler has ensured that the CSR thematic areas and focus areas of intervention are in line with the Schedule VII of Companies Act, 2013. Also, the CSR activities undertaken will be in accordance with the activities defined as per Section 2 (1)(d) of the CSR Amendment Rules, 2021.

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.

Schaeffler will map CSR projects to **Sustainable Development Goals (SDGs)** targets. Basis project scope, SDG targets will mainly revolve around 4 SDGs identified by United Nations; SDG 3, 4, 6 and 8. However, Schaeffler may undertake projects targeting other SDGs basis the developing landscape.

### Geographical Focus

The geographical coverage of Schaeffler's CSR activities will mainly be spread around local areas where the Company has its operations. However, depending on national interest and CSR programme objectives, coverage can extend to boundaries within India.

## **IV. CSR Governance**

Since April 1, 2014, in line with the Companies Act 2013, Schaeffler India has set up a Corporate Social Responsibility Committee of the Board who are responsible for the governance of CSR activities.

### **Role and Responsibilities of the Board of Directors**

1. The Board shall ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years.
2. Approve the CSR Policy, Annual CSR Budget and the Annual Action Plan of the Company after taking into account the recommendations made by the CSR Committee.
3. Disclose the contents composition of the CSR Committee, CSR Policy and projects approved by the Board on the website of the Company.
4. Ensure compliance with regulatory requirements of all the applicable CSR Laws in India, by monitoring the overall CSR implementation on a periodic basis.
5. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
6. In case of urgent payment, a post facto approval will be taken from the Board

### **Role and Responsibilities of the CSR Committee**

1. The CSR Committee shall formulate and recommend CSR Policy and Annual CSR Budget to the Board.
2. The CSR Committee shall decide on the CSR activities and formulate and recommend to the Board for approval a CSR annual action plan, which shall contain all matters which are required under Applicable Law and any other matters as the CSR Committee may deem fit from time to time. The Board may modify the annual action plan as per the recommendations of the CSR Committee at any time during the financial year, based on reasonable justification.
3. 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 and decision shall be final.
4. CSR Committee will meet at least twice in a year.

## **V. Selection, Implementation and Monitoring Process**

### **Selection**

For execution of identified programmes through an external agency, an appraisal of the external agency 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.

### **Implementation**

Approved CSR programs will be implemented through signed memorandum of understanding/ agreement with execution agency which will define all key clauses.

### **Monitoring**

1. To ensure effective implementation of the CSR programmes undertaken, a monitoring mechanism will be set up. The progress of CSR programmes under implementation and status of the work done will be shared with the CEO on a periodic basis.
2. To ensure that the administrative overheads do not exceed 5% of total CSR expenditure of the company for the financial year.
3. To ensure any surplus arising out of the CSR activities is ploughed back into the same project or transferred to the unspent CSR Account and spent in pursuance of CSR Policy and annual action plan of company or transfer such surplus amount to a fund specified in Schedule VII to the Act, within a period of 6 (six) months from the expiry of the financial year.

## **VI. Impact Assessment**

Schaeffler shall undertake impact assessment of its CSR projects, through an independent agency, as required by and in the manner set out under the CSR Amendment Rules, 2021, and the impact assessment report(s) shall be placed before the CSR Committee and the Board and shall be disclosed as legally required.

## **VII. Reporting and Disclosures**

An annual CSR report and the annual action plan will be included in the Directors Report within the Annual Financial Report of Schaeffler and placed before the Board by the CSR Committee for approval. The report for Schaeffler will adhere to the specified requirements of section 135 of the Companies Act, 2013.

As part of reporting, the Board will be responsible to ensure that:

1. The Annual CSR Report includes the requisite information in terms of the Act and the Rules;
2. The contents of the latest and updated version of the CSR Policy is included in the report of the Board;
3. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. The assessment should be undertaken through an independent agency (if applicable)
4. In case of failure to spend 2% of net profits, detailed reasons for the same are adequately disclosed in the Board Report.
5. Disclosure of CSR Committee members in the annual CSR report.

### **VIII. General**

1. 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 the said provisions.
2. CSR Activities / Expense would be subject to compliance of prevailing Internal Group Guidelines
3. This Policy supersedes all previous policies / procedures on Corporate Social Responsibility

## Annexure 1

<b>Health</b>	<ul style="list-style-type: none"> <li>• Eradicating hunger, poverty and malnutrition</li> <li>• Promoting: health care including preventive health care and sanitation <i>including contribution to the Swach Bharat Kosh set-up by Central Government for the promotion of Sanitation</i></li> <li>• Making available Safe drinking water</li> </ul>
<b>Empowering Women</b>	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; <b>setting</b> 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;
<b>Socio-Economic Development</b>	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;
<b>Preservation of National Heritage, Art and Culture</b>	<b>Protection</b> 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;
<b>Sports</b>	Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
<b>Environmental sustainability</b>	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 <i>including contribution to Clean Ganga fund set- up by the Central Government for rejuvenation of river Ganga</i>
<b>Education</b>	Promoting education, including special education and employment enhancing vocation skills especially among children women elderly, and the differently abled and livelihood enhancements projects;
<b>Others</b>	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
	<i>All other activities as may be included in Schedule VII of the companies act 2013 from time to time</i>