

CORPORATE SOCIAL RESPONSIBILITY [CSR] POLICY



ENPRO INDUSTRIES PRIVATE LIMITED [EIPL]

“Salus Populi Suprema Lex Esto”
“Let The Welfare of The People Be Supreme Law!!!”

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This Policy has been instituted based on the Corporate Social Responsibility (CSR) philosophy of Enpro Industries Private Limited and provisions of Section 135 of the Companies Act, 2013, read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. This Policy will always be subject to the provisions of the aforesaid Act and Rules (as amended from time to time) and for time being in force.
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Topic	Corporate Social Responsibility Policy
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Approved & Authorized By	CSR Steering Committee & Board of Directors

TABLE OF CONTENTS

1. CSR Philosophy & Policy Statement	3
2. Policy Objectives	3
3. Definitions	4
4. Guiding Principles	4
5. Areas of Interest for CSR Activities	4-6
6. CSR Budget & Funds Allocation	6-7
7. Mode of carrying out CSR Activities	7-8
8. Composition of CSR Committees	8
9. Meetings & Quorum of CSR Committees	9
10. Role & Responsibilities of CSR Committees	9-10
11. Reporting Mechanism	10
12. Monitoring Process	10
13. Review & Amendment of Policy	10-11

1. CSR Philosophy & Policy Statement:

EIPL is committed to operate and grow its business in a socially responsible way. Our vision is to grow our business whilst reducing the environmental impact of our operations and increasing our positive social impact. EIPL is not only committed to being a good citizen, but also to being a good neighbour in the communities we call 'HOME'. We contribute as a Company to various charitable causes, and we seek to participate in ways that touch people's lives in these communities. EIPL aims to create educated, healthy, sustainable, and culturally vibrant communities. EIPL has always believed in giving back to the society and recognized its role and responsibility as a corporate citizen. EIPL has social values ingrained into its culture and manner of working. We strongly believe that businesses cannot be successful when the society around them fails.

Recognizing that business enterprises are economic organs of the society and draw on societal resources, EIPL believes that the Company's performance must be measured by its contribution to Society building and overall development of Communities across multiple geographies in turn leading to societal sustainability. EIPL believes the enterprises possesses the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation, and creativity. EIPL's focus has always been to contribute to the sustainable development of the Society and environment, and to make our planet a better place for future generations.

2. Policy Objectives:

This CSR Policy establishes the scope, CSR goals of EIPL and approving funding process. This CSR Policy shall operate as the Corporate Social Responsibility Policy of EIPL for the purposes of Section 135 of the Companies Act, 2013 and CSR Rules. The CSR Policy of EIPL inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Creating opportunities for employees to participate in socially responsible initiatives.

3. Definitions:

In this Policy unless the context otherwise requires:

- (a) 'Act' means Companies Act, 2013.
- (b) 'Corporate Social Responsibility' means Corporate Social Responsibility (CSR) as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (c) 'Ministry' means the Ministry of Corporate Affairs.
- (d) 'Net Profit' means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below:
Net Profit as per financial statements 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.

Computation of net profit for Section 135 is as per Section 198 of the Companies Act, 2013 which is primarily PROFIT BEFORE TAX (PBT) with other adjustments as referred in Rule 2(h) of CSR Rules.

Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

4. Guiding Principles:

EIPL's CSR will revolve around the guiding principles such as – Integrity, Partnership, Sense of Responsibility & Respect, Affirmative Action, Volunteerism, Communication, Innovation & Positive Social Impact.

5. Areas of Interest for CSR Activities:

The Policy recognizes that CSR is not merely a compliance; nor a Charity but it is the necessity. It is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under the Act & Rules:

(a) Areas of Interest that EIPL may undertake under the ambit of CSR are listed below:

- (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 vocational skills specially 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 arts and handicrafts.
- (vi) Measures for the benefit of Armed Forces, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, war widows and their dependents.
- (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports, and Olympic sports.
- (viii) Contributions 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 Government for socio-economic development and relief and welfare of the scheduled castes, tribes, other backward classes, minorities, and women.
- (ix) Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency or of Central Government or State Government, and
- (x) 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

CSR POLICY

ENPRO INDUSTRIES PVT. LTD.

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 Organization (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).

- (xi) Rural development projects.
 - (xii) Slum area development.
 - (xiii) disaster management, including relief, rehabilitation, and reconstruction activities.
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- (b) EIPL'S commitment to CSR will be manifested by investing resources in any of the above areas specified in Schedule VII of the Companies Act 2013 as amended from time to time along with General Circulars as and when issued by the MCA.
 - (c) EIPL focuses its philanthropy primarily in geographic regions of India, where it has a business presence. However, EIPL may contribute to causes in other parts of India, if the CSR Committee is of the opinion that such contribution is appropriate. EIPL commits to uphold the spirit of the Act to ensure that CSR initiatives are aligned with the national priorities and enhance engagement of the corporate sector towards achieving Sustainable Development Goals (SDGs).
 - (d) EIPL will prepare the list of specific projects/programs it plans to undertake for any financial year, and the modalities of execution, including implementation plan, etc. will be prepared for the purpose of convenience and ease of reference.

EIPL shall not undertake any activity which is specifically excluded from being considered as eligible CSR activity as defined under Rule 2(1)(d) of the Companies (CSR Policy) Rules, 2014 and will adhere to the list as and when amended and made effective.

6. CSR Budget & Funds Allocation:

EIPL Board shall ensure that minimum 2% of average net profits of the company made during the three immediately preceding financial years is spent on CSR initiatives undertaken by EIPL, as per the provisions of the Companies Act, 2013 or such higher amount, if approved by the Board. The total CSR Spends will be decided as a part of the Annual Operating Plans, in accordance with the goals and priorities identified for each of the different pillars by the CSR Committee. Provided that

CSR POLICY

ENPRO INDUSTRIES PVT. LTD.

all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if EIPL fails to spend such amount, the Board of Directors shall in its report u/S. 134(3)(o) of the Act specify the reasons for not spending the amount. The Committee ensures to spend actual amount plus unspent amount of a previous year, if any by carrying forward the same to next following year.

Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by the Central Board of Direct Taxes, unless otherwise required by the law in force.

- a. The surplus arising out of the CSR activities will not be considered as a part of the business profits of EIPL. However, such surplus shall be utilised only for CSR purposes.
- b. The administrative overheads will be restricted up to or below 5% of total CSR expenditure of EIPL for the financial year relating to the general management and administration of CSR functions in the company. While categorising what can be considered as administrative overheads reference will always be taken from the clarifications issued by the Ministry from time to time.
- c. Where EIPL spends an amount in excess of the requirement provided under Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under section 135(5) up to immediate succeeding three financial years subject to the conditions specified in Rule 7(3) of Companies (CSR) Policy Rules, 2014.

Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by EIPL in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by EIPL towards CSR within a period of 3 financial years from the date of such transfer, failing which, EIPL shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.

However, if EIPL ceases to be covered u/S. 135(1) of the Act for three financial years, then it shall not be required to comply with the provisions laid down under sub-sections (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

7. Mode of Carrying Out CSR Activities:

EIPL may carry out the CSR activities either on its own, or through a registered Trust/Society/Section 8 Company of the Companies Act, 2013 or through any of the modes as it deems fit. It may also collaborate with other companies for undertaking projects, programs, and activities in such manner as it deems fit and in legally permissible ways. EIPL may thus collaborate or pool resources with other Companies to undertake CSR activities within India.

The activities will be undertaken by EIPL with the above-mentioned entities only if they are registered with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021. The Company may also collaborate with other companies to undertake CSR projects or programs, provided the CSR Committees/Board of the respective companies are able to report separately on such projects or programmes.

8. Composition of CSR Committees:

The Board of Directors of EIPL shall constitute two Committees for carrying out CSR activities. The main Committee shall be called ‘CSR Steering Committee’ consisting of three directors. This Committee shall be vested with the power of decision making and selecting areas for CSR spend.

A]. CSR Steering Committee:

The current members of the CSR Steering Committee are as follows:

<u>Name</u>	<u>Designation</u>	<u>Role In CSR Steering Committee</u>
Mr. Srikrishna B. Karkare	Managing Director (MD)	Board Member & Chairman
Mrs. Alka S. Karkare	Wholetime Director (Jt. MD)	Board Member
Mr. Anuj S. Karkare	Wholetime Director (Dy. MD)	Board Member

B]. Internal CSR Committee:

The other Committee shall be called ‘Internal CSR Committee’, this Committee shall assist & shoulder the responsibility of executing and implementing the decisions taken by the Steering Committee and thereby making endeavour to achieve the objective of the CSR Policy and ensure compliance of the Act. This Committee in addition to Mr. Srikrishna B. Karkare, the Managing Director, Mrs. Alka S. Karkare, the Wholetime Director (Jt. Managing Director) and Mr. Anuj S. Karkare, the Wholetime Director (Dy. Managing Director) consists of 8 members including the Company Secretary who shall act and serve as the Secretary on both the Committees. Any change in the constitution of the Internal CSR Committee shall be approved, recorded, and effected at the Internal CSR Committee Meeting itself and the same will be final.

The Internal CSR Committee will work as per the directions of CSR Steering Committee.

9. Meetings and Quorum of CSR Committees:

- The Steering Committee and Internal CSR Committee shall meet as frequently as it determines necessary.
- The Committee members may attend the meeting physically or via such other audio-visual means as permitted under the Act.
- The final decision about the acceptance or rejection of a CSR Proposal shall be with the CSR Steering Committee of the Board.
- Two members present shall form the quorum for the CSR Steering Committee Meetings, while three members present shall form the quorum for Internal CSR Committee Meetings.

10. Role & Responsibilities of CSR Committees:

The CSR Committees shall be responsible for:

- Formulating and recommending the CSR Policy in compliance to S. 135 of the Act r.w. the rules made thereunder and keep the Board updated with amendments therein.
- Identifying activities to be undertaken as per Schedule VII of the Act.
- Recommending, authorizing, and approving CSR expenditure from time to time subject to the limits approved by the Board of Directors,
- Recommending the Board of Directors about modifications to the CSR Policy as and when required.
- Developing and approving various CSR projects, programs, and activities to be undertaken from time to time either directly by itself or through other implementing agencies/entities,
- Determining modalities of execution of CSR projects, programs, and activities approved by the Board,
- Undertaking all necessary steps to implement the CSR Projects and ensuring the same are duly carried out as budgeted,
- Monitoring the implementation of the CSR Policy and CSR activities in such manner as it deems fit,

CSR POLICY

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- Carrying out all such acts, deeds, matters and things as may be required in connection with the aforesaid matters and generally for any matter connected with the CSR Policy of the Company,
- Performing such functions as may be entrusted by the Board of Directors from time to time.

The CSR Committees shall have access to any internal information necessary to fulfil its role. The Committee shall also have authority to obtain advice and assistance from internal or external sources such as legal, accounting, or other advisors including but not limited to implementing agencies for the purpose of accomplishing of overall CSR objectives laid down under the Act.

CSR Committees shall have clarity about the scope of the CSR Programmes and the need before evaluations are undertaken. CSR Committee shall provide periodical reviews and report the Board on CSR Project updates.

CSR Steering Committee shall be ultimate decision-making body in allocating budget to each Project chosen under CSR and Internal CSR Committee will keep an eye to ensure every project is implemented exactly as planned. All ground and field work will be carried out by the Internal CSR Committee. The CSR Committees shall review proposed projects and make recommendations to the Board for approval of such projects and allocation of Funding.

11. Reporting Mechanism:

The CSR Committees will prepare the annual CSR Report, which will ensure the documentation of the CSR Projects & Programs which will be in alignment with the prescribed reporting format specified by Ministry. EIPL shall publish such annual report on CSR Activities as an annexure to the Directors Report in the manner prescribed under the Companies Act 2013 and the CSR Rules every year. The said CSR Policy will also be hosted on the Company's website as required by the Act.

12. Monitoring Process:

CSR Committee shall monitor the implementation of various programs, projects, and activities in such manner as it deems fit. CSR Committee shall also determine the manner of submission of information, reports, files, etc. by third parties as a part of the monitoring process. CSR Committee shall ensure that a transparent monitoring mechanism is put in place.

13. Review & Amendment of Policy:

This CSR Policy document will be reviewed from time to time and any changes, if necessary, will be approved by the CSR Steering Committee of the Board. The CSR Committee could, from time to time, recommend donating or making grants to the PM's fund or funds set up by the State/Central Government(s) or to non-profit organizations and other institutions whose activities are aligned with EIPL's CSR Policy & activities. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued by the relevant statutory authorities from time to time.

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Without prejudice to the generality of the contents of this Policy, EIPL may undertake CSR projects, programs and activities as permitted under the framework of Companies Act, 2013 (including any amendments, clarifications, circulars, notifications, or other official communications issued/introduced from time to time). The Company may also carry out the purposes of this CSR Policy in accordance with any amended position of law from time to time notwithstanding that such amended position is not reflected in this Policy.
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