

JCB INDIA LIMITED

REVISED POLICY ON CORPORATE SOCIAL RESPONSIBILITY (CSR) – March 17, 2021

The Corporate Social Responsibility Policy (“CSR Policy”) of JCB India Limited (“the Company”) has been formulated in accordance with and is subject to section 135 of the Companies Act 2013 and the rules made there under including Company (CSR) Rules, 2014 as amended from time to time (“CSR Laws”). The CSR Policy shall apply to all the CSR activities undertaken by the Company.

CSR Vision Statement

To work in partnership with communities and relevant stakeholders in order to benefit society through cooperation and the creation of shared value.

CSR Objectives

The CSR objective of the Company is to carry out CSR activities as aligned to the Schedule VII of the Companies Act, 2013 or any amendment thereof from time to time. The Company will, therefore, focus on the range of activities as mentioned in the same.

The CSR activities to be undertaken by the Company shall include:-

1. Efforts for the eradication of hunger, poverty and malnutrition, or the promotion of health 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 providing access to safe drinking water,
2. Promotion of education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects,
3. Promotion of 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;
4. 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;
5. 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; including the promotion of Indian literary activities and literature created by authors of Indian origin.

6. 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;
7. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
8. 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 Government for socio-economic development and relief and welfare of the Scheduled Castes, the scheduled Tribes, other backward classes, minorities and women;
9. 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.
10. 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);
11. Rural development projects;
12. Development of areas declared as "slum areas" by the Central Government or State Government or any other competent authority.
13. Disaster management, including relief, rehabilitation and reconstruction activities.

The Company would also seek to collaborate with duly registered entities as per the CSR laws and most importantly with the communities themselves to implement the above objectives.

CSR Programme Areas

The Company will focus on the areas as mentioned above.

In keeping with the larger body of development work in the country and the rapidly changing sector of CSR, the Company will also invest in relevant opportunities to add to and consolidate this work.

Validity of CSR Policy

The CSR policy as approved by the CSR Committee and the Board of Directors of the Company shall be implemented with immediate effect and shall be amended from time to time as may be required under the CSR Laws.

CSR Budget

The Board of Company shall ensure that in each financial year, the Company spends at least 2% of the average net profit made during the immediate three preceding financial years. Any unspent amount from out of the CSR Budget shall not form part of business profits of the Company. Any unspent amount from the CSR Budget (including any unspent amount in relation to ongoing projects) shall be transferred and/or utilized as per the CSR Laws.

In the event that the CSR activities of the Company generate a surplus out of the CSR activities, then, the surplus shall be transferred/ utilized by the Company as required under CSR Laws. If the Company spends an amount excess of requirement provided under Section 135, then, such excess amount shall be set off / treated as per the provisions of the CSR Laws

Implementation

The Company's CSR projects will be implemented in a time-bound manner with clear objectives, plan, targets and robust monitoring and evaluation mechanisms.

This Policy builds on the learnings and good practices of the CSR projects initiated by the Company as well as the expertise of the development sector.

The Company may choose to undertake a multi-year project (an "**Ongoing Project**") in fulfilment of its CSR obligations. The period and treatment of such Ongoing Projects shall be as per the CSR Laws.

The Company will facilitate the coming together of the scale provided by the government, the development expertise provided by the NGOs, the mobilization provided by the agency of the communities and the core competencies of the corporate sector, to design and implement innovative, scalable and replicable models of CSR.

The Company will implement its CSR projects primarily through the following:

- Directly by the Company
- The Lady Bamford Charitable Trust, a trust registered under Section 12A and 80G of Income Tax Act, 1961;

- The Lady Bamford Foundation, a company established by the Company under Section 8 of the Companies Act, 2013, bearing CIN U74140DL2015NPL278759;
- JCB Literature Foundation, a company established by the Company under Section 8 of the Companies Act, 2013, bearing CIN U92490DL2018NPL331461;

In addition to the above, , the Company may also engage any entity as permitted and prescribed under Rule 4 of the Company (CSR) Rules to implement its CSR activities

The Company will select its partners after appropriate due diligence. It will use services of expert agencies, consultancy firms etc. wherever required for carrying out base line surveys, guidance on project design and implementation, impact assessment surveys etc.

The teams responsible for implementing the various CSR projects are mentioned in the section on the Governance Structure of the Policy.

The head of the CSR team in JCBI will be authorised to sign Memorandums of Understanding (MOUs)/Agreements with the implementing partners after taking due approvals.

In the event that the Company, pursuant to the CSR Policy or the Annual Action Plan, chooses to create or acquire a Capital Asset, it shall ensure that the same is acquired/held as per process and in the manner described under the CSR Laws

CSR Governance Structure

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder, the Company has constituted the CSR Committee of Directors, comprising of the following members:

| Sr.No. | Name | Category | Designation |
|---------------|-----------------------------|-----------------|--------------------|
| 1 | Ms. Preeti Gautam Mehta | Director | Chairperson |
| 2 | Mr. Adrian Craig Ross | Director | Member |
| 3 | Mr. Deepak Jagannath Shetty | CEO & MD | Member |

The responsibility of the CSR Committee shall be to:

- Formulate and recommend the CSR Policy to the Board for approval. The Committee shall indicate the projects to be undertaken by the Company in areas or subject specified in Schedule VII of the Companies Act, 2013.

- Recommend the Annual Action Plan or alteration of the same in pursuance of the Company's CSR Policy as per CSR Laws
- Recommend the amount of expenditure to be incurred on activities undertaken in CSR projects.
- Monitor the CSR Policy and recommend changes from time to time.
- Perform all such actions as may be required under the CSR Laws.

The Board of the Company will be responsible for the following:

- Perform all such actions as may be required under the CSR Laws.
- Approve the CSR Policy of the Company as recommended by CSR Committee and disclose the content of the Policy in its report and place the Policy on the Company's website in such a manner as prescribed under Section 135 of the Companies Act 2013 and rules thereunder.
- Ensure that the activities included in CSR Policy are undertaken by the Company.
- 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 in pursuance of the CSR Policy.
- Establish a monitoring mechanism to ensure that the CSR activities as recommended by CSR Committee and undertaken by the Company are implemented.

CSR Team

1. Composition of the CSR Team: The Company's existing CSR team under the HR department is accountable for coordinating the CSR activities.

2. Responsibility of the CSR Team:

- Act as central coordinating point for the CSR implementing projects.
- Coordinate with the implementing teams for project designing in compliance with the Section 135 of the Companies Act and the CSR Rules.
- Plan annual budgets for CSR projects in coordination with the implementing departments and make a proposal to the CSR Committee.
- Interface with various implementing departments within the Company to ensure effective implementation of CSR projects.
- Report to the CSR Committee the progress on CSR projects and status of CSR expenditure half yearly.
- Documentation and reporting of all CSR activities of the Company in pursuit of the Companies Act and the CSR Rules

Monitoring and Reporting Framework

Project monitoring

The Company has in place and will consolidate its well-defined monitoring and evaluation mechanism to ensure that each social project has:

- Clear objectives developed out of the societal needs that are determined through baselines studies and research
- Clear targets, time lines and measureable parameters wherever possible.
- A progress monitoring and reporting framework that is aligned with the requirements of the section 135 of the Companies Act and the CSR Rules.

The Company shall undertake “impact assessment”, if required, and in the manner prescribed under the CSR Laws.

The CSR progress monitoring authorities and the frequency of review is given below.

| Sr. No. | CSR Progress Review and Monitoring Authority | Frequency of review |
|----------------|---|----------------------------|
| 1 | Board of Directors | Half Yearly |
| 2 | CSR Committee | Half Yearly |
| 3 | Management | Quarterly |
| 4 | Head CSR | Monthly |

Budget monitoring

The Company will establish an accounting system to ensure project wise accounting of CSR spend, and to check compliance with the Annual Action Plan of the Company.

Reporting framework

- The Company will monitor progress on the CSR projects and CSR spend and report to the top management quarterly and the CSR Committee half yearly.
- The Company will report CSR performance in its annual report as per the structure and format prescribed in the notified CSR Rules.