

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY (CSR)

GLIDERS INDIA LIMITED
Corporate Office G.T. ROAD, Kanpur - 208013

POLICY STATEMENT

- This policy encompasses GIL's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.
- We at GLIDERS INDIA LIMITED (GIL) strive to accomplish our vision of becoming a significant global player in the Parachute industry and to address the concerns of economic status, environment and well-being of the society through CSR initiatives. GIL will:
 - Operate its CSR Projects in a socially responsible & sustainable manner, while recognizing the interests of all its stakeholders by adopting a shared value approach.
 - Ingrain the thrust of CSR and Sustainability concept across various levels in the organization by means of capacity building, awareness and training programs.
 - We are committed to allocate adequate resources and set up a suitable organization structure for steering the CSR and Sustainability in our organization and report our performance on an annual basis.

This Corporate Social Responsibility & Sustainability Policy (CSR Policy) is in consonance with the Guidelines on CSR for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India (DPE Guidelines, 2014), the provisions of the Section 135 of Companies Act, 2013 (the Act) and the Companies (CSR Policy) Rules, 2014 notified by Ministry of Corporate Affairs, Government of India.

- **Any point not covered in this Policy would be interpreted in accordance with the Companies Act, 2013, Companies (CSR Policy) Rules and DPE Guidelines on CSR & Sustainability.**

1. Objectives:

The Objectives of the CSR projects will be as follows:

- i) To carry out CSR activities in an economically, socially and environmentally sustainable manner that is transparent and ethical
- ii) To integrate the core values of the company with the philosophy of corporate social responsibility (CSR) and Sustainability.
- iii) To incorporate the spirit of CSR and Sustainability to the employees at all levels and to infuse it into all the activities, processes, operations and transactions of the company.
- iv) To undertake any other matter as deemed appropriate or determined by the Board from time to time in the best interest of the Company and other stakeholders of the Company.

2. Scope:

GIL will integrate the CSR and Sustainability plans and strategies with the business plans and strategies. The Projects / Activities as deemed fit under Schedule VII of the Companies Act, 2013 (**Appendix – A**) will be taken up by the Company and any changes/updates made in the Companies Act, 2013 thereto will be adopted accordingly. Any other Project / activity not falling within the ambit Companies Act, 2013 under Schedule VII, will not be considered as a CSR Project / activity and the amount spent therein will not be accounted for CSR Expenditure of the Company.

3. Definitions:

3.1 “Corporate Social Responsibility (CSR)” means and includes but is not limited to:

- (i) Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013; or
- (ii) Projects or programs relating to activities undertaken by the board of Directors of the company (Board) in pursuance of recommendations of the CSR Committee of the Board subject to the condition that such Projects will cover subjects enumerated in Schedule VII of the Companies Act, 2013.

3.2 “CSR Committee” means the Corporate Social Responsibility Committee of the Board.

3.3 “ CSR Policy” relates to the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.

4. Budget & Approval:

4.1 The budgetary allocation for CSR Projects/activities for the year will be based on the profitability of the company. The budget allocation for the CSR projects will be at least 2% of the Average Net Profits of the Company made during the three immediately

preceding financial years.

4.2 The budget allocated for CSR Projects/activities planned for each financial year is expected to be spent within that year. If the Company fails to spend such amount, the Board shall, in its Report, specify the reasons for not spending the amount.

4.3 The Company will give preference to the local area and areas around the Divisions / Complexes where it operates, for spending the amount earmarked for Corporate Social Responsibility Projects / activities.

4.4 The Board is the Competent Authority for approving the policy, budget and works to be undertaken on Corporate Social Responsibility of the Company based on the recommendation of the CSR Committee.

4.5 The CSR & Sustainability budget will be made in line with Section 135 of the Companies Act 2013, rules made thereunder and revised guidelines issued by the Department of Public Enterprises / MoD from time to time, in the following manner -

(a) To spend at least 2% of the average net profits of the Company made during the three immediately preceding financial years or as amended by the Companies Act from time to time.

(b) To spend this stipulated percentage of average net profits every financial year in a manner specified in the Companies Act and rules made thereunder.

Explanation: Net Profit means the net profit as defined in the Act and Rules, ie, the net profit of the company according to its financial statement prepared under the applicable provisions of the Act. It will not include the following: -

(i) Any profit arising from overseas branch/branches of the company, whether operated as a separate company or otherwise.

(ii) Any dividend received from another company in India covered under and complying with Section 135 of the Act

4.6 In case the Company spends an amount in excess of the requirements provided under the Companies Act, the Company may set off such excess amount against the said requirement to spend up to immediate succeeding 3 financial years provided that the excess amount available for set off shall not include the surplus arising out of the CSR activities and a Board Resolution shall be passed to that effect.

4.7 In case the Company fails to spend the specified amount, the Board shall have to specify the reasons for not spending it in its Board Report and unless the unspent amount relates to any ongoing project(s), it shall transfer such unspent amount to a fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

4.8 Any amount remaining unspent out of specified amount, with respect to any ongoing project undertaken by the Company in pursuance of its CSR Policy, the same shall be transferred within a period of thirty days, from the end of the financial year, to a special

account to be opened by the Company on that behalf for that financial year in any scheduled bank to be called the 'Unspent Corporate Social Responsibility Account and such amount shall be spent in pursuance of CSR Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of third financial year

4.9. Any surplus arising out of CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company or shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of financial year

4.10 The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.

Explanation: 'Administrative overheads means the expenses incurred by the Company for 'general management and administration of CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.

4.11 The Company may spend the CSR amount for acquisition or creation of a capital asset held by-

(a) A company established under Section 8 of the Act, or a Registered Public Trust or Registered Society having charitable objects and CSR Registration Number, or

(b) Beneficiaries of the said CSR project, in the form of self-help groups collectives, entities, or

(c) A public authority

Explanation: Public Authority means Public Authority as defined in Clause (h) of Section 2 of the Right to Information Act, 2005 (22 of 2005).

4.12 For meeting the requirements arising out of immediate & urgent situations, CMD is authorised to approve proposals in terms of the empowerment accorded to him by the Board subject to such requirements meeting various statutory norms under CSR and the same may be informed to the Board in its subsequent meeting

5. Organizational Structure

GIL shall have a two-tier organizational structure for planning, implementation & monitoring of the CSR & Sustainability policies. The composition & role of the two-tier structure is given in succeeding paragraphs

Tier 1 Board Level Committee.

a) The Committee on Sustainability Development and Corporate Social Responsibility (CSR Committee) shall comprise of three or more Directors out of which at least one Director shall be an Independent Director. The head of the Committee will be nominated by CMD, GIL.

(b) The Nodal Officer (Head of Tier 2 Committee) shall attend meetings of Board Level CSR Committee and put up CSR proposals for recommendation to the Board

(c) The Committee shall hold the meetings periodically as it may deem fit. The quorum for the meeting shall be either two members or one third of the members of the Committee whichever is greater, provided that at least one Independent Director shall be present at the meeting.

(d) The CSR Committee shall-

(i) Formulate and recommend to the Board CSR activities to be undertaken by the Company in areas or subjects, specified in Schedule VII.

(ii) Recommend the amount of expenditure to be incurred on CSR activities so recommended.

(iii) Monitor the CSR Policy implementation of the Company and its impact from time to time.

(iv) Formulate and recommend to the Board, an Annual Action Plan (AAP) in pursuance of its CSR Policy, which shall include the following: -

(aa) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act

(ab) The manner of execution of such projects or programmes.

(ac) The modalities of utilisation of funds and implementation schedules for the projects or programmes.

(ad) Monitoring and reporting mechanism for the CSR projects or programmes

(ae) Details of need and impact assessment, if any.

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

Tier 2 Below Board Level Committee (CSR & Sustainability Cell). This internal organization will be put in place to coordinate and regulate the CSR activities of the Company. A senior officer shall be appointed to function as the Nodal Officer. The designated Nodal Officer shall have a team of officials to assist in coordination and shall be the Chairman of CSR & Sustainability Cell and shall submit reports regarding the progress in implementation of CSR & Sustainability activities to the CMD and Board through Director/HR. The Composition of the CSR and Sustainability Cell will be as follows: -

Jt. GM (HR)	Chairman & Nodal Officer
JWM (HR)	Member
JWM (Finance)	Member

Director/HR is authorised to add additional members as per domain expertise / project

requirement on case to case basis.

6. Role and responsibility of CSR & Sustainability Cell.

- (a) Suggest Changes to CSR policy as and when required for submission to the CSR Committee for review and recommendation to the Board for consideration and approval
- (b) Propose suitable CSR & Sustainable project(s) & programmes and recommend the same based on their merits to Board level CSR Committee.
- (c) Prepare Annual CSR Budget & Annual Action Plan (AAP) in pursuance of its CSR Policy and put up to CSR Committee for recommendation and Board for approval
- (d) Invite and coordinate selection of external agency, as required.
- (e) Facilitate the process for entering into a MoU/Agreement with each of the implementing/executing agencies clearly stating targeted CSR & Sustainability goals, monitoring systems, impact assessment and social audit needs, once the programmes approved by the Board are communicated.
- (f) Coordination of all activities related to Base Line Survey and Need Assessment studies
- (g) Undertake Impact Assessment through independent agency for CSR Projects, whenever required.
- (h) Liaison with all external agencies.
- (i) Ensure overall implementation, and report the status of CSR & Sustainability implementation.
- (k) Monitor CSR activities or projects or programme of the Company and keep the Top Management apprised of all important developments.
- (l) Review CSR activities or projects or programmes on a monthly basis
- (m) Adopt effective communication strategies among stakeholders.
- (n) Ensure transfer of unspent amount other than amounts related to ongoing project(s), to a Fund specified in Schedule VII, as per relevant guidelines.
- o) Arrange opening of Unspent Corporate Social Responsibility Account in any scheduled bank and ensure transfer of the unspent amount pursuant to any ongoing project, within a period of thirty days from the end of the financial year and /or as per relevant guidelines.

7. CSR Approach

GIL shall give preference to local areas (areas around its Corporate Headquarters and units) while selecting the location of CSR activities keeping in view its nature of operations, the extent of impact of its operations on society and environment, and suggestions/demands of key stakeholders, especially those who are directly impacted by the Company's operations or activities. Apart from local area, GIL may also undertake CSR activities anywhere in the country

8. Implementation

8.1 The process for implementation of CSR programmes will involve the following steps.

(a) CSR activities to be carried out by GIL, shall be approved by Board of the Company on recommendation of CSR Committee.

(b) The Board of the Company shall ensure that the CSR activities are undertaken by the Company itself or through:

(i) Companies that are established under Section 8 of the Act, or a registered society or registered public trust under Section 12A and 80G respectively of the Income Tax Act, 1961, established by the Companies themselves or along with any other Company.

(ii) Companies that are established under Section 8 of the Act or a registered society or registered trust established by the Central or State Government

(iii) Entity established under State legislature or an Act of Parliament.

(iv) Companies that are established under Section 8 of the Act, or a registered public society or registered trust under section 12A and 80G respectively of the Income Tax Act, 1961, and having a track record of at least three years in undertaking similar activities.

8.2. Every entity, as indicated above, which intends to undertake any CSR activity of the Company, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar and provide the unique CSR Registration Number to the Company. The same should be digitally verified by the Company Secretary. Upon submitting Form CSR-1 on the MCA portal, the system will automatically generate a unique CSR Registration Number

8.3 The Board of the Company shall satisfy itself that the funds have been utilised for the purposes and in the manner as approved by it and the person responsible for financial management in GIL shall certify to the effect

8.4 In case of any ongoing project, the Board should monitor the implementation of the project in the approved timelines and year-wise allocation. It can make any modifications for smooth implementation of the project within the permissible time.

8.5 Identification of CSR activities or projects or programmes at Corporate level will be done by means of the following: -

(a) A baseline / need assessment survey may be done prior to the selection of any CSR activity or project GIL may undertake the same using its own in- house expertise and resources or by engaging local organizations.

(b) Proposals/requests received from local civic bodies/ government authorities/educational institutions/voluntary organisations (VOS) / orphanage / Old Age Homes etc.

8.6. If the Company feels the necessity of taking up new CSR activities or projects or programmes during the course of a year, which are in addition to the approved CSR

activities, the Board's approval of such additional CSR activities would be required for implementation of such activities/projects.

9. Agreement between GIL & External Agency

In case projects are implemented through any External Agency, GIL shall enter into an MoU/ agreement with each of the agencies for implementing and executing CSR projects, once the project is approved by the Board based on the recommendations of CSR & Sustainability Cell.

10. Monitoring and Evaluation

The progress of CSR & Sustainability activities or projects or programmes under implementation, shall be monitored by CSR Committee at Board level and CSR Cell at below Board level. Appropriate documentation of the annual CSR activities, external agencies (if any) and expenditure entailed will be undertaken on a regular basis. CSR Cell shall obtain feedback from beneficiaries about the programmes on periodic basis. Appropriate strategies for internal communications shall be devised to spread awareness of CSR & Sustainability amongst the employees; The performance of the project/ activities shall be evaluated based on its objectives, scope, deliverables and benefits.

11. Impact Assessment

- 11.1 If average CSR obligation is Rs. 10 crores or more in three immediately preceding financial years, Impact Assessment shall be undertaken through an independent agency of the CSR projects having an outlays (total expenditure) of rupees one crore or more and which have been completed not less than one year before undertaking the Impact Assessment. However, the Company may also undertake impact assessment study, if required, to measure the effectiveness of any of the CSR projects or programmes as deemed fit.
- 11.2 The expenditure on impact assessments shall be booked towards CSR for that financial year, which shall not exceed 5% of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.
- 11.3 Impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

12. CSR Reporting & Disclosure

- 12.1 The CSR Committee of the Board will periodically submit the reports to the Board of Directors for their information, consideration and necessary directions.
- 12.2 The Board of Directors of the company, after taking into account the recommendations of CSR Committee of the Board, approves the CSR Policy for the company and discloses contents of such policy in its Board report and the same will be displayed on the company's website, as per the particulars specified in the **Appendix – B**.
- 12.3 Regular/constant feedback from the beneficiaries is very vital for any project/activity to be successful and sustainable. In this regard, the Divisions/Complexes are required to obtain regular feedback in

writing/documentary evidences/photos/videos, before and after implementation of Projects/activities under CSR. The information will help/support during the impact assessment process at the end of the Project.

12.4 The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, for public access

13. Procedure for Execution of Projects Approved by the Board

On approval of CSR budget by the Board, the following procedure will be followed for execution of activities or projects or programmes:

(a) In case the activities or projects or programmes are executed internally by the Company (both procurement of goods and Civil construction), the same will be intimated by CSR Section to respective Departments for procurement/ execution, following the procedure enumerated in the relevant GIL Procurement Manuals and as per Delegation of Financial Powers.

(b) In case the activities or projects or programmes are executed through any external Agency, necessary action such as preparation and collection of documents, obtaining approval of MoU will be initiated by CSR section. On approval and completion of documentation, the same along with copy of Board approval will be sent to finance department for release of payment.

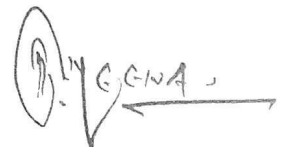
(c) In case of contribution of amount and/ or transfer of unspent amount pursuant to any non-ongoing project, CSR section will send the copy of the Board approval to finance department for release of payment

(d) In case of transfer of unspent CSR amount pursuant to any ongoing projects to the Unspent Corporate Social Responsibility Account as required under Section 136(6) of the Act, CSR section will send the copy of the Board approval to finance department for release of unspent CSR amount

14. Conclusion

Any or all provisions of the CSR & Sustainability Policy would be subject to revision/ amendment in accordance with the guidelines on the subject as may be issued by Government of India, from time to time and would also form an integral part of this policy as and when they become applicable and the policy may be considered to be amended to that effect .

15. In case any clarification is required with respect to the policy, Director/HR shall be authorised to issue such clarifications.



(B L Meena)
Jt.GM/HR

Gliders India Limited