



## Corporate Social Responsibility

Policy	Scope		
Corporate Social Responsibility	All Dana Sites , India		
	Responsible Officer	Date of Implementation	Approved by :
	Plant Managers and HR Heads	April 1, 2021	Country Head (India) & Regional Vice President- HR, APAC

### 1. Preamble

Dana India is committed to conduct its business with highest standards of business ethics and in accordance with applicable laws, rules and regulations ensuring full and accurate disclosures. The organization believes in conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

It is wise for us to identify and associate with CSR assignments that create shared value, drive business growth, aid in employee alignment and improve the living conditions of the society. For global organizations like ours, this assumes even a greater importance as companies acting in different parts of the world face the challenge to be confronted with different cultures and value systems of their respective stakeholders and different conceptions about the focus and scope of corporate responsibility. Thus, the objectives of CSR today is to systemically embed and integrate it at varying levels within our organization and make it a way of life

The Company's Corporate Social Responsibility ("CSR") Policy encompasses the philosophy for delineating its responsibility as a social corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programme's for welfare and sustainable development of the underprivileged group of Urban and Rural community.

Dana's "Standards of Business Conduct" require that the company and its subsidiaries conduct its business in a legal, ethical and responsible manner with a respect for human rights. Our commitment to corporate social responsibility is embodied in its "Standards of Business Conduct", its related corporate policies and the commitment of its employees to "do the right thing" for Dana, its people and the communities where we work and live

### 2. References :

- A. Companies (Corporate Social Responsibility Policy) Rules, 2014
- B. Section 135 of Companies Act, 2013 ("Act") read with Schedule VII of the Act.



### 3. Objectives

For the Company, CSR not only means Corporate Social Responsibility but also Corporate Social Relationships with the Community. It is the Company's commitment to bring an overall positive impact towards sustainable development of the society at large.

In line with this statement, the Company's CSR Objectives are:

- To enhance value creation in the society through the Company's CSR initiatives and projects.
- To develop sustainable projects through responsible business practices and good governance.
- To design a process for and ensure an increased commitment at all levels in the organization towards social responsibility; and
- To involve its stakeholders and create a support in the process of social transformation.

### 4. CSR Vision

**" To be an enabler of change in creating self-reliant villages and transforming communities by deploying skills and resources in key areas such as Education, Vocational Training, Health & Sanitation, Rural Upliftment, Technology / R&D and Sustainability & Disaster Management "**

Being a part of Dana Group, we are aligned with Dana's commitments to human rights and corporate social responsibility.

Our Core Values - Honesty and Integrity, Good Corporate Citizenship, Open Communication and Continuous Improvement; and the concept of delivering value to Customers, Stakeholders and society at large drive the CSR Policy.

- Inspired by a vision to serve a larger national purpose and abide with the strong value of Trusteeship, we would craft innovative business models to create larger societal capital while simultaneously delivering long term shareholder value. This overarching aspiration to create meaningful societal value is manifest in our strategy to enhance the competitiveness of value chains of which it is a part. It is therefore a conscious strategy to design and implement Social Investments / CSR programs in the context of our businesses, by enriching value chains that encompass the most disadvantaged sections of society, especially those residing in rural India, through economic empowerment based on grass-roots capacity building.
- Recognizing that business enterprises are economic organs of society and draw on societal resources, it is our belief that a company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital. We are therefore committed to creating larger 'stakeholder value' by aligning our performance to these Triple Bottom



Line objectives. As a Global enterprise, it is our belief that this approach can unleash strong drivers of growth to make it more inclusive and equitable for even the most marginalized sections of society, through the creation of sustainable livelihoods, and to ensure long-term business sustainability and competitiveness.

## **5. Governance**

This CSR policy has been developed in accordance with Section 135 of The Companies Act, 2013 (Act), *(The related definitions and clauses with respect to Sec 135 and Schedule VII of the Act are appended in Annexure A)* and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (Rules) as notified by the Ministry of Corporate Affairs, Government of India.

This Policy shall apply to all CSR projects / programme's undertaken by the Company in India as per Schedule VII of the Act.

## **6. CSR Activities, Projects and Programme**

The Company shall implement the CSR Policy in accordance with the requirements under Section 135 of the Act and the Rules framed thereunder, and the Company's CSR activities shall focus on below areas to create a sustainable and meaningful impact and to align with the Business Strategy of the Company:

### **A. Promotion of Education :**

The first step in social transformation is "to think" and thinking comes from education and with thought process. The Company may undertake projects or programs or activities aimed at the promotion of education from elementary to professional level to support the students belonging to weaker sections of the society by setting up new schools or helping the existing schools in development of their perspective and advocacy programme's to contribute in the social sector for sustainable development.

Further, the Company also intends to support Vocational Training Centers and Centers for physically challenged students, providing endowments or recognitions to successful candidates pursuing recognized examinations, scholarships or other forms of merit cum means assistance.

### **B. Empowerment of Women :**

In India, the concept of empowerment flows from power. Empowerment of women would mean equipping women with necessary support to be economically independent, self-reliant, to have a positive esteem which would enable them to face any challenges or difficult situations and so that they can participate in developmental activities of the society as a whole.



Company also intends to support women empowerment by developing SHG (Self Help Group) which would stand as a promising platform to women, launching campaigns for weaker sections of women, developing vocational and technical skill among women, funding their entrepreneurship projects, motivating deserving women in different fields and starting advocacy programme's to protect the rights and interests of women. .

**C. Promotion of Health Care :**

India faces high burden of disease because of lack of environmental sanitation and safe drinking water, under-nutrition, poor living conditions and limited access to preventive and curative health services, lack of education, gender inequality and explosive growth of population. Economic deprivation in a large segment of population results in poor access to health care facilities. Addressing this challenge is essential to achieve the objective of inclusive growth which will be the commitment of the Company. Early diagnosis and treatment are the most cost-effective strategies for developing one's health. In line with this, women health issues will be the foremost priority of the Company.

**D. Developing the source of pure drinking water specifically in rural area :**

Rural India has more than 700 million people residing in about 1.42 million habitations spread over 15 diverse ecological regions. Meeting the drinking water needs of such a large population can be a daunting task. The non-uniformity in level of awareness, socio-economic development, education, poverty, practices and rituals and water availability adds to the complexity of the task. It is estimated that around 37.7 million Indians are affected by waterborne diseases annually. The government has undertaken various programme's since independence to provide safe drinking water to the rural masses yet there's a long way to go. In this respect the Company may design projects to contribute a hand towards developing source of pure drinking water in rural areas, especially Sanand, Gujarat where our Plant is located, and which is also water parched.

**E. Skill development :**

In a fast-growing Indian economy, there is a gap between the supply and demand for trained and skilled resources. In accordance with the Government of India's vision and policy on skill development, the Company would undertake programme's which would enable the youth to acquire employable market-oriented skills and will link them to potential employers, thereby facilitating the development of self-reliant and confident individuals.



**F. Environmental sustainability and community development projects :**

Company may take up projects and programme's that assist in conservation of environment and its natural resources, disaster management and support ecological sustainability as part of its initiative towards developing a Healthy, Clean and Green India.

**G. Technology / Research & Development Projects :**

The term R&D is widely linked to innovation in the corporate world whether it might be government world or the public and private sectors. The Company with a holistic approach and the aim of enabling a strong skill development system, wherein the company may extend its contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities.

In future, we could also zero- in- on the following thematic areas covered under Schedule VII:

6.1. The above focus areas may be re-aligned, and new focus areas could also be incorporated, as and when deemed necessary, by the Company's CSR Committee.

**7. Qualifications and Exclusions**

The CSR activities shall be undertaken within the territory of the Republic of India and the Company shall give preference to the local area/ areas around where it operates, for spending the amount earmarked for CSR activities

- A.** Activities undertaken in pursuance of normal course of business of the Company shall not be considered as CSR activity under the Policy.
- B.** Contributions of any amount directly or indirectly to any political party shall not be considered as CSR activity under the Policy.
- C.** Activities, projects or programs that benefit only the employees of the Company and their families shall not be considered as CSR activity under the Policy.
- D.** The CSR Committee, at its discretion, may approve a 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 ,women and disaster affected victims.
- E.** We may build CSR capacities of our own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years, but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.



## 8. Governance Structure

The CSR Governance Structure shall consist of CSR Committee(s), CSR Advisory Board, CSR Execution Team(s) and CSR Audit Team(s).

CSR Committee : CSR Committee shall be constituted as under :

- I) an unlisted public company or a private company covered under sub-section ( I ) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director
- II) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors.

The CSR Committee of the Company will be responsible for :

- formulating and recommending to the Board , the CSR Policy:
- identifying CSR activities to be undertaken in terms of the provisions of the Act and Rules thereunder, provided such activities are indicated in the CSR Policy.
- recommending the annual budgeted expenditure to be incurred on CSR activities by the Company, to the Board for its approval:
- subject to the provisions of the Act, recommend the locations for carrying out CSR activities.
- recommending to Board, modifications to the CSR policy, as and when required: and regularly monitoring the implementation of the CSR policy.

## BOARD

The Board of the Company will be responsible for:

- approving the CSR policy as formulated by the CSR Committee, with or without modifications.
- considering the recommendations of the CSR Committee and providing appropriate instructions / directions to the CSR Committee when required.
- preparing a budget of expenditure to be applied for CSR projects contemplated in the annual policy of the Company.
- ensuring that in each financial year the Company spends at least 2% of the average net profits of the Company, made during the 3 (three) preceding financial years, or such other amount as prescribed under the Act and Rules framed thereunder, in pursuance of its CSR Policy.
- disclosing in the Report of the Board. the names of CSR Committee members and ensure annual reporting of its CSR activities in the format as prescribed under the Act and the Rules framed thereunder.
- Complying with the requirements of the Act and the Rules regarding Corporate Social Responsibility.



**The CSR decisions will be made as follows:**

- Company CSR committee gets recommendations from local teams, HR and any other groups within the company
- CSR Committee evaluates all proposals and make recommendations to the board of the company
- Company Board approves the recommendations and directs CSR funds to be paid into Dana Care Foundation
- Dana Care Foundation collates all companies funds and distributes them to the Board approved social and technical activities
- Dana Care Foundation Advisory Board will decide overall CSR policy and Strategy for all the companies once a year
- Once a year financial audit of Dana Care Foundation will need to be performed to ensure good corporate governance

**9. Treatment of Surplus**

Surplus arising out of CSR projects or programs, if any, shall not be part of business Profits of the Company and the same shall be utilized for CSR activities in accordance with this Policy.

**10. Implementation**

The CSR programs or projects under this Policy will be implemented directly by the Company or indirectly through the following implementing agencies:

- a. Through a Registered Trust or a Registered Society or Section 8 Company, whether established by the Company or its holding or subsidiary or associate company: or
- b. In collaboration with other companies; or
- c. Combination of one or more of the above.

In case one or more CSR projects or programs are undertaken in collaboration with implementing agencies, clear demarcation with respect to responsibility, contribution, implementation, monitoring etc. of each of such agencies shall be established.

**11. Execution**

Company shall identify suitable programme's for implementation in line with its CSR objectives and benefit the stakeholders and the community for which those programme's are intended. These programme's would primarily be executed via CSR Execution Teams consisting of representatives/employees from diverse departments and Volunteers.

We could also seek the services of following communities or groups having an established track record of at least 3 years in carrying on the specific activity,

- a. Community based organizations whether formal or informal



- b. Voluntary Agencies (NGOs)
- c. Institutes/ Academic Organizations
- d. Trusts, Missions
- e. Self-help Groups
- f. Mahila Mandals/ Samitis
- g. Professional Consultancy Organizations
- h. Corporates with similar CSR Vision

## **12. Monitoring and Review**

To ensure effective implementation of the CSR programme's undertaken by the Company, a transparent monitoring mechanism will be put in place by the Company. The progress of CSR programme's under implementation will be evaluated and monitored by the CSR Execution Teams and the activities would also be subject to Quarterly/ Half yearly audits by Internal Audit Teams (consisting of members/employees from diverse departments- HR, Operations, Finance, and Purchase etc.) and also an Annual Audit by Third Party Agencies of repute.

The CSR department (Governance Team) shall also conduct Social Impact Assessment Studies on a periodic basis, through Independent Professionals, Third Party / Professional Institutions/ Individuals, especially with regard to Strategic and High Budget projects and programme's.

## **13. Reporting and Notification/ Disclosure**

An Annual Report on CSR Activities shall be included in the Board's Report as per the format prescribed in the Section 135 of the Companies Act, 2013 that would include the financial sum spent in the year and any amount that is unspent with details and reasons respectively. The end year report shall be signed off by the MD/ CEO and the CSR Chairperson. The CSR Committee shall also submit a responsibility statement to the Board that the implementation and monitoring of the CSR policy is in compliance with the approved policy of the Company.

The Annual report on CSR Activities along with the contents of the CSR Policy of the Company shall be displayed on the Company's website.





#### **14. Amendment**

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time. The Board reserves the right to alter in any manner whole or part of this Policy as and when necessary, subject however to the provisions of the Section 135 of the Act and Rules made thereunder.

**Approved By:**

Gajanan Gandhe  
Country Head- India

Michael Campbell  
Regional Vice President- HR, APAC



## Annexure A

### **Guidelines under the Companies Act, 2013**

Sec 135 under the Companies Act, 2013 mandates that the Board of every company shall ensure that the company spends, in every financial year, at least two percent of the average net profits made by the company during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The details of eligibility, net profit calculation and use of funds will be as set out in the Companies Act, 2013 or Rules made thereunder and subsequent amendments / clarifications/ circulars/ notifications.

#### **Definitions;**

1. "Act" means the Companies Act, 2013
2. "Corporate Social Responsibility (CSR)" means and includes but is not limited to: -
  - a. Projects or programs relating to activities specified in Schedule VII to the Act; or
  - b. 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 as per the declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
3. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
4. "CSR Expenditure" shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.
5. "CSR Policy" relates to activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the company



6. "Net Profit" means the net profit of the company as per its financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely.
  - a. any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - b. any dividend received from other companies in India, which are covered under and complying with the provisions of the section 135 of the Act
  
7. "Average Net Profit" shall be calculated in accordance with the provisions of Section 198 of the Act.



## SCHEDULE VII

Activities which may be included by companies in their Corporate Social Responsibility Policies

Activities relating to: —

- I) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
- II) Promoting education, including special education and employment enhancing vocation skills especially 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.
- 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 veterans, war widows and their dependents.
- VII) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
- VIII) 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.
- IX) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities,
- X) Rural development projects.
- XI) Slum Area Development („slum area“ shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force).
- XII) Disaster management including relief, rehabilitation and reconstruction activities.
- XIII) Such other matters as may be prescribed.

Ministry vide general circular No. 10/2020 dated 23rd March 2020 has clarified that spending CSR funds for COVID-19 related activities shall qualify as CSR expenditure. It is further clarified that funds may be spent for various activities related to COVID-19 under items nos. (i) and (xii) of Schedule VII relating to promotion of health care including preventive health care and sanitation, and disaster management.