

CSR Policy of Servotech Limited

(Formulated as per provision of Section 135 of the Companies Act, 2013 and rules made thereunder)

1. Driving Principles:

Social and environmental responsibility has always been the forefront of SERVOTECH operating philosophy and as a result the company consistently contributes to social responsible activities. Corporate Social Responsibility (CSR) at SERVOTECH Limited (SERVOTECH / Company) demonstrates its deep symbiotic relationship that the group enjoys with all its stakeholders including customers, suppliers, employees, service providers, shareholders and society. As a responsible citizen SERVOTECH always tries to contribute for the social and environmental cause on regular basis. SERVOTECH has good governance system based on ethical practices, transparency and accountability. The Company has an effective grievance redressal system for all employees with special provisions for women employees. The Company has always strived to inculcate a culture of Social Responsibility amongst its employees.

SERVOTECH Corporate Social Responsibility is rooted in the Company's core values of quality, reliability and trust guided by best practices, and driven by our aspiration for excellence in the overall performance of our business.

2. Visions and Objectives

- A) Through sustainable measures, actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation.
- B) Pursuant to Section 135 read with the provisions of the Companies (Corporate Social Responsibility Policy) Rule 2013, SERVOTECH pledges 2% or more of its average net profits (calculated in terms of Section 198 of the Companies Act, 2013) made during the 3 immediately preceding financial years towards CSR initiatives.
- C) The objective of this policy is to:
 - (i) Strive to develop and achieve appropriate business processes and strategies to discharge Corporate Social Responsibilities;
 - (ii) Inculcate social responsibility in SERVOTECH's organisational culture.

3 Strategy

In order to achieve CSR objectives enumerated in clause 2.3 above, strategies adopted by SERVOTECH are outlined below:

A) CSR Activities

- i). SERVOTECH may allocate its resources earmarked for CSR activities in any of the following manner:

- (a) Undertake various CSR activities on its own within the overall framework of the CSR Policy of the Company;
- (b) undertake various CSR activities through a registered trust, a registered society or a company established under section 8 of the Companies Act, 2013;
- (c) collaborate resources with other companies to undertake CSR activities;

ii). SERVOTECH may for undertaking CSR activity invest its resources in any of the following areas:

- a) eradicating hunger, poverty and malnutrition, promoting 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;
- b) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- c) 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;
- d) 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 setup by the Central Government for rejuvenation of river Ganga;
- e) 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;
- f) measures for the benefit of armed forces veterans, war widows and their dependents;
- g) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- h) 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 Caste, the Scheduled Tribes, other backward classes, minorities and women;
- i) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- j) rural development projects."
- k) slum area development.

Explanation.— For the purposes of this item, the term ‘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.”

- l) Other areas as may be prescribed from time to time.
- m) Other areas as may be prescribed under Companies Act, 2013 or rules made there under from time to time.

Preference shall be given to CSR activities in local area where the operations of the Company are carried out. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of SERVOTECH, and shall be used only for CSR activities.

B. Resources

CSR Corpus of the Company shall include the following:

- (a) 2% of average net profits of SERVOTECH made during the 3 immediately preceding financial years.
- (b) Surplus arising out CSR activities, if any.

SERVOTECH may spend up to 5% of total CSR expenditure in one financial year on building CSR capabilities.

C. Implementation and Monitoring

- I. CSR Committee of the Board has been constituted as per requirements of the Companies Act 2013 and prescribed Rules.
- II. CSR Committee may nominate a CSR Team comprising senior officials to assist CSR Committee in discharging its functions.
- III. CSR Team, if nominated, shall subject to supervision and direction of CSR Committee be responsible for the implementation of CSR activities.
- IV. Board of Directors shall ensure that the activities under this policy are undertaken under the overall supervision of the CSR Committee.
- V. Board of Directors, CSR Committee, CSR Team or employees of the Company can identify and propose CSR Projects.
- VI. Any proposal for CSR activity / project shall be first vetted by the CSR Team, to confirm whether it meets the criteria of this Policy, any guidelines prescribed by the CSR Committee and all the conditions prescribed under the Companies Act, 2013 (including all rules, circulars, notifications issued thereunder).
- VII. CSR Team, from time to time, will review the progress of each CSR project in terms of outcome assessment and financial monitoring, and report the same to CSR Committee.
- VIII. In order to ensure transparency and communication with all stakeholders, disclose composition of CSR Committee, the content of CSR policy in the prescribed format shall be available in the Directors' Report in the Company's Annual Report and on the Company's website. CSR Team shall provide information and support to CSR Committee for this purpose.
- IX. Further employee participation in CSR projects shall be encouraged and supported through various initiatives from time to time.

4. Partners :

As mentioned in clause 3.A.(i)(b) of this Policy, Company may also conduct its CSR programs through trusts, societies, or companies incorporated under section 8 operating of the Companies Act, 2013. However, following minimum criteria will be ensured while selecting such NGO's / voluntary organizations for programme execution:

- a) The NGO is a registered Society / Public Charitable Trust
- b) The NGO has a permanent office / address in India
- c) The NGO has a valid Income Tax Exemption Certificate
- d) The NGO have an established track record of at least three years in carrying on activities in related areas.

When CSR activities are conducted through partners, CSR Team shall obtain details such as Sector in which the program is conducted, local area or regions where the program is conducted, specific nature of expenditures incurred etc. to ensure compliance with this Policy.
