

**Corporate Social Responsibility Policy of Messer Cutting Systems India Private Limited  
(hereinafter referred to as MCSI)****1. INTRODUCTION**

- 1.1 Through MCSI's commitment to service to the society, we strive to attain leadership in our business through a socially and environmentally responsible way, while taking care of the interests of our stakeholders.
- 1.2 We work with the primary objective of contributing to the sustainable development of the society and creating a greener and cleaner environment around us.
- 1.3 Towards achieving these objectives, MCSI has initiated a program which executes various social and environmental development activities in and around its operational locations

**2. OBJECTIVE**

- 2.1 The main objective of MCSI 's CSR policy is to lay down guidelines for the community centric activities taken up by MCSI for the sustainable development of the society and the environment around it.
- 2.2 In alignment with vision of the company, MCSI, through its CSR initiatives, will strive to enhance value to the society and the environment through continuous initiatives.
- 2.3 MCSI will directly or indirectly take up projects in and around its operational locations in keeping with the Laid out guidelines.

**3. DEFINITIONS**

- 3.1 "Act" means the Companies Act, 2013 (18 of 2013)
- 3.2 "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme
- 3.3 "Average Net Profits" means the profit as computed as per section 198 of the Companies Act, 2013.
- 3.4 "Board" means the Board of Directors of the Company.
- 3.5 "Board's Report" means the report of the Board of Directors prepared in accordance with the provisions of the Companies Act, 2013.
- 3.6 "Company" means Messer Cutting Systems India Private Limited (hereinafter referred to as "MCSI").
- 3.7 "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in relevant rules excluding the list of exempted items

- 3.8 "CSR activities" means activities or projects or programmes as recommended by the CSR Committee and approved by the Board, undertaken by the Company from time to time in any or more of the areas falling under the Schedule VII to the Companies Act, 2013, but shall not include the following, namely:-
- (i) activities undertaken in pursuance of normal course of business of the company;
  - (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
  - (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
  - (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
  - (v) activities supported by the company on sponsorship basis for deriving marketing benefits for its products or services;
  - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- 3.9 "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act
- 3.10 "CSR Policy" means the Corporate Social Responsibility policy as set out herein.
- 3.11 "CSR Rules" means the Companies (Corporate Social Responsibility Rules), 2014 including any statutory amendments, modifications or enactments or re-enactments thereof for the time being in force.
- 3.12 "International Organisation" means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply
- 3.13 "Net profit" means the net profit of a company as per its financial statement 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:
- Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
- 3.14 "Ongoing Project" means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;
- 3.15 "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005)
- 3.16 "section" means a section of the Act

#### **4. FOCUS AREAS**

- 4.1 The CSR activities of MCSI will focus on enhancing the quality of life of all aspects of the society - health, hygiene, education, environment, etc. These activities will be relevant to the activities listed

under Schedule VII of the Companies Act, 2013 which specifies the scope of CSR activities to be undertaken by Companies.

4.2 The areas of focus are:

- 4.2.1 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.
- 4.2.2 promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- 4.2.3 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.
- 4.2.4 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.
- 4.2.5 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 art and handicrafts.
- 4.2.6 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.
- 4.2.7 training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports.
- 4.2.8 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 schedule caste, tribes, other backward classes, minorities and women.
- 4.2.9 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;
- 4.2.10 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 Defence 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).
- 4.2.11 rural development projects.
- 4.2.12 slum area development.

## **5. CSR EXPENDITURE**

- 5.1 For achieving the CSR objectives through the implementation of meaningful & sustainable CSR activities, MCSI will allocate an amount which is not less than 2% of the average net profits of the immediately preceding 3 financial years.
- 5.2 In any financial year, if the company spends an amount in excess of the requirements provided under Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under Section 135(5) of the Act up to immediate succeeding three financial years subject to the conditions that:-
- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of Rule 7(2);
  - (ii) the Board of the company shall pass a resolution to that effect.
- 5.3 CSR expenditures will include all expenditures, direct or indirect, incurred by the Company on CSR programmes undertaken in accordance with the approved CSR Annual Action Plan. The administrative overheads shall not exceed five percent of the total CSR expenditure of the company for the relevant financial year.
- 5.4 The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be 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 under sub-rule (2) of rule 4; or
  - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
  - (c) a public authority:
- 5.5 Any surplus arising out of any of the CSR projects / activities shall not form part of the business profits of the company and it shall be:
- a) ploughed back into the same CSR project / activity (or)
  - b) transferred to the Unspent CSR Account and spent in pursuance of this CSR policy and annual action plan of the company (or)
  - c) transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

## **6. PROJECT IDENTIFICATION**

- 6.1 MCSI may identify the aforesaid activities through market studies conducted or based on proposals or requests received from voluntary organizations, Government bodies etc.
- 6.2 Each CSR activity identified will be treated as a project and each project shall have a time frame defined for execution and completion.
- 6.3 Each identified project along with a budget will be presented to the CSR committee of the Board of Directors and Board of Directors for their approval.
- 6.4 In certain cases where requirements arise out of unexpected occurrences like natural calamities, the Managing Director of the Company is authorised to approve the proposals. The same may be ratified in the ensuing CSR committee meeting and the Board Meeting.

## **7. SELECTION OF CSR PROJECT / ACTIVITY**

- 7.1 The CSR Committee of the Company shall formulate and recommend to the Board of Directors and the Board of Directors may approve, an Annual Action Plan for every financial year, effective from 1st April, 2021, in pursuance of this policy, which shall include the following, namely:
- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
  - (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - (d) monitoring and reporting mechanism for the projects or programmes; and
  - (e) details of need and impact assessment, if any, for the projects undertaken by the company:
- 7.2 While formulating the Annual Action Plan, the CSR Committee shall give preference to the local area and areas around it where it operates, for identification of CSR projects / activities and spending the amount earmarked for such projects / activities.
- 7.3 The Board may alter such plan at any time during the relevant financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

## **8. IMPLEMENTATION OF CSR ACTIVITIES**

- 8.1 The CSR activities may be undertaken by the company itself or through:
- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
  - (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
  - (c) any entity established under an Act of Parliament or a State legislature; or
  - (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- 8.2 Any CSR activities to be undertaken by the Company on or after 1st April, 2021 through any of the entity covered under clause (a) to (d) above, then such entity should have been duly registered with the Central Government by filing the prescribed Form CSR-1 with the Registrar of Companies, Ministry of Corporate Affairs.
- 8.3 The company may also engage any international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this policy as well as for its capacity building for CSR.
- 8.4 The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of such respective companies are in a position to report separately on such projects or programmes in accordance with the rules.
- 8.5 The Chief Financial Officer of the Company shall submit a certificate to the Board of Directors that the CSR funds so disbursed have been utilised for the purposes and in the manner as approved by the Board of Directors.

## **9. FUNCTIONAL COMMITTEE**

- 9.1 A Functional Committee with General Manager - Operation & CR, Manager - Human Resource Department, Manager - Plant Maintenance Department as committee members was formed to take care of CSR Activities.
- 9.2 The Functional Committee identifies the projects/activities and take it to the Director who is in India for approval. In turn the Indian Director submit the same for the Board's approval.
- 9.3 The Functional Committee ensure that the amount calculated and allotted for CSR activities as per Companies Act, 2013 was utilised fully for the identified and approved CSR projects/activities

## **10. RECORDS**

- 10.1 All the supporting documents and bills regarding CSR Activities or CSR Expenses shall be maintained under the custody of the Functional Committee till the project or activity was completed.
- 10.2 Once the CSR project or activity was accomplished, the functional committee shall submit all the supporting documents and bill pertaining to that CSR project or activity to the Indian Director for his approval. After obtaining approval from the Director, all the documents shall be filed in the CSR file available in the record room.

## **11. MONITORING**

- 11.1 The CSR Committee shall be responsible to monitor the Corporate Responsibility Policy of the Company from time to time and recommend amendments or revisions whenever required in accordance with the Act;
- 11.2 In case of ongoing project, the Board of Directors shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall time period as permitted under the Act and the Rules.
- 11.3 To ensure effective implementation of the CSR programs undertaken, a monitoring mechanism is put in place.
  - 11.3.1 Progress of the CSR activities under implementation is reported to the CSR committee on a quarterly basis.
  - 11.3.2 The Company shall also try to obtain feedback from the beneficiaries of each program and present it to the CSR committee.
  - 11.3.3 Appropriate documentation of the CSR Policy, CSR activities, CSR budget, details of the executing partners, and the expenditure entailed will be reviewed on a regular basis.
  - 11.3.4 Annual audit of all the CSR activities undertaken by the company will be done by the appointed internal auditors and further presented to the CSR committee.
  - 11.3.5 The CSR committee shall initiate steps to check whether the activities are progressing as per the guidelines of the CSR policy and statutory requirements and shall initiate corrective actions if there are any deviations.
  - 11.3.6 A report on the CSR activities will be included in the Annual Reports and Accounts of MCSI under the heading Corporate Social Responsibility Expenditure (CSR)
  - 11.3.7 Surplus arising out of CSR activities / projects shall not form part of the business profit.

## **12. UNSPENT CSR AMOUNT**

- 12.1 Any CSR amount which remains unspent (unless the unspent amount relates to an ongoing project) pertaining to that financial year shall be transferred to any of the Fund specified in Schedule VII of the Act within a period of six months from the date of the expiry of every financial year or to such fund as may be prescribed in the Rules from time to time.
- 12.2 If the unspent CSR amount relates to any ongoing project, which is being undertaken by the Company in pursuance of this policy, shall be transferred to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account by the company within a period of thirty days from the end of the financial year.
- 12.3 The amount so transferred shall be spent by the company in pursuance of its Corporate Social Responsibility 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 of the Act, within a period of thirty days from the date of completion of the third financial year.

## **13. CSR COMMITTEE**

MCSI's CSR committee will include Board of Directors, consisting of Three Directors, duly constituted by the Board of Directors of the Company.

## **14. GENERAL**

Any or all provisions of 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 of Directors reserves the right to modify, cancel, add or amend any of these rules, whenever it deems fit and appropriate.

## **15. CONCLUSION**

In conclusion, the Company shall continue to nurture a vibrant culture of volunteering in the aspiration to leverage the managerial and technological capabilities for CSR. Company shall strive to bring innovation in CSR initiatives and optimize their effectiveness while seeking to create a measurable impact on CSR activities.

***The Corporate Social Responsibility Policy of the Company has been revised, approved and adopted by the Board of Directors, at their meeting held on 12<sup>th</sup> April, 2021, based on the recommendation of the CSR Committee of the Company.***