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**CORPORATE SOCIAL RESPONSIBILITY (“CSR”) POLICY OF INTERNATIONAL TRACTORS LIMITED**

CIN : U74899DL1995PLC073245

(U/s 135 read with Schedule VII of the Companies Act, 2013 & the relevant Rules thereof)

### **1.0 Title and Applicability**

**International Tractors Limited** (“ITL” or “the Company”) recognizes that its business activities have a wide impact on the societies in which it operates and the Company strongly and constantly will strive to ensure strong corporate culture to integrate CSR value/objectives with business objectives. ITL will actively contribute to social and economic development of the society and community by selecting projects in participating manner in consultation with the society and community after understanding their needs.

ITL has developed / formulated a Corporate Social Responsibility Policy comprising the Company’s philosophy for delineating its responsibility as a corporate citizen and lays down the principles and mechanisms for undertaking various programs & activities in accordance with section 135 of the Companies Act 2013 for the community at large and is titled as the ‘**International Tractors Limited - Corporate Social Responsibility (“CSR”) Policy**’ (hereinafter “Policy”).

The Policy shall apply to all the CSR programs and activities undertaken by the Company at various locations for the benefit of diverse sectors of the society.

### **2.0 CSR Vision Statement**

In alignment with its values, the Company, through its CSR programs, intends to grow on a continuous basis in all areas of production, financials, welfare and development of society, improvement of environment and look after the interest of its stakeholders which include shareholders, suppliers, customers, business partners, employees and social communities. The Company’s vision is to be a committed corporate citizen alive towards social responsibility with a view to make a positive difference to society.

### **3.0 Validity of Policy**

The Board may amend the Policy as may be required from time to time.

### **4.0 CSR Program Areas**

In accordance with the requirement of Companies Act, 2013, ITL’s activities, amongst other, will focus and undertake projects / programs in the following areas:-

- ❖ Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
- ❖ Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

- ❖ Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up Old Age Homes, Day Care Centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- ❖ Ensuring Environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water.
- ❖ Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- ❖ 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.
- ❖ Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- ❖ Rural Development Projects

#### **4.1 Thematic Areas**

ITL plans to undertake projects / programs / activities in the following thematic areas:-

- ❖ Environment Sustainability
- ❖ Flora and Fauna
- ❖ Sanitation
- ❖ Setting up hostels and education programs for Children.
- ❖ Setting up Day Care Centers for Senior Citizens
- ❖ Rural Development
- ❖ Livelihood Enhancement and Skill Development projects.
- ❖ Any other project / programs advised by CSR Committee.

#### **5.0 CSR Budget**

- ❖ The Board of the Company shall ensure that in each financial year, the Company spends atleast 2% (two percent) of the average net profit made during the immediate three preceding financial years.

- ❖ CSR expenditure shall include all expenditure including contribution to corpus for projects relating to CSR activities approved by the Board on the recommendation of its CSR Committee.
- ❖ In case of any surplus arising out of CSR projects, the same shall not form part of business profits of the Company.
- ❖ The Company may collaborate or pool resources with other organisations (its subsidiary companies, if any) to undertake CSR activities.
- ❖ The Company may build CSR capacities of its own personnel as well as those of its implementing agencies through institutions with established track record of atleast three financial years.

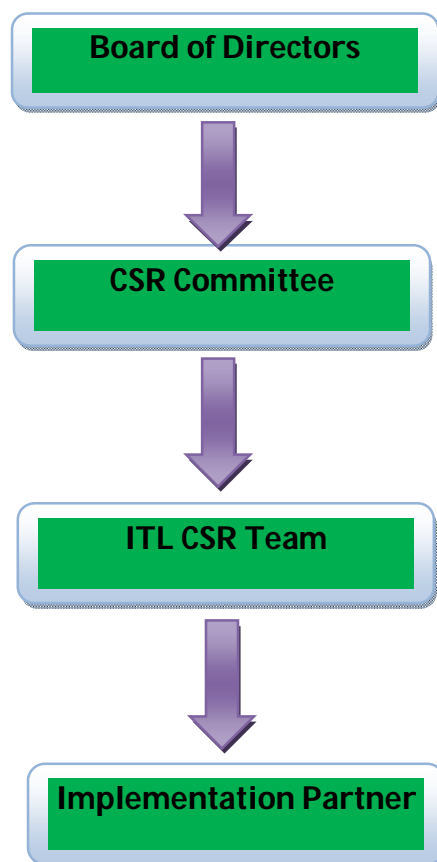
## **6.0 Implementation**

- ❖ CSR program will be undertaken by the Company as stated in the CSR budget.
- ❖ The time period/duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.
- ❖ The Company may enter into partnerships with the government, business partners and communities to create multiplier effect of its social projects.
- ❖ The mode of implementation of CSR programs will include a combination of direct implementation and implementation through trust/foundation/society set up by the Company and partners such as NGOs, business partners, registered societies etc. The Company will select its partners after appropriate due diligence.
- ❖ ITL may also implement the CSR programs through registered trust/foundation/society/section 8 company set up by ITL either singly or alongwith its holding or subsidiary or associate or any other company or through other registered trust/society/company having an established track record of three years in undertaking the projects or programs proposed to undertaken by ITL subject to compliance with applicable rules and regulations.
- ❖ The Company may 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 CSR activities shall not include any activity undertaken by the Company in pursuance of normal course of business of the Company.

- ❖ The Company shall not make any payment, directly or indirectly, to Political Parties for CSR activities.
- ❖ The CSR activities shall be undertaken only in India for the benefit of the public and not only for the employees of the Company and their family.
- ❖ ITL will encourage its employees for volunteering in its CSR initiatives.

## 7.0 CSR Governance Structure

ITL's CSR governance structure comprises of CSR committee and the Board, wherein CSR committee reports directly to the Board. The said structure is diagrammatically represented hereunder:



## 8.0 Roles and responsibilities

### A) The Board:

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

- ❖ the approval of the CSR Policy of the Company
- ❖ disclosing 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 read with the CSR Rules thereof

- ❖ ensuring that ITL spends, in every financial year, atleast 2% of the average net profits made during the three immediately preceding financial years
- ❖ ensuring that the social projects included in the Policy are undertaken by the Company
- ❖ ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects
- ❖ ensuring that it specifies the reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount

## **B) CSR Committee:**

1. **Composition of the CSR Committee:** The composition of the CSR Committee shall be as per the directions of the Board of Directors time to time in line with the statutory requirements of the Companies Act, 2013.

The Company Secretary of the Company shall act as the Secretary of the said CSR Committee.

2. **Responsibility of the CSR Committee:**

**The CSR Committee shall : -**

- ❖ formulate and recommend the CSR Policy to the Board for approval
- ❖ monitor the Policy from time to time and recommend the changes to the Board
- ❖ recommend the amount of expenditure to be incurred on CSR projects
- ❖ constitute a transparent monitoring mechanism for ensuring implementation of the CSR projects

## **C) CSR Team:**

**Responsibility of the CSR Team:**

- ❖ To seek guidance from the CSR Committee regarding policy, budget and implementation guidelines
- ❖ To spread awareness regarding the approved CSR policy
- ❖ Recommend projects to be undertaken during the financial year to the CSR Committee
- ❖ Recommend targets and timelines for implementation of developmental initiatives
- ❖ Apprise CSR Committee with the project performance and status of CSR expenditure time to time
- ❖ Facilitate effective implementation of ITL's CSR plan across sectors and regions
- ❖ Allocate appropriate resources to achieve desired performance in alignment with Sustainability & CSR targets and initiatives

- ❖ Documentation and reporting of all CSR activities of the company to the CSR committee in pursuit of the Companies Act and the CSR Rules

## **9.0 Monitoring and Reporting Framework**

### **Project Monitoring:**

The Company will institute a well-defined monitoring and evaluation mechanism to ensure that each CSR program has:

1. clear objectives developed out of the societal needs that are determined through baselines studies and research
2. clear targets, time lines and measureable parameters wherever possible
3. 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 CSR team will closely monitor the CSR spend and funds shall be released against verified utilizations as per the approved work plans. This may include monthly field visits, comprehensive documentation, and regular interaction with beneficiary communities.

The CSR committee will meet periodically to discuss the progress of CSR activities and apprise the Board with the progress and action plan, from time to time.

### **Budget monitoring:**

The Company will establish an accounting system to ensure project wise accounting of CSR spends.

### **Reporting Framework:**

The Company will report CSR performance in its annual report as per the structure and format prescribed in the notified CSR Rules.