

Corporate Social Responsibility Policy

Version 1.2

Adopted by the Board of Directors of

Rane Holdings Limited

CIN L35999TN1936PLC002202

Rane (Madras) Limited

CIN L65993TN2004PLC052856

ZF Rane Automotive India Private Limited

CIN U35999TN1987PTC014600

Rane Steering Systems Private Limited

CIN U29141TN1995PTC030621

*(Collectively known as "Rane Group of Companies" and
Individually referred to as "the Company")*

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1. Preamble

Range Group is committed to contributing towards its societal responsibilities beyond statutory obligations. Rane Group's Corporate Social Responsibility (CSR) philosophy is to function in a socially and environmentally sustainable manner recognizing the interests of all its stakeholders.

2. Purpose¹

The key purpose of this policy is to:

- State the approach and direction of the Board considering the recommendations of the CSR Committee
- Establish a consistent CSR framework
- Identify broad areas for undertaking projects with action plans for implementation
- Serve as a guiding document to help define, execute, monitor and report projects
- Enable capability assessment of implementation agencies
- Explain CSR governance structure
- Prescribe the treatment of surpluses from / unspent amount of projects
- Guide impact assessment of projects/programmes

3. Policy Statement

Rane Group's CSR vision is 'to be a socially and environmentally responsible corporate citizen'. Rane Group believes that being a responsible corporate citizen is central to its purpose and values, allowing itself to inspire trust amongst its business partners and motivate people to make the right choices for the business, communities and planet.

4. Applicability

This policy applies to all CSR projects undertaken by the companies in Rane Group and aims to full-fill the requirements of the Section 135 of the Companies Act, 2013 and the rules made thereunder as amended from time to time². The Companies shall ensure all these activities are over and above its normal course of business and are in line with areas or subjects specified in Schedule VII to the Companies Act, 2013 as amended from time to time³. This policy will be periodically reviewed and updated in line with relevant codes of legislation. [Words and expressions not specifically defined in the policy document shall have same meaning and references as mentioned in the Companies Act 2013 and rules thereunder]⁴.

¹ Amended pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

² Inserted pursuant to Companies (Amendment) Act 2017 vide version 1.1

³ Inserted pursuant to Companies (Amendment) Act 2017 vide version 1.1

⁴ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

5. Rane Foundation

Rane foundation, a public charitable trust established in the year 1967, is the main arm for the CSR projects of Rane Group. The foundation is governed by a Board of Trustees. The contributors are the Rane group companies. The Companies will contribute to social and environmental betterment by channelizing about 80% of its CSR corpus through Rane Foundation. The remaining CSR Corpus is allotted for development activities by the company itself.

5.1 Why Rane Foundation?

Rane Foundation's projects are focused on education, healthcare, environment and community development which are well aligned with Rane Group's CSR vision. With a special focus on education, more details on Rane Foundation's projects are mentioned here. Based on its past experience, Rane Foundation has been engaged as the main implementation partner to:

- identify projects aligned with the focus area and CSR legislation
- execute approved projects on behalf of the Companies
- ensure the quality of project execution and reporting

6. Key Focus Areas

Rane Group actively promotes and engages in activities that help strengthen communities and contribute to the enrichment of society. Rane Group believes in good corporate citizenship that strives for creating maximum impact in the following areas.

6.1 Education

Education is at the forefront of Rane Group's efforts to be a socially responsible corporate citizen. Many of Rane Group's projects are designed as high-impact programmes to bridge the vocational skills gap between the market demands and employability of the nation's youth. For instance, realizing the lack and importance of quality technical education, Rane Group supports to provide holistic technical education that enhances skills and employability amongst rural youth.

6.2 Health Care

Rane Group believes that improved general health of the population is a key indicator to a strong society. Rane Group's healthcare projects are centered on creating awareness and enhancing medical infrastructure in needy regions to prevent and treat illnesses.

6.3 Environment

Rane Group is conscious of the imperatives of the need to protect environment and natural resources for achieving sustainable growth. Rane Group has undertaken several projects in this regard such as conservation of energy, water and eco-friendly waste management systems. Apart from creating a significant green cover around the plant, Rane Group engages in numerous activities such as tree plantation drives, awareness campaigns, etc. to promote good environmental habits amongst all.

6.4 Community Development

Rane Group's Community Development projects shall focus on creating sustainable development and livelihood enhancement opportunities for the communities. Rane Group shall seek the empowerment of whole communities by helping them develop capacity to identify and respond to their socio-economic problems at large. Rane Group's projects focus on skill development, infrastructure, sanitation, and supporting differently abled people.

7. Governance Structure

Rane Group has constituted a robust governance structure to oversee the implementation of the CSR projects by the Companies in Rane Group, in compliance with the requirements of Section 135 of the Companies Act, 2013.

7.1 Board CSR Committee

The CSR governance structure of the Companies will be headed by the Board CSR Committee constituted as per the applicable under statutory and regulatory provisions. The Board CSR Committee shall grant auxiliary power to the Working Committee of the company to act on their behalf.

7.1.1 Members

The members of the Board CSR Committee shall comprise of optimum combination of executive, non-executive and / or independent directors as per the applicable provisions under the statutes and regulations.

7.1.2 Terms of reference⁵

- Formulate and recommend CSR Policy, for approval of the Board of Directors of the Companies
- Formulate and recommend to the Board, an annual action plan in pursuance of CSR policy
- Review and approve new projects that are in line with the CSR policy
- Implement CSR projects/programmes directly and through registered implementing agencies
- Have monitoring and reporting mechanisms in place to track the progress of each project/programmes and for implementation of multiyear projects
- Recommend the CSR expenditure to the Board of Directors of the Companies for approval
- Carry out impact assessment of project/programmes, where required
- Ensure the end utilization of CSR expenditure
- Such other terms as required under any statutory obligation

⁵ Amended pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

7.2 Working Committee

Working Committee at the company level will ensure smooth execution of the approved projects and report to the Board CSR Committee.

7.2.1 Members

The Working Committee will have the Group HR Head, Group Finance Head and working members from HR and Finance of the company.

7.2.2 Responsibilities

- Responsible for the execution of the decisions taken by the Board CSR Committee
- Evaluate projects as per the developed framework
- Ensure implementation of projects based on set targets, [action plans]⁶ and regular monitoring
- Find implementation partners [satisfying the registration requirements under the Act]⁷, if required, conduct due diligence and seek approval from the Board CSR Committee and ongoing interaction
- Evaluate possible collaborations [with other permitted organizations]⁸ on CSR projects
- Conduct quarterly reviews
- Send periodic reports to the Board CSR Committee

8. CSR Expenditure⁹

The Company shall strive to spend at least the minimum prescribed amount (CSR obligation) under the Act and rules thereunder in pursuance of this policy.

The amount to be spent on CSR for a financial year will be decided as a part of the Company's annual budget after considering the CSR obligation and allocated against projects/ programmes specified in the annual action plan. The budget and plan shall be recommended by the Committee to the Board for their approval. The Board may alter such plan at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect.

Administrative overheads incurred for the general management and administration of CSR activities shall be capped at such prescribed limits under the Act.

The Action plan for implementation of projects under the Key focus areas shall inter-alia include:

- (a) the list of CSR projects/ programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

⁶ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

⁷ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

⁸ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

⁹ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

- (b) the manner of execution;
- (c) the modalities of utilisation of funds and implementation schedules;
- (d) monitoring and reporting mechanism; and
- (e) details of need and impact assessment, if any.

9. Treatment of Surplus/ Unspent amounts¹⁰

Any Surplus/ Unspent amount shall be treated in accordance with Section 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

Any surplus generated from CSR projects undertaken shall not be added to the profits of the Company and shall be treated as prescribed under the Act and rules framed thereunder.

Any unspent amount shall be treated as per the prescribed procedure under the Act and reasons should be provided for not achieving the budgeted spend. In case such unspent amount results in shortfall against the prescribed CSR obligation, reasons for such shortfall shall also be recorded in the Board's CSR report.

10. Project Life-cycle

CSR projects are strategically planned and managed. Following are the key stages of a project:

10.1 Project Approval

All identified projects will be evaluated by the Working Committee and those that align with this policy will be presented to the Board CSR Committee for review and for Board's approval.

10.2 Implementation

The Working Committee will coordinate execution of approved projects to ensure implementation [in accordance with the requirements of Companies Act, 2013 and the rules made thereunder as amended from time to time]¹¹.

10.3 Monitoring

The Working Committee will periodically evaluate the projects' progress against the goals and milestones defined for the project, together with the implementing agency (if any). [In case of projects undertaken through Implementing Agency, suitable end utilisation reports should also be periodically obtained. Additionally, the implementation of ongoing projects shall also be monitored with reference to the year-wise allocation]¹².

¹⁰ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

¹¹ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

¹² Amended pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

The monitoring methods shall include site visits, review meetings, progress reports etc. Appropriate IT tools shall be used for effective monitoring of all projects

The Company may carry out impact study for all large projects and also where required under the Act and the rules framed thereunder from time to time.

10.4 Reporting

The Board in consultation with the Board CSR Committee will annually publish a report [including impact assessment reports, if any]¹³ on the CSR projects which shall form part of the Board's report. The format and disclosure content of the CSR annual report shall be in accordance with Section 135 of the Companies Act, 2013 and the rules made thereunder as amended from time to time.

10.5 Disclosure

This policy shall be adopted by the Board of Directors of respective Companies of Rane Group and shall be disclosed on the website of the Company [for public access]¹⁴.

Amendments

Version 1.1 Pursuant to amendments approved by the Board of Directors vide resolution passed in January- February, 2019

Version 1.2 Pursuant to amendments approved by the Board of Directors vide resolution passed in March- April, 2021

¹³ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.

¹⁴ Inserted pursuant to Companies (CSR Policy) Amendment Rules, 2021 vide version 1.2.