

MAHINDRA GUJARAT TRACTOR LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

Introduction

Mahindra Gujarat Tractor Limited (MGTL) is joint venture between Mahindra Group and Government of Gujarat (GoG). Both the promoters are sharing ideology of running MGTL as a socially responsible company going beyond the legal & statutory requirements to make responsible investments in the community. In keeping with the RISE philosophy of the Mahindra Group, the Company will continue to drive positive change to enable people and communities to RISE above their current realm of possibilities.

2. Objective of the CSR Policy

The **objective** of this policy is to -

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs (Employee Social Options Program).

3. Policy Statement

3.1 CSR Vision Statement & Ideology

The Company's 'Core Purpose' is to challenge conventional thinking and innovatively use all resources to drive positive change in the lives of stakeholders and communities across the world, to enable them to RISE. The Company's CSR vision is to focus efforts within the constituencies of girls, youth & farmers by innovatively supporting them through programs designed in the domains of education, health and environment, while harnessing the power of technology. By investing CSR efforts in these critical

constituencies who contribute to nation building and the economy, MGTL will have a shared CSR vision with the Mahindra Group and enable its stakeholders and communities to RISE.

For MGTL, responsible business practices include being responsible for our business processes, products, engaging in responsible relations with employees, customers and the community. Hence for the Company, Corporate Social Responsibility goes beyond just adhering to statutory and legal compliances, and creates social and environmental value for our key stakeholders.

3.2. Total Outlay

From April 1st, 2014 in line with the new Companies Act 2013 (the Act), MGTL pledges to contribute at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years specifically towards CSR initiatives. For this purpose, the net profit and average net profit shall be calculated in accordance with the provisions of section 198 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

While efforts will be to spend CSR allocation of a particular year in that period itself, any unspent / unutilised CSR allocation shall be non-lapsable in nature and will be carried forward.

The Company may spend upto 5% of total CSR expenditure in one financial year on building CSR capabilities.

3.3 CSR Thrust Areas –

The Company will focus its efforts within the constituencies of girls, youth & farmers through programs designed in the domains of education, health and environment. The Company may also make contributions to its Corporate Foundations/Trusts i.e. K C Mahindra Education Trust and Mahindra Foundation, towards its corpus.

Our commitment to CSR will be manifested by investing resources in anyone or more of the following areas:

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;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly & the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women & orphans; setting up old age homes, day care centres, and such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air and water, *including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga*;
5. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries; promotion & development of traditional arts & handicrafts;
6. Measures for the benefit of armed forces veterans, war widows & their dependents;
7. Training to promote rural sports, nationally recognized sports, paralympic sports & Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects
11. Slum area development

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the company.

3.4 Implementation –

The Board level Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring the CSR Policy from time to time. The CSR Committee shall approve and recommend to the Board, the projects or programs to be undertaken, the modalities of execution and implementation schedule from time to time.

Further the company will have a CSR Council comprising of senior management executives of the organization who are responsible for the implementation of the CSR activities which have been approved by the CSR Committee at the board level. The CSR Council will have a formal process of evaluating and approving CSR projects.

While CSR programs may be identified by the CSR Department, Corporate Foundations (KCMET, Mahindra Foundation) or Sectors, the CSR Council will also evaluate projects submitted directly by reputed not for profit organisations having an established track record of at least 3 years in carrying on the specific activity. To ensure that there is focus and maximum impact the CSR Council will endeavor to work on fewer projects over a longer period of time so as to ensure that the outcomes of the projects can be measured.

The CSR program will be implemented in alignment with the overall guidelines that are derived from this Policy.

3.5 Monitoring process of CSR activities -

The CSR Council / Committee will convene quarterly to review the progress of varied CSR projects in terms of both outcome assessment and financial monitoring. The council / committee will review the strategy from time to time and may choose new focus areas and projects as and when required. In addition the CSR Council / Committee will mandate the effective and timely monitoring and evaluation of varied CSR projects by directing its CSR department or a third party independent agency to carry out situational analysis, need assessment surveys, project visits, or impact studies, etc if and as required especially for the strategic and high value CSR programmes.

In order to ensure transparency and communication with all stakeholders, the CSR Policy will be uploaded on the Company website so that it is available in the public domain.

3.6 Executing Agency / Partners -

CSR initiatives will be implemented either directly by the company or through its ESOPs structure where MGTL employees will directly implement the CSR programs or through implementing partners which may include NGO's having an established track record of at least 3 years in carrying on the specific activity. The main implementation partners the company will continuously work with are the company's Corporate Foundations like the Mahindra Foundation, The K C Mahindra Education Trust, Tech Mahindra Foundation and Naandi Foundation.

The following minimum criteria will be ensured while selecting NGO's / voluntary organizations for program execution

- a) The NGO is a registered Society / Public Charitable Trust / Section 25 Not for Profit Organizations / company established under section 8 of the Act etc.
- b) The NGO has a permanent office / address in India
- c) The NGO has a valid Income Tax Exemption Certificate
- d) The NGO has submitted a detailed project proposal and budget which has been approved by the CSR Council.

The Company may also collaborate with other companies to undertake CSR projects or programs, provided the CSR Committees of the respective companies are in a position to report separately on such projects or programs.

For CSR activities undertaken through other Executing Agency, the Company will specify the projects or programs to be undertaken through these agencies, the modalities of utilization of funds on such projects or programs.

21st May, 2015