

BRADY & MORRIS ENGINEERING COMPANY LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. INTRODUCTION

The objective of Corporate Social Responsibility (CSR) is to benefit the society by improving the quality of individuals, their families and local community at large.

Brady & Morris Engineering Company Limited (hereinafter to be referred as "the Company") through its CSR activities intends to participate in the overall development of the society and encourage alignment with Social Development Goals (SDGs) related to gender sensitivity, skill enhancement, entrepreneurship development, research in education, Hygiene & Water etc.

This Policy is effective from April 01, 2023, as amended from time to time.

This policy lays down the guidelines and mechanism for undertaking socially useful programs for welfare and sustainable development of the community at large. The Company's CSR policy has been framed in accordance with Section 135 of the Companies Act, 2013 and the rules framed thereunder. This Policy covers all the internal dimensions of the CSR structure and further captures and sets out the process of implementation of the CSR related activities.

2. SCOPE

This Policy shall apply to all the CSR projects undertaken by the Company, whether such project is executed in collaboration with any other company or on its own.

3. DEFINITIONS

- (a) "Act" means Companies Act, 2013 including any Statutory modification or re-enactment thereof.
- (b) "Board" means Board of Directors of the **BRADY & MORRIS ENGINEERING COMPANY LIMITED**.
- (c) "Corporate Social Responsibility" (CSR) means the activities undertaken by the Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the CSR Rules, 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).

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- (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.
- (d) “CSR Rules” means the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (e) “Chairman” means Chairman of CSR Committee.
- (f) “CSR Committee” means Corporate Social Responsibility Committee of the Board.
- (g) “CSR Policy/ Policy” means Corporate Social Responsibility Policy of **BRADY & MORRIS ENGINEERING COMPANY LIMITED**.
- (h) “CSR Activities” means the activities to be undertaken by **BRADY & MORRIS ENGINEERING COMPANY LIMITED** in areas or subject specified in Schedule VII to the Act and specified under this Policy.
- (i) “Employee” means employee of Brady & Morris Engineering Company Limited (whether working in India or abroad).
- (j) “International Organization” means an organization notified by the Central Government as an international organization 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.
- (k) “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.

Words and expressions used and not defined in this Policy but defined in the Act and CSR Rules shall have the same meanings respectively assigned to them in the Act and the CSR Rules.

4. APPROACH

The approach of CSR will be revolving around following principles - Honesty, focus upon impact, Strengthening the relationship between communities and companies, Employee engagement, Innovation, Team building, Transparency and accountability with a holistic approach for development.

5. ROLES & POWERS OF CSR COMMITTEE

Following are the Powers of the CSR Committee:

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Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval.

- (i) Recommend CSR activities as stated under Schedule VII of the Act.
- (ii) Approve to undertake CSR activities in collaboration with firms/NGOs etc. and to separately report the same in accordance with the CSR Rules.
- (iii) Recommend the CSR Budget.
- (iv) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules.
- (v) Create transparent monitoring mechanism for implementation of CSR Initiatives in India.
- (vi) Submit the CSR Report to the Board in respect of the CSR activities undertaken by the Company.
- (vii) Monitor CSR Policy from time to time.
- (viii) Monitor activities to ensure that the CSR activities of the Company are implemented effectively.
- (ix) Authorize executives of the Company to attend the CSR Committee Meetings.
- (x) Recommend to the Board an Annual Action Plan which includes the modalities for utilization of CSR funds and implementation schedules for the projects or programs, monitoring and reporting mechanism of the projects or programs and details of need and impact assessment for the projects undertaken by the Company.
- (xi) Recommend the alteration in the Annual Action Plan at any time during the year and update, if any, required to the CSR Policy.
- (xii) Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

The Board of Directors shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for the Company and disclose its contents in their report and also publish the details on the Company's website, if any, in such manner laid down in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

6. CSR BUDGET, SPENDING & EXPENDITURE

Funding & Allocation:

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.

The Annual CSR Budget shall be spent on activities laid down in this Policy. CSR expenditure shall include all expenditure including contribution to corpus of flagship projects, projects or programs relating to CSR activities as per CSR Policy, but does not include any expenditure on an item not in conformity with the CSR Policy.

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Expenditure on CSR capabilities:

- (i) The Company may build CSR capabilities of their own personnel as well as of their Implementing Agencies and such expenditure shall not exceed 5% of the total CSR spend of the Company as stated in the Rules from time to time. Determination of whether a particular expense fall within this 5% cap can be decided in consultation of the Chief Financial Officer of the Company based on the clarification available from time to time in this regard.
- (ii) Any surplus arising out of the CSR activities shall not form part of the business profit of a Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and Annual Action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- (iii) Where a Company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –
 - (a) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
 - (b) the Board of the Company shall pass a resolution to that effect.
- (iv) 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;

Provided that any capital asset created by a Company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

Failure to spend the CSR Money:

In case the Company fails to spend the targeted amount in that particular financial year, it needs to transfer the unspent CSR amount - Until a fund is specified in list of funds at present specified under Schedule VII for the purposes of sub section (5) and (6) of section 135 of the Act:

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- Prime Minister's National Relief Fund (PMNRF)
- Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund)
- Swach Bharat Kosh
- Clean Ganga Fund

Consequence of non-transfer in aforesaid manner:

- Offence decriminalized vide Companies Amendment Act, 2020
- Company liable to pay penalty twice the amount of default or Rs. 1 crore, whichever is less
- Every officer liable to pay penalty @ 10% of default or Rs. 2 Lakhs, whichever is less

7. CSR INITIATIVES

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities as recommended by the CSR Committee. The Committee is authorized to approve any modification to the Annual Action Plan during the financial year under review.

Annual Action Plan:

The CSR Annual Action Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee.

The CSR Annual Action Plan shall include the following: -

- (a) the list of CSR projects or programs 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 programs,
- (c) the modalities of utilization of funds and implementation schedules for the projects or programs,
- (d) monitoring and reporting mechanism for the projects or programs and
- (e) Details of need and impact assessment, if any, for the projects undertaken by the Company.

Collaboration:

The Company may collaborate with any other Company / firm / NGO as may be approved by CSR Committee to implement CSR activities and the same shall form a part of the Annual Action Plan.

8. ACTIVITIES, PLANNING & IMPLEMENTATION

Areas for Activities:

The Company shall identify projects / activities which will fall in any one or more of the following areas/sectors for its CSR spending:

- 1) Improving the quality of life in rural area.
- 2) Eradicating hunger, poverty and malnutrition,
- 3) Promoting healthcare including preventive healthcare

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- 4) Employment enhancing vocational skills
- 5) Promotion of education including investment in technology in schools
- 6) Ensuring environment sustainability including measures for reducing inequalities faced by socially and economically backward groups
- 7) Promoting sports including rural and Olympic sports
- 8) Contribution to funds for promoting technology
- 9) Investing in various rural development projects
- 10) Contribution to the Prime Minister's National Relief Fund or any other fund setup by the Central Government for development and relief.
- 11) Collaborate with like-minded bodies like Voluntary organizations, charitable trusts, governments and academic institutes in pursuit of our goals.
- 12) Interact regularly with stakeholders, review and publicly report our CSR initiatives and
- 13) Other areas approved by the CSR Committee that are covered in the CSR Rules as amended from time to time.

The Company will review the sectors from time to time and make additions/deletions/clarifications to the above sectors.

The above areas for activities are mapped with the activities as prescribed under Schedule VII to the Act for the Company's Principles for the formulation of Annual Action Plan. While the focus of CSR efforts will be in the local areas and the areas in which the Company operates, the Company may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.)

The CSR projects or programs or activities undertaken by the Company as per Company's CSR Policy in India only shall amount to CSR Expenditure in accordance with the provisions of sub-section (5) of section 135 of the Act.

The Company will prefer to take up projects for spending the amount earmarked for CSR at local areas and areas where the Company operates.

All expenses and contributions for CSR activities will be made after approval from the Chairman of the CSR committee, which would then be placed before the forthcoming CSR committee for noting and record. The Chairman will ensure that the expenses/contribution and donation will be in full compliance of the CSR Policy.

Exclusions:

The CSR activities shall be undertaken by the Company, (either new or ongoing) excluding activities undertaken in pursuance of its normal course of business. The Company will not make any contribution of any amount directly or indirectly to any political party.

The CSR projects or programs or activities that benefit exclusively for the employees of the Company and their families shall not be considered as CSR activities in accordance with this policy.

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Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company but should be added in the CSR Fund.

Implementing Agency:

The CSR Activities may be undertaken by the Company with the prior approval of the Board/Committee, through any of the following entities as "Implementation Agency" being duly registered with the Central Government and having a unique CSR Registration Number (with effect from 1 April 2021).

- (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 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.

9. MONITORING AND FEEDBACK

- a. To ensure effective implementation of the CSR program undertaken at each work center, a monitoring mechanism will be put in place.
- b. The progress of CSR programs under implementation will be reported to corporate office on a monthly basis.
- c. The report on progress on the CSR program undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and results achieved on a regular basis.
- d. Work centers will try to obtain feedback from beneficiaries about the programs implemented at the area.
- e. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.
- f. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

10. PUBLICATION OF CSR POLICY & PROGRAMS

The Company shall publish its Annual Report on CSR Activities in its Directors Report in the manner prescribed under the Companies Act 2013

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11. POLICY REVIEW & FUTURE AMENDMENT

This policy has been formulated and recommended by the CSR Committee and adopted by the Board of Directors at its meeting held on November 04, 2023. The Board may, upon recommendation of the CSR Committee, amend or modify this CSR Policy as and when necessary.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as maybe issued from Government, from time to time. The CSR Committee reserves the right to modify, add, or amend any of provisions of this Policy subject to approval of the Board. Revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time. The CSR Committee reserves the right to modify, add, or amend any of provisions of this Policy subject to approval of the Board.
