

DAIKIN AIRCONDITIONING INDIA PRIVATE LIMITED

**POLICY No.:
DAIPL/GEN/03**

POLICY ON CORPORATE SOCIAL RESPONSIBILITY

ORIGINAL / REVISION: **REVISED**

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Distribution: All departments

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OBJECTIVE/ PURPOSE

The need to engage in responsible practices is led by an intense desire to contribute positively towards the three pillars of sustainability (Social, Economic and Environmental) and CSR. These three pillars are integral to the way Daikin Airconditioning India Private Limited (hereinafter referred to as "DAIPL") runs its business and design its policies. The mission, vision and values of the organization clearly reflect its commitment, not only to the direct stakeholders but also to the society, in which it operates. Daikin remains committed to act responsibly and ethically to maintain the trust of its customers, its employees and other stakeholders.

VALIDITY / APPLICABILITY/ SCOPE

This policy will apply to all projects/programs undertaken as part of the DAIPL's Corporate Social Responsibility activities and will be developed, reviewed and will be updated in reference to relevant codes of corporate governance and international standards or the best practices. This policy is also drafted in accordance with the provisions of Section 135 & Schedule VII of Companies Act, 2013 read with relevant rules as amended from time to time.

EXCLUSIONS

Any amount spent by the company itself or in partnership with the employees of the company for the activities other than the activities mentioned in Annexure I or amount spent for outside India or for the exclusive welfare of the employees of the company, shall be treated as additional spend and shall not be considered in the amount calculated as per clause V (i) below and shall not need Board approval. In addition to this; any amount spent not in line with applicable provisions of law in this regard shall not be considered as CSR expense.

POLICY DETAILS / PROCESS / GUIDELINES

PREAMBLE

CSR covers the entire process by which an organization approaches, defines and develops its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate strategies and projects. Thus, CSR is not charity or mere donation but a way of going beyond business as usual, creating shared value and contributing to social and environmental good.

POLICY

- a. By ensuring implementation of Our Group Philosophy, the DA IPL will execute its social responsibilities in relations with all its stakeholders, and thereby raise its corporate value and contribute to the sustainable development of society.
- b. Based upon thorough observance of legal compliance and corporate ethics, DA IPL will carry out its CSR initiatives with priority on contributing to society through our business activities.
- c. Instead of simply giving consideration to CSR, DA IPL will proactively incorporate CSR initiatives in all its business activities, and fuse and integrate such initiatives with these activities in order to ensure truly ongoing CSR initiatives and lead to the improvement of its business performance.
- d. DA IPL will pursue CSR not only on the basis of rules and guidelines of Indian Law but also in its unique way by riding on our strengths, such as its atmosphere of freedom and boldness, thorough customer-oriented management, and warm hospitality and other valued traditions and culture, as well as world-leading technologies.
- e. DA IPL will fulfill its CSR by promoting interactive communications widely with society, achieving accountability, and maintaining high transparency.

CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Keeping in line with section 135 of the Companies Act, 2013 the Board of Directors of the company shall form a Corporate Social Responsibility Committee (hereinafter referred to as "**CSR Committee**") headed by Managing Director of the company.

Members: As may be nominated by Board of Directors of the company, from time to time.

Functions:

The CSR Committee shall formulate and recommend to the Board, an annual action plan, 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;

- (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: It is for the purpose of clarity that board may alter such plan at any time during the financial year, based on the reasonable justification to that effect.

Meeting: The committee may meet anytime during the financial year subject to compliance of appropriate rules. However, to keep a constant scrutiny on the actual progress of projects being undertaken; committee shall strive to meet at least once in a half year.

Monitoring: To monitor the CSR activities from time to time for ensuring effective implementation of the projects/programmes/activities proposed to be undertaken by the DA IPL, monitoring mechanism will include visits, meetings and project/status reporting by project teams.

Reporting: Significant CSR activities and achievements will be reported as a part of director report in the DA IPL annual report and as per any other regulatory and statutory reporting requirements.

GUIDELINES

CSR Expenditure:

That as per the provisions of Section 135 of the Companies Act, 2013; 2% of the average net profit of the company made during three immediately preceding financial years shall be spent every financial year as CSR expense in line with this policy. The said expenditure on the CSR activities shall be made within India.

CSR Expenditure will include all the expenditure, direct and indirect, incurred by the company on CSR activities undertaken in accordance with the approved CSR plan. Accordingly, any income arising from CSR activity will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure. It is for the purpose of clarity that such expenses shall also include Administrative Overheads as defined in related CSR rules and provisions in the companies act, which shall at any point during the financial year, exceed five percent of total CSR expenditure of the company for that financial year.

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.

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 fulfillment of applicable rules in this regards.

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

Areas of CSR Expenditure/ CSR Activity:

The activities described in Annexure-I appended hereto which are also covered under Schedule VII (as amended from time to time) of the Companies Act, 2013 that lists down permitted activities shall constitute such activities. The activities undertaken by the Company are not expected to lead to any additional surplus beyond what would accrue to the company in the course of normal operations.

This revised version of CSR policy is issued pursuant to the Corporate Social Responsibility Rules, 2013, and related rules, as amended from time to time and is recommended by the CSR Committee to the board for its approval and adoption by the Board of Directors of the Company.

How to Spend:

The CSR activities are 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.

Additionally, company may also organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.