

CG Power and Industrial Solutions Limited (Formerly Crompton Greaves Limited)

Registered Office:

CG House, 6th Floor, Dr Annie Besant Road, Worli, Mumbai 400 030, India

T: +91 22 2423 7777 F: +91 22 2423 7733 W: www.cgglobal.com

Corporate Identity Number: L99999MH1937PLC002641



Smart solutions.
Strong relationships.

CG Power and Industrial Solutions Limited CSR Policy

Preamble

Avantha Group is one of India's leading business conglomerates. The Group has business interests in diverse areas, including pulp and paper, power transmission and distribution equipment and services, food processing, farm forestry, chemicals, energy, infrastructure, information technology (IT) and IT-enabled services.

Led by Chairman Mr. Gautam Thapar, the Avantha Group demonstrates strong leadership globally and emerges as a focused corporate, leveraging its knowledge, leadership and operations to add lasting value for its stakeholders and investors.

As a leading global business entity, the Avantha Group's responsibilities extend beyond bottom line concerns, and encompass myriad social commitments.

The Avantha Group has been implementing CSR since early 2000 and is operational at both the individual company level and through the Avantha Foundation. Each company has been conducting CSR activities based on the philosophy of sustainable development. The Avantha Foundation has been set up to work on issues that are critical to the overall development of the country.

At CG Power and Industrial Solutions Limited ('CG' or 'the Company'), Corporate Social Responsibility (CSR) is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates.

As an intrinsic part of its commitment to its stakeholders, CG uses CSR to integrate economic, environmental and social objectives with the Company's operations and growth.



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CSR Policy

CG is committed to its stakeholders to conduct its business in a responsible manner that creates a sustained positive impact on society. This means working with the underserved communities to improve the quality of their life and preserve the ecosystem that supports the communities and the company.

For CG, being a Socially Responsible Corporate means:

- Upholding and promoting the principles of inclusive growth, diversity and equitable development in society
- Collaborating with local government agencies and like minded corporates, voluntary and academic organisations in pursuit of our goals
- Building active and long term partnerships with the surrounding communities to significantly improve the condition of the most underserved amongst them
- Making a sustained effort in preserving the environment
- Using environment friendly, energy efficient and safe processes
- Promoting transparency in disclosure and reporting procedures
- Getting our employees involved and sensitised to our communities, so they develop as better leaders

In order to accomplish the above, we are building an increased commitment at all levels in the organisation to operate our business in an economically, socially & environmentally sustainable manner, while recognising the interests of the stakeholders.



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Operationalizing CSR

Board Committee

At CG the responsibility of CSR is at the level of the Board of Directors ('Board') of the Company. The BOD has appointed a CSR Committee consisting of the following board members :

- 1) Ms Ramni Nirula (Chairperson, Independent Director)
- 2) Mr Gautam Thapar (Non-Executive Director)
- 3) Mr K. N. Neelkant (Executive Director)
- 4) Dr Valentin von Massow (Independent Director)

The CSR Committee will :

- Define the CSR strategy;
- Recommend activities and expenditure in CSR;
- Monitor and evaluate the programmes on an ongoing basis and decide on the way forward;
- Be responsible for ensuring the reporting on the CSR activities and spends annually in the Company's financial reports.

The CSR activities will be driven by a dedicated professional project team under the guidance and support of the CSR Committee and the Board. The CSR Committee will play a significant role in ensuring that the CSR policy is embedded across CG's operations and the CSR initiatives are in line with this policy.

Financial Outlay

For achieving its CSR vision, CG will make available 2% of its average net profits (as defined under the Companies Act 2013 or Rules made thereunder) for past three financial years or such other amount or percentage as may be prescribed from time to time for its annual CSR activities. This amount will be used for the sole purpose of CSR activities as defined and covered in this Policy and recommended by the CSR Committee and approved by the Board of Directors of the Company.

The CSR programmes shall be planned such that the budget allocated for CSR and Sustainability projects shall be spent within the financial year. A full disclosure of the activities undertaken during a financial year alongwith other details as prescribed under the Companies' Act, 2013 regarding CSR activities and spends and unspent amounts, if any shall be made in the Board's Report.

Any surplus arising from the allocated CSR budget will not be utilized for business or form part of business profits.



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Thematic Areas and Operations

Sustainable Development will be at the core of the CSR programmes. These will be implemented through broad thematic areas such as Livelihood Creation, Education, Health, Gender Equity, and the Preservation of the Environment. Programmes will focus on Capacity Building and Training, Women and Youth Empowerment and Facilitating Access to Resources for the most under served communities.

At present CG conducts its CSR activities in the following areas and will continue to keep them as the focus of its CSR :

- 1. Community Outreach :** Looks at making a positive difference to the communities in and around our operations / plant locations by strengthening the vulnerable and less privileged sections of the society through health, livelihood and community development.
- 2. Education and Skill Development :** Leveraging our strengths and knowledge from our lines of business to create awareness, sustainable employment opportunities and contribute towards technical education. Try and bridge the gap that exists between the service provider and recipient in vocation and early education programs.
- 3. Sustainability :** Contributing through awareness about environment conservation, environment sustainability & alternate source utilization in the communities that we are part of.

CSR at CG will operate at two levels:

- 1. Surrounding Communities** – CG will, directly or through implementing agencies, address issues of development of the communities living in the geographical area of the operations. This is in alignment with the CSR Rules of the Companies Act, 2013, that stipulate 'CSR should include empowerment and upliftment of marginalised and under-privileged communities around its operation area'.
- 2. Avantha Foundation** – The Foundation is committed to bring about systemic changes within identified issues through support to long-term projects and partnerships, and advocacy. CG will support the Foundation in its efforts to impact a broader development agenda at a macro-level, to enable policy-level change. Through this support, CG will actively contribute to inclusive growth and equitable development in society, as indicated in the CSR Rules of the Companies Act, 2013.

The stipulated amount of 2% will be equally split between CSR with surrounding communities, and Avantha Foundation, subject to the discretion of the Committee.



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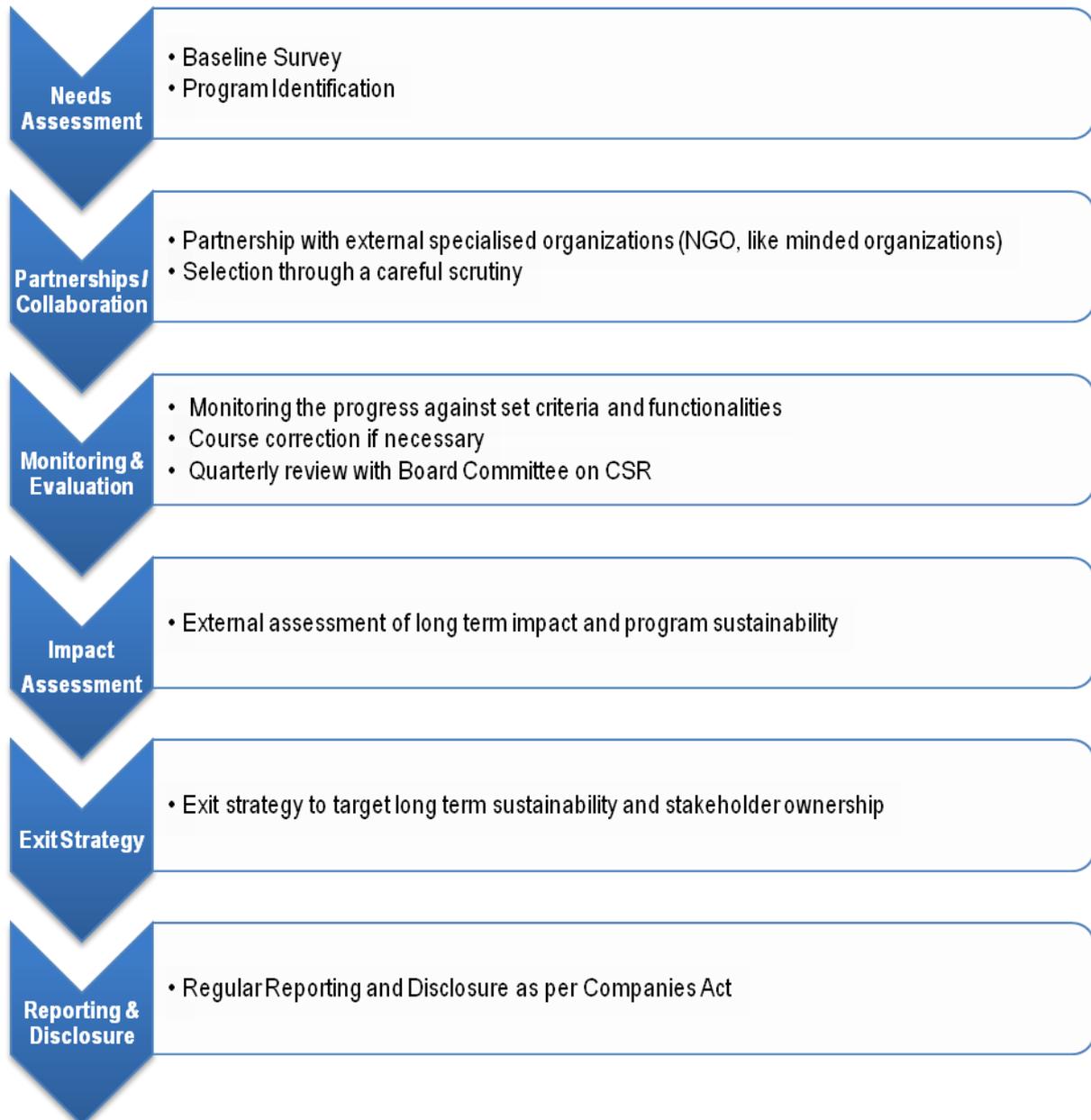
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Process for Implementation of CSR Objectives

CSR at CG is planned as a long term intervention. Activities that are not exclusively for the benefit of CG employees or their family members will be considered as CSR.



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The approach for any CSR project will include following:

1. Needs Assessment (Annexure 1 : Guidelines for baseline)

All interventions will emerge from a well-documented and detailed baseline survey of needs assessment prior to starting projects. The baselines will include different quantitative and qualitative tools and methodologies. Programmes will be drawn up based on the felt needs.

2. Partnerships/ Collaborations (Annexure 2 : Selection of partner NGO)

For effective implementation of programmes, CG may partner with external specialised agencies, trusts, institutions, self help groups, government/semi-government institutions and NGOs in some projects. These partners will be selected after a careful scrutiny and verification of their credentials of reliability, integrity and professional competence.

CG will also encourage collaboration with diverse stakeholders as part of its CSR, e.g. bilateral and other donor agencies, corporates, government agencies and academic institutions etc.

3. Monitoring and Evaluation Mechanisms (Annexure-guidelines for M & E and documentation)

Regular and transparent monitoring will be a key part of implementation to assess if the project progress is on expected lines in terms of timelines, budgetary expenditure and achievement of targets. Monitoring will be done with the help of identified key qualitative and quantitative performance indicators, with a continuous feedback mechanism, and recourse for mid-course correction in implementation, if needed, to ensure efficacy.

CSR professionals employed by CG will undertake monthly monitoring. A monthly MIS system will enable tracking of the quantitative targets, while case studies and success stories will be part of the qualitative analysis.

Assessment of utilisation of funds will also be done on a quarterly basis, along with submission of an annual consolidated utilisation which will be part of the company's annual report. This will include a rationale for shortfall or surplus of funds.

4. Impact Assessment (Annexure- Impact assessment tools)

The long term evaluation and impact assessment of all CSR programmes will be done by an external agency to ensure impartial assessment. The company will use globally recognised, specialised tools for evaluation and assessment of impact.

5. Exit Strategy

An exit strategy will be defined at the start of the programme, to build in sustainability of the project, and to encourage target stakeholders to take ownership. At an appropriate time, after impact assessment and ensuring



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sustainability, CG will begin the process of exiting the project. This will be done in discussion with key stakeholders of the project.

6. Reporting and Disclosure (Annexure-format in CSR Rules)

Regular reporting and disclosure of all CSR and Sustainability activities will be a mandatory component as per the Companies Act 2013. Established reporting mechanisms will be put in place. CG will also disclose the CSR and Sustainability initiatives on the official websites. A brief summary of CSR and Sustainability activities will also be included in the Annual Report in the prescribed format as per the CSR Rules of the Companies Act 2013.

Approval and Amendments:

- This Policy has been approved by the Board of Directors of the Company at its Board Meeting held on 29th May 2014 in terms of section 135 of the Act and has been updated vide approval of the Board of Directors of the Company dated 11th August, 2017 ;
- Any or all provisions of the CSR policy would be subjected to revision / amendment as per the guidelines as may be issued from the Government time to time
- The Company reserves the right to modify, cancel, add or amend rules/ provisions specified in the CSR policy.
- In case of there are any regulatory changes requiring modifications to the policy, the same shall be reviewed and amended with the approval of the CSR Committee and the Board of Directors. However, the amendment in the statutory/regulatory requirements shall be binding even if not incorporated in this Policy.
