



Corporate Social Responsibility Policy

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1. Our Philosophy:

Thermax Limited, an engineering company offering sustainable solutions in the energy, environment and chemical domains, is committed to contribute to the welfare of the community in which it operates. Inspired by our ex -Chairman Mr. Rohinton Aga's credo that 'Profit is not a set of figures, but of values' and convinced that business cannot succeed in a society that fails, Thermax Ltd. has consistently been contributing a part of its resources (both human and financial) to support social transformation since 2007.

Thermax Foundation (TF) is the Corporated Social Responsibility(CSR) wing of Thermax limited and is registered as a section 8 company under the Companies Act, 1956. The CSR activities of the Thermax Group of Companies are implemented through TF.

Areas of Focus:

In compliance with Schedule VII of the Companies Act, 2013, TF's key focus continues to be to facilitate the reach of quality education to economically underprivileged children. In a society characterized by widely prevalent inequalities of income and opportunities, Thermax believes that education is one of the most important instruments of change. Education provides a child with choices in life, hopefully leading them out of the vicious cycle of poverty and thereby transforming the trajectory of their family.

TF's predominant emphasis on education is based on the conviction that where a child comes from should not determine who he or she will become, every child irrespective of their socio-economic background should be able to avail the advantages of quality education. For attaining this goal, Thermax Foundation has been building partnerships with NGOs, local governments, other corporates, individuals and other organizations representing civil societies.

Apart from education, Thermax is involved in and endeavors to address social discrimination issues through affirmative action, advocacy, skill development and employability initiatives.



Also, since Thermax has grown from one factory location to 14 across India and overseas and has several area offices, it will also focus on initiatives around each of the locations over time, involving its employees, local NGO's and the community.

During unexpected exigencies like pandemics, TF shall endeavour to extend immediate relief through activities like provision of food grains to the affected in the community or support hospitals to save lives by donating critically needed health equipment like ventilators.

2. Guiding principles on selection, monitoring, and implementation of activities

a. Criteria for selection of CSR Activities to be carried out:

The ongoing and proposed CSR activities shall be aligned to our philosophy:

- 1) In Pune, TF shall continue to work predominantly in the education space, either through PPP models, or in partnership with like-minded NGOs.
- 2) TF will support associations or collaborate with organizations for initiatives in the areas of affirmative action, skill development, employability or community work based on need.
- 3) To identify the CSR activity near Thermax's factory location, TF will initiate need assessment in the vicinity, working alongside credible NGO's and communities. Replicability and sustainability, along with avenues for meaningful contribution of Thermax employees as volunteers would be encouraged..
- 4) Employee volunteering is an important area through which TF would extend its contribution towards credible NGOs. Thermax shall have both short- term need based CSR volunteering activities and long-term sustainable avenues for employees to offer their service in befitting areas such as education, environment and skill-building. Employees will be encouraged to undertake CSR volunteering as and when required by TF.

b. Criteria for Monitoring the process:

- 1) The CSR committee shall be responsible for monitoring the implementation, evaluating the impact and keeping the Board informed from time to time.



- 2) The CSR committee shall ensure that any surplus (if any) arising out of CSR activities shall not be a part of the company's profit.
- 3) The committee shall evaluate all the projects recommended in terms of time frame and social impact.
- 4) The CSR committee shall meet twice a year to monitor the process, progress and impact of the various projects undertaken and subsequently report the same to the Board. The company shall obtain a report on implementation of CSR projects in the prescribed format.

c. Criteria for implementation of CSR activities:

- 1) The company shall contribute 2% of net profits (as per the Companies Act 2013) earned in the preceding three years. The CSR committee would study and evaluate the projects identified and implement them through TF. The contribution shall be made to TF on a quarterly basis. The Board of TF will also oversee the implementation.
- 2) Credible and committed NGO's will be selected through a due diligence process. As per the CSR norms, they will need a minimum track record of 3 years of consistent and impactful work.
- 3) When the Company's CSR obligation exceeds Rs. 10 crore, an impact assessment shall be conducted by an independent third party for projects with outlays of more than Rs. 1 crore that have completed not less than one year before undertaking the impact study.

3. Guiding principles for formulation of annual action plan (CSR Policy Amendment Rules 22 January' 21):

The company shall duly formulate the annual action plan for every financial year which shall be approved by the Board of Directors of the Company.

- a) TF will prepare and plan the list of prominent ongoing projects based on the criterion of selection in the CSR policy.
- b) For any mid- year finalization of a project, its budgetary provision needs to be made in the financial year. The terms of selection and onboarding of a project shall have stringent compliance with the CSR policy guidelines.
- c) The annual plan of action is to be approved by the CSR committee, during its first meet of the year. The committee shall approve the broad proposed budget, key focus areas and credible NGOs, some of whom shall be invited to the meetings.

4. Composition of the CSR Committee and Terms of Reference:

In accordance with Section 135 of the Companies Act, 2013 and the Rules pertaining thereto, a committee of the Board known as 'Corporate Social Responsibility (CSR) Committee' comprising the following members has been constituted:

Member	Meher Pudumjee	Chairperson
Member	Mr Ravi Pandit	Independent Director
Member	Nawshir Mirza	Independent Director

The CSR committee shall act in accordance with the following terms of reference:

- 1) Formulate and recommend a CSR policy to the Board.
- 2) Recommend the amount of expenditure to be incurred on different CSR activities.
- 3) Institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the company.
- 4) Review CSR policy of the company every 2 or 3 years.

5. Reporting:

Thermax Ltd.'s annual report would include the report on CSR as per the particulars specified under CSR rules.

The report shall include a responsibility statement of the CSR committee confirming that the implementation and monitoring of the CSR policy complies with the CSR objectives and policy of the company.

The annual report on CSR activities shall be signed by the Managing Director and the CEO of the company and the Chairperson of the CSR committee and will be placed on the website of the company: <https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/>



6. CSR Assets

The company shall ensure that any capital asset/s created with CSR funds is/are not owned by the company; instead, these assets shall be owned by TF or implementing agencies or community or public authority.

7. Unspent CSR funds (if any)

- a) The company shall ensure that any unspent amount for an “ongoing project” during the relevant financial year shall be transferred within thirty days of the end of that year to a designated “Unspent CSR Account” opened by the company.
- b) The funds in the “Unspent CSR Account” shall be spent within three years. If still unspent, the funds shall be transferred to any fund mentioned in Schedule VII of the Companies Act 2013 (such as the Prime Minister’s National Relief Fund, PMCARES, etc.).
- c) The company shall also ensure that unspent CSR funds NOT related to an ongoing project (unallocated) at the end of the relevant fiscal year shall be transferred within six months of the end of that year, to a fund mentioned in Schedule VII of the Act (such as the Prime Minister’s National Relief Fund, PMCARES, etc.).

8. Surplus (if any) arising out of CSR Activities

Any surplus arising out of CSR activities will not go back to the company. It shall either be:

- a) Ploughed back or spent on the same project/program that gave rise to the surplus;
- b) Transferred to the company’s Unspent CSR Account;
- c) Transferred to a fund mentioned in Schedule VII of the Act

9. Surplus CSR expenditure (if any)

If the company spends more than the mandated two per cent on CSR expenditure, the amount shall be set-off over the next three financial years after the Board passes a resolution to that effect.



Disclaimer

The company does not consider the following as CSR activities:

- Any activity carried out by the company in the normal course of its business;
- Any activity benefitting only the company's employees;
- Political contributions;
- Sponsorship activities for deriving marketing benefits for its products or services;
- Activities in fulfilment of statutory obligations;
- Activities undertaken outside India (except for training sports personnel representing State/National level).

Pune

April 13, 2021

Chairperson (Thermax Ltd.)