



## **Corporate Social Responsibility Policy**

**Version 1**

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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 contributing to the welfare of the community in which it operates. The contribution goes beyond writing a cheque out of the mandated net profits. It involves actively engaging in the chosen cause and encouraging employees to offer their skills, expertise, and services to help NGOs solve real-life problems and maximize their social impact while balancing work priorities.

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, way before the CSR policy was mandated by the Government.

Thermax Foundation (TF) is the Corporate 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.

Along with the focus on education, Thermax is involved in and endeavors to address social discrimination issues through affirmative action, research-based policy 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 focus on initiatives around each of the locations over time, involving its employees, local NGOs, and the community.

During unexpected exigencies like the pandemic, TF shall endeavor to extend immediate relief through activities like the provision of food grains to the affected in the community or support hospitals to save lives or any other support as the need arises.

## **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 with 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 collaborates 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 a need assessment in the vicinity, working alongside credible NGOs and communities. Replicability and sustainability, along with avenues for a meaningful contribution of Thermax employees as volunteers, would be encouraged.
- 4) Employee volunteering is an important area through which TF would extend its contribution to credible NGOs. Thermax shall have both short-term need-based CSR volunteering activities and long-term sustainable avenues for employees to offer their service and skills in befitting areas such as education, environment, and skill-building. Employees will be encouraged to undertake CSR volunteering.

### **b. Criteria for Monitoring Process:**

- 1) CSR committee shall be responsible for monitoring the implementation and evaluating the impact, 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 the 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 the implementation of CSR projects in the prescribed format.

**c. Criteria for implementation of CSR activities:**

1. The company shall contribute in every financial year atleast 2% of the average net profits of the Company (as per the Companies Act 2013) made during the three immediately preceeding financial years. The CSR committee would study and evaluate the projects identified and implement them through TF, a section 8 company with CSR No. CSR00009825. The contribution shall be made to TF on a quarterly basis. TF also has a Board that will oversee the implementation.
2. Credible and committed NGOs will be selected through a due diligence process. As per the CSR norms, they will need a minimum track record of three years of consistent and impactful work.

- 3.** TF shall conduct third-party impact assessment for projects with three years or more duration and project outlay over 1 crore, and endeavor to the same irrespective of the 10 cr and above overall annual CSR spend mandated. TF shall aim to conduct 3<sup>rd</sup> party audits, for long term-projects above 1 crore as a good governance practice irrespective of the total CSR budget.

### **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 meeting 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:**

Following Section 135 of the Companies Act, 2013 and the rules pertaining thereto, a committee of the Board known as the Corporate Social Responsibility Committee comprising the following members has been constituted:

|               |                        |                             |
|---------------|------------------------|-----------------------------|
| <b>Member</b> | <b>Meher Pudumjee</b>  | <b>Chairperson</b>          |
| <b>Member</b> | <b>Mr. Ravi Pandit</b> | <b>Independent Director</b> |
| <b>Member</b> | <b>Nawshir Mirza</b>   | <b>Independent Director</b> |

The CSR committee shall act per 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 the implementation of CSR projects or programs or activities undertaken by the company.
- 4) Review the CSR policy of the company every year.

## **5. Reporting:**

Thermax Limited'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 projects comply 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 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 percent 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 fulfillment of statutory obligations.
- Activities outside India (except for training sports personnel representing State/National level).

**Pune**  
**April 13, 2021**

**Chairperson (Thermax Ltd.)**

*\*Note: CSR policy last amended in the board meeting dated May 17, 2023*