

Corporate Social Responsibility Policy
Gates India Private Limited (“Gates India”)
Gates Unitta India Company Private Limited (“Gates Unitta India”)
“Collectively called Gates”

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1. CONTEXT

Gates India Private Limited & Gates Unitta India Company Private Limited (“Gates” or the “Company”) acting upon the recommendation of its Board of Directors and the Corporate Social Responsibility Policy Committee (the “Committee”), have adopted the following policy and procedures with regard to the Company’s Social responsibility.

2. CORPORATE SOCIAL RESPONSIBILITY PHILOSOPHY

Corporate responsibility is a core element of Gates’ vision to achieve the status of a socially responsible company. The Company’s corporate responsibility initiatives support its mission to be the best at everything it strives for.

At Gates, our mission of being the best fluid power and power transmission Company in the world is accompanied by a commitment to responsible operations. Through this commitment, the Company minimizes its impact on the environment, incorporates ethics and compliance into everything it does, strives to be the best place to work, provides employees a safe workplace and resources to maintain and improve the products and the work culture.

Gates’ corporate responsibility strategy focuses on the issues that matter most to the Company and its stakeholders and where it can have the greatest positive impact. The Company determined these long-term priorities and goals based on the Company’s strategic vision.

3. OBJECTIVES

The objective of this Policy is to set guiding principles for carrying out CSR activities by the Company and also to set up process of execution, implementation and monitoring for the CSR activities to be undertaken by the Company.

4. FOCUS AREA-PROJECTS & ACTIVITIES

As part of our CSR strategy the key focus area for Gates in India are:

Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects: Gates, along with its partners, are committed to provide employment enhancing vocation skills through TeamLease, a non-profit organization holding a license under Section 25 of Companies Act, 1956 (now, Section 8 of Companies Act, 2013). Gates whole heartedly is involved in enhancing the vocation skills of the unemployed youth to build skills through learning by doing and learning while earning and also by providing practical skills to the unemployed youth at its plant at its Chennai location.

Apart from the above it shall undertake from time to time the following Activities/Projects or such other activities / projects as may be notified by the Ministry of Corporate Affairs from time to time as a part of its the Corporate Social Responsibility (“CSR”):

- i. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the central Government for rejuvenation of river Ganga;
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognized sports, Paralympic Sports and Olympic Sports;
- viii. Contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other economically backward classes, minorities and women;
- ix. Contribution to funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- x. Rural development projects;
- xi. Slum Area Development; and,
- xii. any other activities in relation of the above and all other activities which forms part of CSR as per Schedule VII of the Companies Act, 2013 (the “Act”) as amended from time to time. (Collectively referred to as “CSR Activities”)

The CSR Activities shall be undertaken for the benefit of the public and not only for the employees of the Company and their family, provided that preference shall be given to the local areas and areas where the Company operates for undertaking CSR Activities.

5. QUANTUM OF CSR ACTIVITIES

- i. The Company, in every Financial Year, shall endeavor to spend the feasible amount, which shall not be restricted by the statutory limit of a specified percentage of its average net profits immediately preceding three Financial Years. However, the aforementioned expenditure in any Financial Year shall be at least 2% of Company’s average net profits for the three immediately preceding Financial Years.

- ii. The CSR Committee will recommend the amount of expenditure to be incurred on CSR Activities.
- iii. All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in their report under clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 state the reasons for not spending the amount.
- iv. Tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961.
- v. In case any surplus arises out of Company's CSR activities, such surplus shall not form part of the business profit of the Company and same shall be spent for undertaking any CSR activities only.

6. COMPOSITION OF CSR COMMITTEE

The CSR Committee shall consist of the following Directors:

1. Mr. Rajesh Chamanlal Bhandari
2. Mr. Manoj Kumar Saxena
3. Mr. Teng Seen Khoo

7. RESPONSIBILITIES OF CSR COMMITTEE

The responsibilities of the CSR Committee include:

- i. Formulating and recommending the CSR Policy to the Board;
- ii. Identifying the projects/activities to be undertaken by the Company for CSR;
- iii. Recommending to the Board CSR Activities to be undertaken along with detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be incurred on such activities;
- iv. Monitoring the CSR activities of the Company from time to time;
- v. Ensuring the compliance of CSR Policy;
- vi. To place before the Board responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company;
- vii. To display the CSR Policy on the Company's website and such other functions as may be delegated by the Board from time to time.

8. IMPLEMENTATION OF CSR ACTIVITIES

- The Company may undertake CSR Activities approved by the CSR Committee, through
 - (a) a Company established under section 8 of the Act or a registered trust or a registered society, 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 any entity established under an Act of Parliament or a State legislature.

- The Board of a Company may decide to undertake its CSR activities through a Company established under section 8 of the Act or a registered trust or a registered society, other than those specified in sub-clause 8(i), such Company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the Company has specified the projects or programs to be undertaken, the modalities of utilization of funds of such projects and programs and the monitoring and reporting mechanism”.
- The Company may collaborate with any other companies for undertaking the CSR Activities subject to fulfillment of separate reporting requirements as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the “Rules”).
- The Company may build CSR capabilities of its personnel as well as those of implementing agencies through institutions with established track records of at least three financial years.
- The CSR Activities shall not include any activity undertaken by the Company in pursuance of normal course of business of the Company.
- The Company shall not make any payment directly or indirectly to Political Party (ies) for CSR Activities.

All the above mentioned Trust/Society/Company/institutions through whom the Company proposes to implement its CSR activities should also satisfy the following conditions:

- i. Proposed Trust/Society/Company/institution should be approved by Gates for CSR implementation.
- ii. It should be registered with applicable regulatory authority.
- iii. Must be credible and well respected.
- iv. Located near the facilities and offices of the Company.
- v. Provide audited reports on how funds will be used.

9. PROCESS FLOW FOR CSR ACTIVITIES

- i. The Committee shall recommend to the Board, the CSR Activities to be undertaken for the financial year along with the detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be incurred on such activities;
- ii. The Board shall give its approval based on the recommendation of the Committee and in compliance of this Policy; or may give enabling authority to the Committee or Company officials as the Board may deem appropriate.
- iii. The Committee, after approval, shall submit the half-yearly report giving status of the CSR Activities undertaken, Expenditure Incurred and such other details as may be required by the Board.

10. EFFECTIVE DATE:

This policy is effective retrospectively from April 01, 2017.

11. CONCLUSION

In case of any doubt with regard to any provision(s) of the policy, a reference can be made to CSR Committee or Board of Directors. In all such matters, the interpretation & decision of the CSR committee or the Board of Directors shall be final. Words and expressions used and not defined in this Policy shall have the same meanings respectively assigned to them in the Act and the Rules. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Government, from time to time. The Board will review the policy every year based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

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