

Corporate Social Responsibility Policy

CONTENTS:

Sr. No.	Particulars	Page
I	Context	3
II	CSR vision and objectives	4
III	Financial resources	4
IV	CSR committee composition its role and content of an annual action plan	5
V	Role of the board of trustees of Onward Foundation	6
VI	CFO certification	7
VII	Planning and strategy	7
VIII	Reporting and disclosure	11

CONTEXT:

Established in 1991 Onward Technologies Limited (“**Company**”) is a niche player today in Engineering Research & Development (“**ER&D**”), Digital Transformation and IT consulting services (“**ITS**”). Headquartered at Mumbai, the Company caters to a wide set of customers who are leading global players in their respective areas, and it is a trusted service provider for many leading MNC companies across sectors like Transportation & Mobility, Industrial Equipment & Heavy Machinery, Healthcare & Life Sciences. The Company prides itself in possessing high-end capabilities and providing flawless execution across digital suite of engineering design services. The Company has a strong team of 2,400+ employees operating from multiple offices and client locations across India, USA, UK & Europe.

Corporate Social Responsibility (“**CSR**”) is an integral part of the Company’s ethos and policy and we have been pursuing this on a sustained basis through our social welfare organization Onward Foundation. Similar to business activities, we aim to become a perfect partner to the communities we are a part of. Our CSR policy (“**Policy**”) focuses on using the capabilities of the business to uplift the community by making significant contributions, through monetary and other efforts, to make education accessible and relevant for future generations.

1. The Ministry of Corporate Affairs has notified section 135 and schedule VII of the Companies Act 2013 (“**Act**”) along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**Rules**”) with effect from April 01, 2014. The companies on whom the provisions of CSR are applicable are contained in Sub Section 1 of Section 135 of the Companies Act 2013. This Policy of the Company has been prepared pursuant to Section 135 of the Act and the notified Rules as amended from time to time. This Policy would serve as the referral document for all CSR activities of the Company. Further, the Company directly or through the established trust named “Onward Foundation” implements the CSR agenda of the Company.
2. Broadly, CSR may be understood to be a process by which an organization thinks about and evolves its relationships with stakeholders for the common good and demonstrates its commitment in this regard by suitable and strategically targeted activities. The Company’s CSR program is all about giving back to society with gratitude, for what has been given to us. The Company has undertaken several CSR initiatives directly and through Onward Foundation. Through their work, the Company’s employees take responsibility of considering the interests of those sections of society that are less fortunate than us. The Company’s aim is to extend support to the community in the fields of education and health with a view of ‘Making a difference to our community’.

CSR VISION AND OBJECTIVES:

a) Vision Statement

The Company, through this Policy, seeks to ensure that its business priorities co-exist with social commitment of the Company and ensure that the activities undertaken by the Company ensure inclusive growth within the larger ecosystem in which the Company operates. This will ensure that the Company is able to make conscious decisions to impact the lives of those who are not direct stakeholders of the Company's business activities.

b) Objectives

The Policy of the Company is mainly governed with a focus to extend support to the community in the fields of education and health, so as to ensure better monitoring and sustainability. The objective of the Company's Policy is to drive measurable change in the communities we work with and strive to create a positive impact through our initiatives on hunger & malnutrition, poverty, health & sanitation, education & skill development, employment & technology incubation, rural development, women empowerment and elderly care.

To pursue the above objectives and to carry out the CSR activities/programs, the Company will entrust its CSR funds to Onward Foundation or will contribute directly.

FINANCIAL RESOURCES:

1. Every year, the Company shall, with the approval of Board of Directors of the Company ("**Board**"), make a budgetary allocation and an annual action plan for CSR and sustainability activities/projects for the year. The budgetary allocation will be at least two percent of the average net profits of the Company made during the three immediately preceding financial years. For the purposes of this section 'average net profit' shall be calculated in accordance with the provisions of section 198 (*Calculation of Profits*) of the Act. Net Profit shall not include the following:
 - a) any profit arising from any overseas branch or branches of the Company whether operated as a separate company or otherwise.
 - b) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.

- (i) Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, shall not be required to be re-calculated in accordance with the provisions of the Act.
- (ii) The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities carried out by Onward Foundation but does not include any expenditure not in conformity or not in line with activities which fall within the purview of Schedule VII of the Companies Act, 2013.

CSR COMMITTEE COMPOSITION ITS ROLE AND CONTENT OF AN ANNUAL ACTION PLAN:

i) Composition of CSR Committee

As per the Amendments in the Rules, a CSR Committee ("**Committee**") is to be constituted only when the CSR contribution is above ₹50 lakhs. The Company does not contribute such a higher amount and hence the Company has not constituted a committee. The Board is responsible to implement the policy and contribute the funds as per Schedule VII (*Activities Which May be Included by Companies in Their CSR Policies*) of the Act ("**Schedule VII**").

ii) Role of the Board for CSR

- a) Formulate and recommend a Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- b) Formulate an annual action plan in accordance with the Policy ("**Plan**");
- c) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above;
- d) Monitor the Policy of the Company from time to time;
- e) Review the status of the CSR projects/programmes with half-yearly reports;
- f) Shall appoint such implementing agencies who have registered themselves with the central government by filing form CSR 1 and have CSR registration number;
- g) Approve the Policy for the Company and disclose contents of such Policy in its annual report and place it on the Company's website, if any, in such a manner as may be prescribed;

The Board shall ensure that the Company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Policy, provided that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

iii) Content of the Plan:

The Board shall formulate, the Plan in pursuance of its Policy, 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) Manner of execution of such projects or programmes as specified in the Rules.
- c) the modalities of utilisation of funds and implementation schedules for the projects or programs.
- 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:

Provided that the Board may alter such a Plan at any time during the financial year based on the reasonable justification to that effect.

ROLE OF THE BOARD OF TRUSTEES OF ONWARD FOUNDATION:

Trustees of Onward Foundation shall:

- (i) Sanction/approve eligible CSR projects/programmes supported/executed directly by the Company or Onward Foundation and submit an annual report to the Board.

Manage conducting all other activities as mentioned in the Policy as amended from time to time.

a) Role of Onward Foundation

The role of Onward Foundation will be governed by its trust deed, as amended from time to time. Further they may approve a Plan in accordance with Schedule VII.

CFO CERTIFICATION:

Certification from the chief financial officer (“**CFO**”) or the person responsible for financial management of the Company is required to be addressed to the Board that the fund disbursed for CSR have been utilized for the purposes and in the manner as approved by it.

PLANNING AND STRATEGY:

The Company shall endeavor to integrate its CSR and sustainability plans with the business plans and strategies. The Plan specifies below the CSR and sustainability activities planned to be undertaken during every financial year. The planning and execution of the Policy may be broken down into the following key activities:

1) CSR ACTIVITIES

a. CSR Activity Areas

The CSR activities shall be undertaken by the Company, as per its stated Policy, as projects or programs or activities (either new or ongoing), excluding the activities undertaken in pursuance of its normal course of business entirely through the Company directly or Onward Foundation, which in turn may partner with other community development organisations, NGOs, etc. to implement the CSR mandate of the Company

The Company whether directly or through Onward Foundation, may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective Companies are in a position to report separately on such projects or programs in accordance with the notified Rules and as amended from time to time.

CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with Section 135 of the Act.

Contribution of any amount directly or indirectly to any political party under section 182 of the Act shall not be considered as CSR activity.

As per the Schedule VII, under Section 135 of the Act, the following activities are allowed as a part of CSR activities by the Company or Onward Foundation:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swatch 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 centres 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, agroforestry, 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 and handicrafts:
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents, 'Central Armed Police Forces' (CAPF) and 'Central Paramilitary Forces' (CPMF) veterans, and their dependents including widows.
- 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 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.

- ix. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the central government or state government or public sector undertaking or any agency of the central government or state government.
- x. Contributions to public funded universities; 'Indian Institute of Technology' (IITs); national laboratories and autonomous bodies established under 'Department of Atomic Energy' (DAE); 'Department of Biotechnology' (DBT); 'Department of Science and Technology' (DST); 'Department of Pharmaceuticals'; 'Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy' (AYUSH); 'Ministry of Electronics and Information Technology' and other bodies, namely 'Defense Research and Development Organization' (DRDO); 'Indian Council of Agricultural Research' (ICAR); 'Indian Council of Medical Research' (ICMR) and 'Council of Scientific and Industrial Research' (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting 'Sustainable Development Goals' (SDGs).
- xi. Rural development projects.
- xii. Slum area development. (For the purposes of this item, the term 'slum area' shall mean any area declared as such by the central government or any state government or any other competent authority under any law for the time being in force)
- xiii. Disaster management, including relief, rehabilitation and reconstruction activities.

b. Geographic Areas

The Act specifies that companies should give preference to the local area in selection of CSR activities. Onward Technologies has no defined geographic concentration areas, since entities assisted have operations widely distributed all over India. Hence, Onward Technologies may take-up CSR activities/projects anywhere in India at its own choice. However, priority may be given to areas where Onward Technologies has a presence by virtue of its offices for better monitoring and implementation purposes, but not necessarily.

2) MANNER of CSR EXPENDITURE

- a) The administrative overheads shall not exceed five percent of the total CSR expenditure of the company for the financial year.
Administrative overheads mean the expenses incurred by the Company for 'general and administration' of CSR functions of the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring and evaluation of a particular CSR project or programme.
- b) Any surplus arising out of the CSR activity shall not be a part of the business profit. Such surplus shall be used on the following within a period of 6 months of the expiry of the financial year.
- Ploughed back into the same project.
 - Transferred to the 'Unspent CSR Account'; and
 - Spent in pursuance of the Policy and the Plan.
- c) If the Company spent on CSR, in excess of the requirement (i.e. 2%), such excess amount will be set-off against the requirement of the CSR spending u/s 135(5) up to the immediate succeeding 3 financial years subject to the conditions that:
- The excess amount available for set-off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule 2 of the Rules.
 - The Board shall pass a resolution to that effect.
- d) The Company can spend CSR amount for creation or acquisition of capital asset if such asset is held by:
- 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 of the Rules; or
 - beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - a public authority
- e) Unless the unspent amount relates to any ongoing project, transfer such unspent

amount to a fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

- f) Any amount remaining unspent, pursuant to any ongoing project, undertaken by the Company in pursuance of its Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the 'Unspent Corporate Social Responsibility Account', and such amount shall be spent by the Company in pursuance of its obligation towards the Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

REPORTING AND DISCLOSURE:

1. Annual Reporting

The Board's report of the Company for every financial year shall include an annual report on CSR activities and provide the web link of the policy in the report.

2. Company Website

The Board shall approve the Policy for the Company and disclose contents of such policy in its report and the same shall be displayed on the Company's website.
