

# **CORPORATE SOCIAL RESPONSIBILITY POLICY 2025**

FCC Clutch India Pvt. Ltd.

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## 1. INTRODUCTION

FCC Clutch India Private Limited's ("FCC", "Company") vision is to be a responsible industry leader and demonstrate environmental, transparent and ethical behavioral practices which will contribute to the economic and sustainable development within the company, industry, and society at large.

The Company's CSR activities build an important bridge between business operations and social commitment evolving into an integral part of business functions, goals and strategy.

## 2. CSR IN INDIA

The Government provides the broad framework of CSR Through:

- i. Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act'), enumerates the provisions regarding CSR,
- ii. Schedule VII of the Act, Indicates the activities to be undertaken by the company under CSR, and

Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and 2022 (hereinafter referred to as "CSR Rules") prescribes the manner in which company shall comply with CSR provisions of the Act.

## 3. DEFINITIONS:

- i. **Corporate Social Responsibility (CSR)** means and includes but is not limited to:  
Projects or programs relating to activities specified in Schedule VII to the Companies Act, 2013 ('Act').
- ii. **CSR Committee** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
- iii. **CSR Policy** relates to the activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon.
- iv. **Net Profit** means the net profit of the Company as per its financial statement prepared in accordance with applicable provisions of the Act (Section 198), but shall not include the following viz;
  - a) Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise and
  - b) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act

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.

- v. **Ongoing project** has been defined under rule 2(1)(i) of the Companies (CSR Policy) Rules, 2014 as:
- a) a multi-year project, stretching over more than one financial year;
  - b) having a timeline not exceeding three years excluding the year of commencement;
  - c) includes such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

The project should have commenced within the financial year to be termed as 'ongoing'. The intent is to include a project which has an identifiable commencement and completion dates. After the completion of any ongoing project, the Board of the company is free to design any other project related to operation and maintenance of such completed projects in a manner as may be deemed fit on a case-to-case basis.

- vi. Any project which is not classified as "Ongoing project" is defined as "**Other than ongoing project**"

#### **4. SCOPE:**

This Policy shall apply to all CSR projects/programs/activities undertaken by the Company in India as per Schedule VII of the Act. The key elements of the scope of CSR Policy of the Company include:

- i. Objective and Applicability
- ii. CSR Vision and Focus Areas

#### **4.1 OBJECTIVE AND APPLICABILITY:**

The objective of this policy is to ensure that the Company's CSR Program is consistent with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014, CSR Rules and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time providing a guideline for CSR Program implementation and making appropriate provisions for social or environmental projects Promoting the implementation of CSR initiatives in its truest spirit through appropriate procedures and reporting. Accordingly, the Policy has been formulated in compliance with the Act read along with applicable CSR rules thereto.

This policy shall apply to all CSR initiatives and activities taken up by the Company at the various locations in India.

#### **4.2 CSR VISION AND FOCUS AREAS:**

The major targeted sectors primarily focused by the Company and mapped with the activities prescribed in Schedule VII of the Act are as follows:

- Healthcare
- Education
- Rural Development
- Environment
- Sports Development
- Any other area in accordance with Schedule VII of the Act and any amendments from time to time will be taken with due approval from CSR Committee and the Board of Directors.

The Company shall review the sectors from time to time and make additions/deletions/clarifications to the above sectors, in accordance with the provisions of Section 135 of the Act.

#### **5. CSR INITIATIVES:**

CSR Initiatives should be in line with Schedule VII of the Act and the CSR Rules. The Company shall undertake CSR activities included in its Annual Action Plan, as recommended by the CSR Committee and approved by the Board each year. The Board is authorized to approve any modification to the existing Annual Action Plan or to propose any new program during the financial year under review in consultation with the CSR Committee.

#### **6. OUTLAY:**

- The annual CSR budget shall be 2% (two per cent) of its average net profits of the three preceding financial years towards CSR activities. The net profit will be estimated in accordance with the provisions of Section 198 of the Act. The budget shall be based on recommendation by the CSR Committee. The Company shall contribute on CSR activities as per the requirements stated in the Companies Act 2013 and Rules framed thereunder from time to time.
- Any surplus generated from CSR projects shall not be added to the normal business profits of the Company and shall be treated as follows:
  - i. Ploughed back into the same project; or
  - ii. Transferred to an Unspent CSR Account and spent in pursuance of CSR policy and Annual Action Plan of the Company;
  - iii. Transferred to a Fund specified in Schedule VII, within the prescribed timeline as specified in the CSR Rules.

- The Company may spend towards administrative overheads for the financial year for the purpose of CSR functions in the Company up to the amount which is permissible under CSR Rules.
- All reasonable efforts will be made to ensure that the CSR amount so disbursed is fully utilised in the respective year in the manner as approved by the Board. However, if the Company fails to spend such amount, the Board of Directors shall, in its report specify the reasons for not spending the amount and such unspent amount shall be dealt with in accordance with the provisions of Section 135 (5) & (6) of the Act and CSR Rules.
- The tax treatment of CSR expenditures will be in accordance with the provisions of the Income-tax Act, 1961 as notified by Central Board of Direct Taxes (CBDT).
- In case the Company spends an amount in excess of the requirements of its CSR obligations in a financial year, such excess amount may be set-off against the requirement of the CSR spending under sub-section (5) of Section 135 upto the immediate succeeding 3 (three) financial years subject to the fulfilment of conditions as specified under the CSR Rules.

## **7. GOVERNANCE FRAMEWORK:**

### **7.1 BOARD OF DIRECTORS:**

The Board of Directors of the Company ("Board") shall be responsible for:

- i. Forming a CSR Committee and disclosing the composition of the CSR Committee on Company's website.
- ii. Approval of the CSR Policy of the Company after taking into account the recommendations made by the CSR Committee.
- iii. Disclosing the content of the Policy in its report and place the Policy on the Company's website in such a manner as prescribed under Section 135 of the Act read with the CSR Rules.
- iv. Approval of the Annual Action Plan after taking into account the recommendations made by the CSR Committee and approval of alteration to Annual Action Plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.
- v. Disclosing the details of the CSR Projects / programs approved by the Board on Company's website.
- vi. Ensuring that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the 3 (three) immediately preceding financial years in pursuance of the Policy.
- vii. Ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.
- viii. Ensuring that it specifies the reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount.

- ix. Ensuring that the administrative overheads are not more than permissible limit.
- x. Ensuring that the funds so disbursed have been utilized for the purposes and in the manner as approved by the Board / CSR Committee and Managing Director of the company.
- xi. Approval for transfer of unspent CSR Amount in accordance with the law. The Accounts and Finance Team of the Company shall prepare the statement of spent and unspent CSR amounts and shall assist and facilitate for transfer of the same. The Accounts and Finance Team of the Company shall deal with the unspent in following manner:

Nature of Unspent Amount	Action Required	Timelines
Unspent amount pertains to 'ongoing projects'	Transfer such unspent amount to a separate bank account of the company to be called as 'Unspent CSR Account'.	Within 30 days from the end of the financial year.
Unspent amount pertains to 'other than ongoing projects'	Transfer unspent amount to any fund included in Schedule VII of the Act.	Within 6 months from the end of the financial year.

## 7.2 CSR COMMITTEE:

In accordance with the provisions of the Act, the CSR Committee of the Company was constituted by the Board of Directors of the Company at their meeting held on 23<sup>rd</sup> January 2016.

The Composition of the said Committee comprises of following:

S. No.	Name	Designation
1	Mr. Shinya Chikusa	Managing Director
2	Mr. Yasuhide Hayakawa	Director
3	Mr. Toshiro Komatsu	Technical Advisor - Finance , Human resource & Information Technology
4	Mr. Amit Mahajan	AVP- Operations
5	Mr. Mukesh Mahajan	Chief General Manager- Human resource

### a. FUNCTIONS OF THE CSR COMMITTEE:

- i. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Act as amended from time to time.

- ii. Recommendation to the Board the programs to be undertaken, modes of execution and implementation schedule from time to time
- iii. Monitoring CSR Policy of the Company from time to time
- iv. Formulation and recommendation to the Board, an annual action plan in pursuance of its CSR policy
- v. Recommendation of CSR Budget
- vi. Spending the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules
- vii. Monitoring the projects and programmes to ensure that they are being carried out in compliance with this CSR Policy and the Act
- viii. Review the effectiveness and achievement of project activities in line with the project/program objectives
- ix. Submit the reports to the Board in respect of the CSR activities undertaken by the Company
- x. Authorize executives of the Company to attend the CSR Committee Meetings

**b. MEETINGS OF THE CSR COMMITTEE:**

- i. The CSR Committee shall meet at least two times in a year to monitor the progress as against the approved annual action plan. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings.
- ii. Quorum for the meeting should be two. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio-visual means in accordance with the provisions of the Act and rules made there under from time to time.
- iii. The members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- iv. Other Members of the Senior Management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee.
- v. Proceedings of all meetings must be minute and signed by the Chairman of the Committee and tabled at the subsequent Board and Committee meeting.

**8. CSR MONITORING AND REPORTING FRAMEWORK:**

A comprehensive monitoring and reporting framework shall be put in place in order to ensure that funds spent on CSR programs are creating the desired impact. Key objectives of monitoring throughout the implementation period will be to check:

- i. the satisfactory and timely progress of program towards the agreed objectives; and
- ii. the financial management and reporting.

In addition to the above, the Board upon recommendation of the CSR Committee may mandate the impact assessment effective and timely monitoring and evaluation of varied its CSR programs through an independent third-party agency, to carry out situational analysis, need assessment surveys, project visits, or impact studies, etc. if and as required especially for the strategic and high value CSR programs under applicable CSR Rules.

Rule 8(3) of the Companies (CSR Policy) Rules, 2014 mandates following class of companies to conduct impact assessment:

- i. companies with minimum average CSR obligation of Rs. 10 crore or more in the immediately preceding 3 financial years; and
- ii. companies that have CSR projects with outlays of minimum Rs. 1 crore and which have been completed not less than 1 year before undertaking impact assessment.

However, the Board, upon recommendation of the CSR Committee may undertake impact assessment of other projects voluntarily as well.

#### **9. ANNUAL ACTION PLAN:**

The Annual Action Plan is a yearly plan of CSR activities. The CSR Committee shall formulate and recommend an Annual Action Plan to the Board which shall include the following:

- i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act
- ii. the manner of execution of such projects or programmes
- iii. the modalities of utilization of funds and implementation schedules for the projects or programmes
- iv. monitoring and reporting mechanism for the projects or programmes; and details of need and impact assessment, if any, for the projects undertaken by the Company

The Board of Directors may approve the Annual Action Plan with such further conditions as it deems fit and further alter Annual Action Plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

#### **10. IMPLEMENTATION:**

The Board of the Company may decide to undertake its CSR activities approved by the CSR committee, through itself or through an implementing agency which shall comply with the eligibility criteria or requirements as stated in the applicable provisions of the Act and CSR Rules. The Company may form its own Trust / Society / Section 8 company, to carry out CSR activities in accordance with the CSR Rules and to administer its CSR activities.

- i. **Filling of Respective Form:** Every entity covered under sub-rule-(1), who intends to undertake any CSR activity shall register itself with the Central Government by filling the Form CSR-1 and such other statutory forms as required under the companies Act 2013 electronically with the registrar and with effect from the 1st Day of April 2021. Provide that the provisions of this Sub-rule shall not affect the CSR Projects or programmes approved prior to the 1st Day of April 2021.
- ii. **Track record:** The implementing agency shall be registered under section 12A and 80 G of the Income-tax Act, 1961 and shall have an established track record of 3 (three) years in undertaking similar programs or projects. The Company shall specify the projects or programs to be undertaken, the modalities of utilization of funds of such projects or programs and the monitoring and reporting mechanism.
- iii. **Due diligence:** The Implementing Agency shall be required to undertake the Company's due diligence process prior to entering into an agreement with the Company. The CSR engagement with the implementing agency will be project based.
- iv. **Agreement / MOU:** Once the programmes and the Implementing Agency is finalized, the Company shall enter into an agreement / MoU with such Implementing Agency detailing out the terms of service and operations, prior to any disbursement.
- v. MoU will include requirements and KPIs which will be taken into consideration by the implementing partner for implementing the project. CSR project reporting shall be decided on project-to-project basis and will be part of agreement signed with the implementing partner.
- vi. **Partnership/ Collaboration:** The Company may collaborate with other affiliates or any other Company as may be approved by CSR Committee to implement CSR activities and the same shall form a part of the Annual Action Plan. The Company would be open to exploring collaborations with other stakeholders including government departments' social schemes and other like-minded institutions' initiatives for pooling resources and competencies in the interest of scalable social impact and enhanced outcomes for beneficiary communities.

## 11. DISCLOSURE OF THE CSR POLICY AND PROGRAMMES:

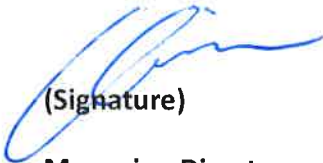
As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website, if any, along with the composition of the CSR Committee and the Projects approved by the Board.

## 12. CSR REPORTING:

The Board Report of a Company shall include an Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.

**13. POLICY REVIEW AND GENERAL AMENDMENT:**

The Committee shall review its CSR Policy from time to time and make suitable changes as may require and submit the same for the approval of the Board. The Company reserves its right to modify, cancel, add, or amend any of the contents of CSR Policy. However, this policy, in whole or in part, shall stand modified / amended from time-to-time, without any further act on the part of the Company, as and when there would be any statutory modification(s)/ amendment(s) / revision(s) to the applicable provisions thereto.



(Signature)  
**Managing Director**

