

**CORPORATE SOCIAL RESPONSIBILITY POLICY****OF****SCHNEIDER ELECTRIC PRESIDENT SYSTEMS LIMITED****VERSION HISTORY**

<b>Sl. No</b>	<b>Prepared By</b>	<b>Reviewed By</b>	<b>Revision Date</b>	<b>Approved By</b>	<b>Reasons</b>
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**Schneider Electric President Systems Limited**

CSR Policy #:3

Effective Date: July 30,2021

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## CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

### **1. Preamble**

CSR covers the entire process by which an organization approaches, defines and develops its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate strategies and projects. Thus, CSR is not charity or mere donations but a way of going beyond business as usual, creating shared value and contributing to social and environmental good.

### **2. Purpose**

The Corporate Social Responsibility Policy (“CSR Policy”) of Schneider Electric President Systems Limited (Schneider Electric) has been formulated by the CSR Committee and approved by the Board of Directors at its meeting held on *July 30,2021*.

This Company is committed to identifying and supporting programs aimed at:

- i. Socio Economic development of community and in particular, those at the base of the pyramid who are unequally endowed/enabled;
- ii. To contribute to society at large by way of social, economic, cultural development, imparting education, training and development and skill enhancement programs for their development and generation of income;
- iii. Reducing negative impact of its operations on the environment; and
- iv. To reinforce a positive and socially responsible image of the Company in the society.

This policy will serve as a guiding document to help, identify, execute and monitor CSR projects in keeping with the spirit of the policy.

The CSR policy would function as a self-regulating mechanism for CSR activities and enable adherence to laws, ethical standards, and international practices in this regard.

### **3. Definitions**

- i. **“Act”** means the Companies Act, 2013.
- ii. **“Board of Directors” or “Board”** means the collective body of the directors of the company.
- iii. **“Company”** means Schneider Electric President Systems Limited (SEPSL).
- iv. **“CSR Committee”** means Corporate Social Responsibility Committee constituted by the Board of Directors of the company
- v. **“CSR Policy”** means CSR Policy of Schneider Electric President Systems Limited (SEPSL).
- vi. **“CSR Rules”** means the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.
- vii. **“Implementing Agency”** means any entity registered with Ministry of Corporate Affairs for undertaking CSR projects, which is engaged by the company to implement various projects in pursuance of CSR

Policy.

- viii. Any term used in this policy but not defined herein shall have the same meaning assigned to them under the Act and CSR Rules as applicable to the company.

#### **4. Policy Statement /Vision**

Schneider Electric's mission is to contribute to the social and economic development of the underprivileged community. Through a series of interventions, the Company seeks to mainstream economically, physically, and socially challenged groups and to draw them into the cycle of growth, development, and empowerment. At the core of this, its commitment is to reach out to marginalized communities through its Sustainable Livelihood Initiatives.

Schneider Electric's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations.

In alignment with vision of the Company, Schneider Electric, through its CSR initiatives, will continue to enhance value creation in the society through its services, conduct & initiatives, so as to promote sustained growth for the society.

#### **5. Scope**

This policy will apply to all projects/programs undertaken by the Company in India as part of its CSR activities. CSR activities will be developed, reviewed, and updated by reference to relevant codes of corporate governance and international standards or best practices. The CSR Policy is formulated in accordance with the provisions of section 135 of the Companies Act, 2013 and rules made thereunder and other applicable laws to the company.

#### **6. CSR Committee and its Functions**

CSR Committee was constituted by the Board of Directors, consisting of three directors including at one Independent Director as per the provisions of Section 135. In every financial year, the Committee shall meet as per the requirements of the CSR. The following shall be the terms of reference of the Committee.

- (i) To formulate Schneider Electric's CSR strategy, policy and goals
- (ii) To monitor the Schneider Electric's CSR policy and performance
- (iii) To review the CSR projects/initiatives from time to time, keeping in view the amendments in the CSR provisions in accordance with the Companies Act, 2013.
- (iv) To ensure legal and regulatory compliance from a CSR viewpoint
- (v) To ensure reporting and communication to stakeholders on Schneider Electric's CSR Projects/initiatives.

Members of the Committee: The CSR Committee of the Board currently has the following members\*:

1. Mr. RR Nair, Non-Executive Independent Director
2. Mr. Sugata Sircar, Non-Executive Director; and
3. Mr. Swaminathan Venkatraman, Non-Executive Director

*\*The Board of Directors may reconstitute the CSR Committee without subsequently calling for revision/amendment in the CSR Policy.*

### **Functions of CSR Committee:**

- (i) To formulate and recommend a CSR Policy indicating the activities to be undertaken by the company in areas or subject specified in Schedule VII to the Act;
- (ii) To recommend the amount of expenditure to be incurred on the activities referred to in clause (i);
- (iii) To formulate and recommend an annual action plan in pursuance of CSR Policy covering the following aspects:
  - (a) the list of approved CSR projects or programs to be undertaken in areas or subjects specified in Schedule VII to the Act;
  - (b) the manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules;
  - (c) the modalities of utilization of funds and implementation schedules for the projects or programs;
  - (d) monitoring and reporting mechanism for the projects or programs; and
  - (e) details of need and impact assessment, if any, for the projects undertaken by the company;
- (iv) Recommend changes to the Board, if any, needed in the annual action plan with reasonable justification to that effect.
- (v) To monitor the CSR Policy as approved by the Board from time to time.

The CSR Committee should recommend the approach and direction of CSR activities to be undertaken by the company and also provide Guiding principles for:

- (i) Selection of CSR projects / programmes / activities
- (ii) Implementation of CSR projects / programmes / activities
- (iii) Monitoring of CSR projects / programmes / activities
- (iv) Formulation of the annual action plan

Overall governance of CSR and approving of the CSR Policy will be responsibility of the CSR Committee of the Board. The CSR Committee of Schneider Electric will be responsible for administering and executing the policy. As Schneider Electric's CSR activities evolve further, the policy may be revised with approval of the Board after taking into recommendations of the CSR Committee.

### **7. Responsibility of the Board of Directors**

The Board is responsible for:

- (i) Approving the CSR policy as formulated by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit.
- (ii) Ensuring that in each financial year, the Company spends at least 2% of the average net profit in accordance with the provisions of the section 135 of the Act and the Rules notified there under.
- (iii) Ensuring that every financial year funds committed by the Company for CSR activities are utilized effectively.
- (iv) Ensure that Administrative Overheads shall not exceed 5% of total expenditure of company for the financial year.
- (v) Disclosing in its Annual report the name of CSR committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the company website any other acts, deeds and things as may be required under law from time to time.
- (vi) Any other responsibility as per the provisions of Section 135 and Rules made thereon.

## **8. CSR Budget and Spending**

The overall amount to be committed to CSR will be approved by the Board as part of Schneider Electric overall Annual Budget/ Plan.

The company shall endeavor to achieve the objectives of CSR Policy and allocate every year:

- (i) Minimum 2% of its average net profits made during the three immediately preceding financial years
- (ii) b. Any income or surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the company and the same shall be ploughed back for use in CSR activities.

All the expenditure relating to CSR shall be pre-approved by the CSR Committee. The CFO or any person responsible for financial management shall monitor the utilization of funds for the purposes set forth and certify to this effect.

Unspent CSR amount, if any, shall be transferred to separate account in accordance with the applicable CSR Rules from time to time.

## **9. CSR Activities**

The Company shall undertake CSR activities for development of the society and the environment, particularly in the vicinity of the areas where the facilities of the company are located. The Company is highly supportive of the involvement of its employees in its CSR initiatives and in community activities and will therefore proactively engage with employees and other key stakeholders to solicit their active involvement in the Schneider Electric CSR programs.

To provide a focused and structured approach to the program, Schneider Electric will focus its support and CSR spends on specific pre-determined causes and areas of intervention as outlined in the Annexure I to the policy.

## **10. Annual Action Plan**

The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following:

- (i) the list of CSR projects or programs that are approved and to be undertaken by the company.
- (ii) the manner of execution of such projects or programs
- (iii) the modalities of utilisation of funds and implementation schedules for the projects or programs;
- (iv) monitoring and reporting mechanism for the projects or programs and
- (v) details of need and impact assessment, if any, for the projects undertaken by the company.

The Board of Directors are empowered to alter the annual action plan during the financial year, if so recommended by the CSR Committee, based on the reasonable justification for such change.

The CSR Committee will consider and approve (in line with the guidelines given below), CSR projects/programs to be undertaken during the year.

- (i) Schneider Electric will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations.
- (ii) The programs/ projects will be within the areas recommended / listed by the CSR Committee and mentioned in the Policy.
- (iii) The programs/ projects will be beyond business as usual.
- (iv) The programs/projects will be implemented within the country.
- (v) Schneider Electric will actively consider Programs/Projects that have been identified by employees and also those where employees are directly involved through volunteering efforts.
- (vi) Programs/Projects that integrate business models with social and environmental priorities and processes in order to create shared value will be encouraged.
- (vii) Schneider Electric will consider Programs/Projects closely linked with the principles of sustainable development.
- (viii) Programs/Projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted /undertaken exclusively in pursuance of the normal course of business.
- (ix) Any unspent CSR allocation of a particular year will be complied as per the CSR provisions and its Rules.
- (x) Any surplus, generated out of the CSR activities of Schneider Electric, will be ploughed back to the CSR Initiatives of the Company.

## **11. Supervision**

The Company's CSR activities will be driven by a dedicated CSR team under the guidance and support of senior functionaries and Board of Directors. The CSR Committee would play a significant role in ensuring that the CSR policy is embedded across the Schneider Electric operations in India and the CSR initiatives are in line with the policy.

## **12. Mode of Implementation**

The Company will undertake CSR projects which are closely linked with the principles of sustainable development and shared value, with the involvement of local institutions and the community at large. The CSR projects or programs or activities should be implemented through following methods:

- (i) Directly by the company;
- (ii) Implementing Agencies:
  - (a) Schneider Electric India Foundation, which is a Trust registered under the Indian Trust Act, having its registered office at Sy No 63/3B, Govigere Village, Bidarahalli Hobli, Bangalore-67.
  - (b) Spreading Happiness Indya Foundation, a company incorporated under section 8 of Companies Act, 2013 which is a Section 8 company, having its registered office at C-56, Mayapuri Industrial Area, Phase -II New Delhi -110064.
- (iii) Any foundation or body incorporated by the company and eligible to undertake such CSR projects. in collaboration with other organizations/group companies

While the company can engage suitable Implementing Agencies to undertake approved CSR projects. The company can also partner with local governance bodies, such as Gram Panchayats, Civic Bodies, Municipality to directly undertake approved CSR projects with the help and support of these bodies

The CSR Committee will assist in implementation and monitoring of the CSR projects/initiatives. For actual implementation of various initiatives, Schneider Electric India Foundation will further collaborate with various other NGOs, Trusts, Societies, Section 8 Companies, DST certified incubation centers or through collaborative projects with other corporate. In case of the implementing agency being a 'not for profit' organization, the entity should typically have not less than three years of experience in implementing projects in the respective area. The other implementation partners will be screened based on the Schneider Electric India Foundation's internal screening criteria to ascertain the entity's credibility and its ability to execute the proposed projects as per the CSR provisions and its applicable rules

## **13. Disbursement**

The disbursal of funds will be either in tranching drawdown form or one-time payment depending on the nature and requirement of the project. Schneider Electric may transfer the allocated CSR fund to Schneider Electric India Foundation as per the requirement.

## **14. Monitoring**

The CSR Committee will ensure a transparent monitoring mechanism for ensuring effective implementation of the projects / programs/ activities proposed to be undertaken by the implementing agencies.

The CSR Committee would have the responsibility of monitoring approved projects and funds disbursements for such projects. Monitoring mechanisms will include visits, meetings and progress/status reporting by the project teams. The CSR activities will be reviewed by the CSR Committee. A system will be put in place to maintain a transparent monitoring and reporting mechanism across all the stakeholders involved in the CSR activities of Schneider Electric, as required by the CSR Rules (Section 135, Companies Act, 2013).

The respective monitoring CSR teams shall be responsible for providing periodic progress reports to the Company. Such teams will ensure that the project gets completed within the specified time period. The Company may also appoint specialized agency/consultants for monitoring the projects, if required.

The progress report of the projects undertaken shall be reported as under:

- (i) The respective monitoring teams shall make a quarterly report to the CSR Committee.
- (ii) The CSR Committee shall present an annual report on the performance of all projects/activities to the Board of Directors.

## **15. Impact Assessment**

CSR activities undertaken should be in the interest of the society and the local population where the company operates. Before undertaking any project or activities the company may conduct need assessment for the project and its utility in the demography where project is proposed as per the applicability.

The impact assessment would be conducted by an external agency, particularly for larger projects which have a significant social or economic impact. The impact assessment study shall be conducted wherever applicable after the project completion and necessary minimum gestation period and shall place a report for consideration of the Board.

A summary of impact assessment outcome shall be disclosed in the Board's Report.

All CSR activities and expenditures made thereon shall be subject to audit by the Company's Auditors.

## **16. Reporting**

Significant CSR activities and achievements will be reported as part of the Director's Report in Schneider Electric Annual Report and also as per any other statutory and regulatory reporting requirements.

## **17. Capital Assets**

Capital asset acquired or created by CSR projects should be held by the beneficiaries of the said CSR project or a trust or a public authority for the benefits of all. The company should take appropriate measure to ensure that such assets are utilized for the purpose it was meant for and should not be transferred or disposed off without prior permission of the Company.

**18. Information dissemination**

CSR Policy and activities undertaken shall be disseminated on website for public access and shall be published in the Annual Report of the company in the format prescribed under the Act and CSR Rules.

**19. Review**

The CSR Committee shall be fully responsible for the monitoring and review of the implementation of this policy in accordance with applicable laws from time to time. The CSR Committee shall provide recommendations as and when it deems necessary to the Board so as to amend/ modify/ revise the CSR Policy.

**Signatures:** .....  
**Name** : .....  
**DIN** : .....  
**Designation:** .....

## **Annexure I-AREAS OF CSR INTERVENTION**

Enumerated below are the areas under which Schneider Electric will implement its CSR Projects. This will be reviewed from time to time and specific initiatives under these will be undertaken in line with the CSR Policy to meet the overall objectives of these interventions.

### 1. **Skill Training and Livelihood Enhancement**

**Category:** Companies Act 2013, Schedule VII (ii) Employment Enhancing Vocational Skills and Livelihood Enhancing projects

Skills and Knowledge are the driving forces of economic growth and social development of any country. A growing economy like India requires a large and skilled workforce. Schneider Electric's skill training initiatives will aim at training and capacity development of youth and women from economically weaker sections of society, and to empower them to gain access to opportunities for sustainable livelihood and growth.

The Company will support technical training courses, Skill Development Centers, non formal vocational programs in field of electricity aimed at creating livelihood opportunities. Schneider Electric will also support soft skill training and entrepreneur development training aimed to facilitate integration of underprivileged youth and women into mainstream.

### 2. **Environmental Sustainability**

**Category:** Companies Act -2013, Schedule VII (iv) Ensuring Environmental Sustainability, Conservation of Natural Resources and Maintaining the quality of soil.

Sustainability is one of the core values of Schneider Electric and climate change mitigation and environmental improvements are essential elements of its strategy for sustainability. Schneider Electric will initiate multiple projects implemented directly or through consultant partners to promote energy efficiency, conservation of environment, environmental friendly practices. Social Communication will be used as an effective tool in influencing behavior and creating a sustainable environment for the community.

Schneider Electric will encourage investment in energy efficient technology, developing socially and environmentally friendly products and services, improving access to water by creating/sponsoring irrigation and water storage structures, benchmarking and reporting on Sustainability projects.

### 3. **Empowering through Sustainable Livelihood Initiatives**

**Category:** Companies Act- 2013, Schedule VII (i) Eradicating Hunger, Schedule VII (ii) Livelihood Enhancing Projects, Schedule VII (ii) Empowering Women

Under this initiative, Schneider Electric will provide entrepreneur training to underprivileged young women and men and support them to earn their livelihood.

### 4. **Socio Economic development of remote un electrified villages**

**Category:** Companies Act -2013, Schedule VII (x) Rural Development Project

Integrated development of village requires access to education, health and income generating activities for which electricity is a basic requirement.

Schneider Electric will initiate many projects to be implemented directly or by partner organizations for electrification of remote un electrified villages to provide lighting and water supply for drinking, sanitation, and irrigation through renewable technology. Under this initiative, Schneider electric will also support setting up of microenterprise powered by renewable energy source to promote livelihood. Schneider Electric will always ensure sustainability of these projects through community involvement.

5. **Promoting Education**

**Category:** Companies Act -2013, Schedule VII (i) Promoting Education

Education is one of the building blocks of any nation. With aim of supporting students from economically/socially/physically challenged categories to pursue engineering and diploma courses, Schneider Electric will provide Scholarship. A multitude of interventions such as educational sponsorships to students belonging to economically/socially/physically challenged categories, supporting the infrastructures, libraries, supportive classes, computers, science laboratories, etc. will be undertaken to create a conducive to learning environment and to promote learning.

Within the scope of education, programs aimed at bridging the skill gap, in the energy sector and transforming candidates into job ready professionals will also be covered.

6. **Promoting Blood Donation**

**Category:** Companies Act -2013, Schedule VII (i) Promoting health care including preventive health care

Aimed at addressing the very critical issue of the availability of blood this initiate is currently one of the major areas in which Schneider Electric and its employees are actively engaged. Schneider Electric will continue to conduct Blood Donation Drives.

7. **Emergency Support**

**Category:** Companies Act -2013, Schedule VII (xii) Disaster Management, including relief, rehabilitation, and reconstruction activities.

Aimed at supporting through emergency relief, rehabilitation and reconstruction activities during natural calamity and natural disaster including but not limited to flood, cyclone, earthquake, endemic.

8. **Health**

**Category:** Companies Act -2013, Schedule VII (i) promoting health care including preventive health care

Aimed at providing healthcare including preventive healthcare to underprivileged section of the society.

9. **Any other activity** mentioned in Schedule VII of companies act 2013 including contribution to Prime Minister Relief Fund or any other Relief Fund notified by Govt of India from time to time.