

Fedders Electric and Engineering Limited

(Formerly Fedders Lloyd Corporation Limited)

CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR POLICY)

1. Preamble

While Fedders Electric and Engineering Limited (formerly Fedders Lloyd Corporation Limited) (“the Company”) strives to achieve its business objectives, it has never lost sight of its commitment to play its role as an enlightened corporate citizen to serve the society at large.

Driven by the desire to create a meaningful difference in the society; the Company has always made conscious efforts to achieve higher socioeconomic goals. Over the years, the Company has aligned its business processes to benefit the communities at large and create social and environmental impact.

The Company has been a self-adopter of Corporate Social Responsibility (“CSR”) initiatives. The management of the Company had taken a conscious decision to establish Pandit Kanahaya Lal Punj Trust (“PKLP Trust”), a philanthropic arm, within the Fedders Electric group to lead CSR initiatives of the Company and the Fedders Electric group. Accordingly, the PKLP Trust was duly formed and established on September 23, 2010. The Company has also constituted a Corporate Social Responsibility Committee (“CSR Committee”) in accordance with the provisions of Section 135 of the Companies Act, 2013 to undertake various CSR initiatives.

2. Formulation and Adoption of Corporate Social Responsibility Policy (“CSR Policy”)

The Corporate Social Responsibility Policy (“CSR Policy”) has been formulated in consonance with the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and other directions and clarifications issued from time to time (collectively referred to as the “CSR Regulations”) and this policy has been approved by the CSR Committee on May 14, 2014 and adopted by the Board of Directors in their meeting held on May 14, 2014.

The CSR Policy encompasses the philosophy of the Company by delineating its responsibility as a corporate citizen and laying down the guidelines and mechanism to undertake socially useful programmes for welfare and sustainable development of the community at large.

3. Vision

“Our vision- To actively contribute to the social and economic development of the communities in which we operate; To build a better, sustainable way of life for the weaker sections of the society.”

In alignment with the Company's vision, the Company, through its CSR initiatives, is committed to continue betterment of the society and the community in which it operates, through its services, conduct and philanthropic initiatives. The Company endeavors to promote sustained growth by striving for the economic development that positively impacts the society at large with minimal resource footprint.

4. Objectives

The CSR policy of the Company intends to:

- 4.1 Be committed at all levels in the organization to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- 4.2. Take up activities, projects or programmes in accordance with Schedule VII of the Companies Act, 2013 that shall benefit the communities in and around its work centers directly or indirectly, which comprise the weaker section of the society with no access to basic amenities, which would result over a period of time in enhancing the quality of life and economic well-being of the local populace.
- 4.3. Support the community by assisting the underprivileged.
- 4.4. Strive for sustainable development for economic growth.
- 4.5. Enhance and implement the society welfare measures in a well-structured manner on a short as well as long term basis with a vision to fulfill its Corporate Social Responsibility.

5. Conduct of the Corporate Social Responsibility Committee

The CSR Committee shall consist of three or more Directors as its members amongst which one shall be an Independent Director.

The CSR Committee shall:

- 5.1 Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013 (the Act);
- 5.2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) in a financial year;
- 5.3. Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- 5.4. Any other matter as may be considered expedient in furtherance of and to comply with the CSR Policy of the Company.

6. Focus Areas of Engagement

Over the years, Company's CSR activities are carried out under the Flagship initiative "Pandit Kanahaya Lal Punj Trust" (PKLP Trust), a philanthropic arm of the

Fedders Electric Group. The primary objectives of the PKLP Trust are to support the developmental needs of the marginalized and the underprivileged communities.

There are mainly four core areas of activities for CSR initiatives namely - education, health care, environment and disaster rehabilitation. Apart from these core areas, the Company also takes initiatives for the girl child welfare and community service for the aged and the physically/mentally challenged to make a difference to the lives of the disabled sections.

The Company shall undertake CSR activities as recommended by the CSR Committee and in accordance with the CSR Regulations from time to time but in particular shall identify any one or more of the following area for its CSR activities:

- 6.1. eradicating hunger, poverty and malnutrition, promoting health care including preventive healthcare and sanitation and making available safe drinking water;
- 6.2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 6.3. 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 the senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 6.4. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conversion of natural resources and maintain quality of soil, air and water;
- 6.5. 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;
- 6.6. measures for the benefit of armed forces veterans, war widows and their dependents;
- 6.7. training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- 6.8. contribution to Prime Minister 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 backward classes, minorities and women;
- 6.9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government; rural development projects.

7. CSR Expenditure and Funding

For achieving the CSR objectives, the Company will, on yearly basis, allocate at least 2% of the average net profits of the Company made during the three immediately preceding financial years, as its annual budget for the CSR activities. The average net

profits for this purpose shall be computed in accordance with the provisions of CSR Regulations of the Act. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

8. Implementation

All the projects or programmes or activities pertaining to CSR will be undertaken by the Company either directly or through PKLP Trust or through collaborating or pooling their resources with other Companies.

9. Monitoring Process

CSR Committee shall monitor the implementation of various programs, projects and activities in such a manner as it deems fit. CSR Committee is also empowered to determine the manner of submission of information, reports, files, etc. by third parties as a part of the monitoring process.

10. Reporting

CSR activities will form part of the Company's Director's Report. The reporting shall be done in the format prescribed under the Companies Act, 2013 and the respective Rules made thereunder.

11. Amendment

Any modification / amendment in the CSR Policy may be carried out by the Board on the recommendation of the CSR Committee.