

Corporate Social Responsibility Policy

SKF India Ltd.

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Version	Prepared By	Changes & Reasons for Change
1.0	Shrikant Savangikar	Amendment in the schedule VII of the companies Act 2013 via notification
2.0	Seema suman /Prashant Pednekar	Updating CSR Project and adding new initiatives

1. Introduction and Background:

SKF India Ltd has been operating since 1965, now at 3 Manufacturing locations and many regional sales offices across the country with a network of distributors and retailers all across India. SKF Globally and in India has been operating with certain Core Values and Drivers and under the aegis of the “SKF Care” model as elaborated below and is a Socially Responsible Corporate going beyond legal and statutory requirements of Corporate Social Responsibility.

1.1 SKF India Values and “SKF Care” model:

SKF India Ltd (SKF) operates with the core values of High Ethics, Openness, Empowerment and Teamwork. The Drivers at the core of its working are - Grow with Profit, Quality, Innovation, Simplicity, Speed and Sustainability.

At SKF, it is not only important that we make profits but also the way we make them. In accordance with this philosophy, SKF has put in an “SKF Care” model guiding all our operations. The Model has 4 components, namely – “Business care”, “Employee care”, “Environment care” and “Community care”.

Business Care



Employee care



Environment Care



Community care

SKF
Care

1.2 SKF Community Care Principles: Under this model, SKF’s community care program is structured in accordance with United Nations Global Compact Principles and the Business Charter for Sustainable Development by International Chamber of Commerce and SKF Social Policy as put up below:

1.3 SKF Social Policy:

SKF believes that a successful business entity of today and tomorrow is one that understands the importance of responding to community challenges such as poverty, illiteracy, and health. The community where we operate in represents our future market and workforce. They are our potential customers, employees and suppliers. Further, it is our ability to profitably manage and grow our business that is the foundation by which we meet our social responsibility. Accordingly, SKF's management is actively encouraged to find ways and activities by which SKF and its employees can make a positive and lasting impact on the society and the communities in which we operate. The positive contributions typically come from involvement in projects and initiatives which aim at encouraging personal development for less privileged people, supporting education and vocational training, supporting local sports and health initiatives and stimulating other voluntary work.

1.4 SKF Global Community Care program areas: The areas in which SKF Globally has been committed to run community care programs are as below –

- Education and vocational training
- Sports and culture
- Health
- Helping underprivileged people
- Event/prize/award

2. SKF in India : Community Care program

India being a country of vast diversities, and being an emerging economy, the communities across various regions are confronting various challenges during the transition phase, such as uneven spread of education, people aspirations for participation in economy, the backdrop of various socio-cultural issues, and a strong thrust from women seeking empowerment. Under these circumstances, it is expected that businesses contribute in the process of empowering communities to confront these issues and contribute in country's growth and progress in a big way.

Responding to the above, and in line with the spirit of SKF Values, as spelt above , SKF India Ltd has embarked on a journey of community care starting at Pune and now across various other locations.

2.1 The Vision: SKF India's vision guiding all our community care programs is

“To create a Positive change in the life of the communities where we are present, and through our activities create a meaningful difference from the recipients’ perspective ”

2.2 The Mission: Based on above vision, the SKF’s community care program is initiated with a mission of working with underprivileged communities. Three broad areas identified to work on are as under –

- Education: Holistic education including sports education for children
- Empowerment through skill and vocational training
- Environment – protection through sustainability initiatives

The mission is to run the programs in all or any of the above areas through structured short and long term activities, by volunteering of our employees and in partnership with selected community care professionals with suitable credentials.

Currently, four flagships programs are identified us under-

- *YES - Youth Empowerment at SKF.*
- *SSEP- SKF Sports Education Programme.*
- *Udaan- Scholarship Prgramme for Girls at SKF.*
- *Environmental Sustainability program.*

Youth Empowerment at SKF -YES



Women Empowerment



Sports Education

Environmental Sustainability

SKF will initiate, run and monitor structured flagship and non-flagship, short and long term programs along with selected community care professionals. SKF will encourage employees to volunteer for these programs to enhance the sustainability and effectiveness.

3. Scope and Applicability

This policy shall be applicable to all sectors, stakeholders and employees of SKF India Ltd.

4. Total CSR Spend:

In line with the provisions of the Companies Act 2013, (the Act), SKF India Ltd shall endeavor to spend at least 2% of the average net profits of the company (as defined under Sec 135 of the Act) made during the 3 immediately preceding financial years towards Corporate Social Responsibility (CSR) initiatives or such revision in limit of CSR spend as may be made applicable under the Companies Act, 2013 or any other statutory law.

5. CSR Thrust Areas:

The Company shall undertake its CSR activities as per its stated CSR Policy in one or more of the following activities in line with Sec 135 and Schedule VII of the Companies Act, 2013 or as amended thereof and shall give preference to the local area and areas around where it operates :

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
3. Promoting gender equality, empowering women, setting up homes and hostels for women & 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
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set up by Central Government for rejuvenation of the river Ganga.
5. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries; promotion & development of traditional art & handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents.
7. Training to promote rural sports, nationally recognized sports, Paralympic sports & Olympic sports;

8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled castes, tribes, other backward classes, minorities & women;
9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
10. Rural Development projects.
11. Slum area development.

Currently, the company will focus its efforts within the youth, girls & children and society at large through programmes designed in the domain of sports, education, skills and environment

6. The major flagship CSR projects undertaken by SKF are as follows:

6.1 Youth Empowerment at SKF (YES): To equip underprivileged sections of the society with skills covering technical, entrepreneurial and lateral competencies like basic computer knowledge to become Automotive Technicians.

"Youth empowerment At SKF (YES)" program aims at empowering underprivileged youth with the know-how of modern automobile maintenance and servicing skills to help them gain employment at Automotive OEMs / Automobile service stations or become entrepreneurs by setting up own vehicle service stations.

The program started in 2015 with one centre at Pune and has been expanded to run at 5 locations in 2019 – Pune 2 Centers (Chinchwad & Kiwale), Bangalore, Haridwar and Jorhat in specially constructed centres well equipped with modern automotive sub systems and vehicles, learning fixtures, computer consoles for e-learning, class rooms and other facilities. We plan to expand to more locations in future.

6.2 SKF Sports Education Program: Aims to provide opportunities for physical and mental development of children through the medium of sports. The project is implemented through various external agencies. Football training is given to the underprivileged boys and girls particularly from Municipal schools. This program is broadly divided into the following parts : SKF School Sports Education program at school level, SKF Sports Academy at academy level, SKF Sports scholarship program after graduation level.

6.3 Udaan- Scholarship Program to provide access to higher education to deserving girls from socioeconomic weaker sections. Along with scholarship, the holistic development activities of the girls is also undertaken .

6.4 Environment: Currently SKF is running 3 programs under Environmental sustainability program .

1. De-silting of Khadakwasala Lake at Pune to increase capacity of water withholding, Tree plantation has been undertaken in collaboration with NGO Green Thumb at Pune. Green Thumb has undertaken Catchment Area Treatment by dam de-silting, project of removal of soil from the dam, thereby increasing its capacity to withhold and store water, pitching of silt on the periphery of the lake, tree plantation, water saving, soil restoration and creation of biodiversity with recreational value.
2. A similar program as above at Bangalore with NGO United Way to develop eco system at Mantapa Lake
3. Supporting a Watershed Development Project at Akole – District Ahmednagar at Maharashtra . The project consists of activities to Stabilize and enhance the productive capacity of the local ecosystem, the agricultural and livelihood base of the project villages. To involve Mainstream women and marginal groups in the institutional life of the village, improve the quality of their lives and strengthen the capacities of village institutions to effectively and acceptably mandate the projects as well as access locally available resources

7. Governance Structure

The company has a well-defined and robust governance structure to oversee the implementation of the policy, in compliance with the requirements of Section 135 of the Companies Act, 2013.

7.1 CSR Committee of the Board : The Composition of the CSR Committee will be as prescribed under the Companies, Act 2013 or any amendment thereof.

The CSR committee shall meet at least once a year and shall be responsible for monitoring the CSR policy from time to time and for instituting a monitoring mechanism for the implementation of the CSR projects, programs and activities of the Company. The CSR committee shall approve the projects or programmes to be undertaken, the modalities of execution and implementation schedule from time to time in line with CSR Policy.

Apart from recommending and approving budgets for projects implementation, the committee will also institute a monitoring mechanism to track the progress of each project. The committee reports in to the Company's Board of Directors.

7.2 CSR Steering Committee : This committee shall consist of members drawn from within different functions of the Company and shall also include the CSR Team members.

This team shall meet as frequently as required and will deliberate on program updates, new program proposals to be placed to the CSR Board committee for

approval, monitor the expenditure against the budgets and provide inputs to the CSR team

7.3 CSR team: CSR team shall consist of CSR Head, and program managers of flagship programs. This team actually runs the programs and manages the activities and gives updates to the CSR Steering Committee from time to time. This team meets as and when required.

8. Implementation

The CSR team is responsible for the implementation of the CSR activities which have been approved by the CSR Committee at the board level.

The CSR Steering committee has a formal process of evaluating and approving CSR projects.

8.1 Monitoring of CSR activities

The CSR Steering committee will review the progress of various CSR projects in terms of both outcome assessment and financial monitoring. The Steering committee will review the strategy from time to time and may recommend new focus areas and projects as and when required to the CSR committee at the Board level. In addition, the CSR steering committee will mandate the effective and timely monitoring and evaluation of various CSR projects by directing its CSR department or an independent third party agency to carry out situational analysis, need assessment surveys, project visits, or impact studies, etc.. In order to ensure transparency and communication with all stakeholders, the CSR policy will be uploaded on the Company website so that it is available in the public domain.

8.2 Executing Agency/Partners

CSR initiatives will be implemented through implementing partners which include NGOs/agencies having an established track record of at least 3 years in carrying out the specific activity.

The following minimum criteria will be checked while selecting NGO's / agencies for programme execution

- a) The NGO is a registered Society/ Public Charitable Trust/ not for profit organization established under section 8 of the Act.
- b) The NGO has a permanent office/address in India.
- c) The NGO has a valid Income Tax Exemption certificate.
- d) NGO agrees to SKF code of conduct criterions and complies to due diligence norms

The company may also collaborate with other companies to undertake CSR projects or programmes, provided the CSR Committee of the respective companies are in a position to report separately on such projects or programmes.

For CSR activities undertaken through other executing agency, the company will specify the projects or programmes to be undertaken through these agencies, and the modalities of utilization of funds on such projects or programmes.

9. Policy Guidelines

- All CSR Projects must be aligned with the requirements as prescribed in Schedule VII of the Companies Act, 2013.
- CSR projects or programmes or activities must be undertaken in India alone.
- Projects or programmes or activities that benefit only the employees of the company and their families shall not be considered as CSR.
- CSR activities should be in project/programme mode. However, a small budget may be sanctioned by the CSR Committee to meet contributions / donations to one off events such as natural disasters.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR.

10. Amendments

The CSR committee is empower to review and amend this Policy in line with any amendment(s), clarification(s), circular(s), notification(s), etc., issued under the Companies Act, 2013 or any other statutory law if any, made applicable for the CSR activities.

Annexure 1-Key CSR Projects of SKF India Ltd

Sr.no	CSR Programme	Category Under schedule VII	Implementation Modality	Implementation Schedule			
				Q1	Q2	Q3	Q4
	Promotion of Sports						
1	SKF School Sports Education Programme	7	DIR/TIAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	SKF Sports Education Programme	7	TIAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	SKF Scholarship/Sponsorship Programme	7	TIAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Promotion of Education						
4	Project-Pratham	2	TIAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Youth Skiling						
5	Youth Empowerment at SKF	2	TIAE/DIR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Women Empowerment						
6	Udaan- SKF Scholarship for Girls at SKF	2	TIAE/DIR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Environment sustainability						
7	Eco Park	4	TIAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Watershed development	4	TIAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Village sanitation	4	TIAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Abbreviation	Description
DIR	Directly: by SKF India Ltd
TIAE	Through Implementation Agency External (Partners NGOs, Trusts, Society, Section 8, Section 25 Companies, Academic & Research Institutions, Other Funding Agencies, Government Bodies)
BP	Business Partners, Dealers, Vendors, Service Providers.