

2.7 POLITICAL & CHARITABLE DONATIONS POLICY

SSEL

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Developed by: ESG Department

Owner Department: GENERAL COUNSEL & SECRETARIAL DEPARTMENTS

Approved by : Group CEO

BACKGROUND

This document sets out policy of the making of political or charitable donations by Shirdi Sai Electricals Ltd (SSEL) It should be read in conjunction with the Anti-Bribery and Anti-Corruption (ABAC) Policy.

A political donation means any item of value, whether in cash or in kind, which is given to any political party (registered with the Election Commission of India), organization, or campaign; party official or a political candidate (including sponsorship or subscription made in relation to any political party or political organization) and contributions made to affiliates of political parties and groups/ movements endorsing political parties or any other campaign/movement intended to directly or indirectly influence the outcome of election results. All political donations must be strictly made and properly disclosed in compliance with relevant provisions of Companies Act, Income Tax Act and amendments made in thereto. Failure to adhere will lead to serious breach and non-compliance of company Code of Conduct.

A charitable donation means any item of value, whether in cash or in kind, given to a cause and/or for charitable purposes to a recognized, reputable and registered charity or public international organization.

Charitable donations made on behalf of the SSEL and its employees must only be made to bona fide charities, being those (i) which are recognized as such by the government, either through registration with a competent authority of the government or by the grant of an exemption, as a charitable organization, from paying income tax on donations; or (ii) which the Company Secretary, as designated by SSEL, determines to be bona fides prior to the giving of the donation, having conducted appropriate due diligence on the history, reputation, performance and charter documents of the organization. The same should be approved by the Company Secretary.

Any questions about donations or the operation of this Policy may be addressed to the General Counsel.

SSEL Donations

Employees of the SSEL (including senior management, executives, and directors) should not make any political or charitable donation using the funds of SSEL, under or with reference to SSEL's name without first obtaining approval in accordance with this Policy.

Donations are permissible where:

- they serve a legitimate purpose;
- they are not intended (nor would appear to be intended) to influence the decisions of any Official or other person on matters affecting the SSEL and its employees;
- they are reasonable and proportionate; and
- they are made transparently.
- they are not made for the personal, financial, or political benefit of any government official, or any customer/supplier/third party (or their families).
- they are permissible under the applicable laws.

No single donation shall exceed INR 10 Lakhs.

Donations must not be used as a subterfuge for bribery and corruption, improper influence, money laundering or terrorist financing.

Any donation (political or charitable) may only be paid by way of electronic transfer of funds/account payee cheque to a bank account in the name of the recipient political and charitable organization (or in the case of an independent election candidate to an account in that person's name), held at a reputable bank.

Charitable donations to organizations in which government officials (who are in a position of authority to influence company operations) have a role may be considered to provide a benefit to those Officials. A Charitable Donation to such an organization is not allowed.

All charitable donations (except the CSR Contributions which are to be disclosed in Annual Accounts and to be published on the company's website) made by SSEL and its employees must be disclosed in the Charitable and Political donations central register maintained with the Company Secretary.

Private donations

If an employee of SSEL makes a donation in a private capacity, to the extent necessary or appropriate in the particular circumstances, they should ensure it is made clear to the recipient, and in any publicly available information regarding the donation, that the donation is not being made for or on behalf of, or in connection with the activities of the SSEL.

APPROVAL PROCESS and MONETARY LIMITS FOR DONATIONS

All charitable donations made by or on behalf of SSEL must be approved in advance by an internal committee/Board. All Political donations must be approved in advance by the Board of Directors.

Set out below is a non-exhaustive list of factors the General Counsel and (where applicable) the Board of Directors may take into consideration when deciding whether or not to approve a donation:

- Is the recipient of donation registered under the relevant law?
- Is there a legitimate reason for the donation?
- Is the donation reasonable and proportionate?
- Is the donation being made in an open and transparent manner (and not through an intermediary)?
- Has an Intermediary or Official (in particular any Official with decision-making authority over the SSEL's business) requested that the donation be made?
- Is the recipient closely connected with an Intermediary or official (in particular any Official with the authority to make decisions which directly affect the business of SSEL)?
- Does the recipient have the legal recognition/registration/ license required
- Are there any factors which indicate a link between the donation and the obtaining or retaining of business or a business advantage by the SSEL and its employees, or which appears to have been given for or in connection with the improper performance of a function or activity?
- Is there a risk that the donation is being used as subterfuge for bribery and corruption, money laundering or terrorist financing?
- Is there a risk to the reputation of the SSEL and its constituents?

- Is the Recipient entity or any of its officers or directors related to directors or executive officers of SSEL?
- Are there any legal proceedings pending against the entity or any of its officers or directors in any court in India or outside India?
- Are the programs and services of the recipient entity in line with the Company's objective of making the Charitable Donations?
- Is the Donation compatible with the Company's Code of Conduct and other internal policies?

The General Counsel/Board of Directors must document in writing their reasons for approving the donation.

RECORD KEEPING AND REVIEW

All Political and ad hoc Charitable Donations (approved as well as rejected) must be properly recorded and accounted for in the SSEL and records including entry in the Annual Political and Charitable Donations Central Register maintained with the Company Secretary. Proper donation acknowledgement receipts should be obtained and submitted to the Accounts department for its records. Political donations should be made following provisions laid in the Companies Act, 2013 and should be appropriately disclosed as a separate line item in profit and loss account of the company.

All Donations Approval Forms must be submitted to the Designated Compliance Officer shall be retained for a period of 08 years or such other period as specified by any other law in force, whichever is more. All donations must enter in the Annual Political and Charitable Donations Central Register maintained by the Company Secretary and reviewed by the Audit Committee.

The Compliance Officer to define and adhere to the process of maintenance of the records under this policy.


