

CUMMINS INDIA LIMITED
Corporate Social Responsibility Policy

Cummins is a brand that is all about dependability. It recognizes the symbiotic relationship between the various stakeholders to strengthen the communities. Corporate citizenship is a natural extension of all Cummins Group entities including Cummins India Limited's ("the Company") values. The Company also recognises and appreciates the long-term benefits of such an association over tangible results in the short term for the communities in which it operates. Towards achieving long-term stakeholder value creation, Company shall continue to prioritise the communities, especially those from socially and economically backward groups, the underprivileged, marginalized and most vulnerable groups.

The Company was actively involved in numerous community and Corporate Social Responsibility (CSR) initiatives, since 1991. After introduction of the Section 135 of Companies Act, 2013, related to CSR, the Company further strengthened its CSR activities.

In line with the legal requirements of the Companies Act, 2013, the Board of Directors of the Company have constituted the "Corporate Social Responsibility and Sustainability Committee" and adopted the "Corporate Social Responsibility Policy" at the Meeting held on May 22, 2014. The Corporate Social Responsibility and Sustainability (CSRS) Committee through this Policy aims to provide framework and guidance for implementing various Corporate Social Responsibility projects or programs (Ongoing or otherwise), with focus on 'serving and improving the communities in which we live and operate'.

Our Goal:

The CSRS Committee *inter-alia* ensures that the activities undertaken by the Company are in line with the activities mentioned under the Companies Act, 2013 and Rules framed there under.

With the focus on serving and improving the communities in which we live, the Company articulates its perspective on Corporate Social Responsibility as follows:

- To develop the required capability and self-reliance of beneficiaries at the grass roots, with the belief that these are pre-requisites for social and economic development.
- Practice highest standards of corporate citizenship by always acting ethically, with integrity, and applying 'best practices' to create a cleaner, safer and healthier environment.
- To achieve success by demonstrating our values and utilizing our talents and resources to help improve the communities in which we operate, as also the larger world.

It is evident that for the Company, the commitment to Corporate Social Responsibility is not just a practice, but essentially the way the Company operates within the communities. As an integral part of our commitment to good corporate citizenship, we believe in actively assisting in the improvement of the quality of life of the people in the communities, giving preference to local areas in and around our business operations. With Corporate Social Responsibility being ingrained in the Company's culture all employees, has inscribed tenet for volunteering towards the Corporate Social Responsibility initiatives of the Company.

At the Company, Corporate Social Responsibility relies on strong association between the employees, organizations and the community at large. Encouraging and empowering employees to explore their passions towards the communities, Corporate Social Responsibility fosters sustainable coalitions with stakeholders. This collaboration lays the foundation of intense efforts at the grass-root level, whose results speak for themselves.

In addition to the CSR obligation prescribed under Companies Act, 2013, the Company is committed to the active involvement and participation of its employees in its CSR initiatives through the Company's 'Every Employee Every Community initiative' (EEEC), where each employee is encouraged to dedicate a minimum of four working hours in a calendar year, towards any of the projects undertaken under the focus areas.

This policy serves as a guiding document containing approach and direction given by the Board, taking into account the recommendations of the CSRS Committee, defining guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action Plan. The CSR policy would function as a self-regulating mechanism for Company's CSR activities and enable adherence to laws and ethical standards in this regard.

1. Focus Areas

The Company allocates its resources on the following key focus areas:

a) Education – Towards equitable educational systems and high-quality learning environments.



High quality education leads to strong social and economic outcomes for students, a skilled workforce for employers and vibrant, prosperous communities. The Company engages in education to ensure that equitable education systems and high-quality teaching and learning environments prepare today's students for tomorrow's workforce.

Additionally, through skilling and vocational training initiatives, we equip individuals with the practical knowledge and competencies needed to thrive and contribute meaningfully to their communities.

b) Environment - Ensuring that everything we do leads to a cleaner, healthier and safer environment.



Addressing environmental sustainability is more urgent now than ever due to the accelerating pace of environmental degradation and climate change. We are witnessing unprecedented biodiversity loss, resource depletion, and ecosystem disruption, which threaten the planet's ability to support life. The Company aims to build healthier, cleaner, and resilient communities through environmental initiatives that focus on promoting sustainability, preserving ecological balance, protecting biodiversity, advancing agroforestry, conserving natural resources, and safeguarding the quality of soil, air, and water.

c) Equity: Increasing opportunity and equity for those most in need.



The Company believes that the opportunity to pursue a better life should be available to everyone. The Company has a long history of reaching out to those denied access to opportunity.

The Company believes in uplifting the local community through grass-root level interventions in education, agriculture, sanitation, health care & water conservation and supporting people who are from vulnerable and marginalized groups, through focus on interventions related to skilling, safe environment, education, and livelihood opportunities.

While committed to the holistic development of villages, company continues to partner with several non-profit institutions like the organizations serving disabled and underprivileged with an intent of providing a better life to their residents. During occurrences of natural disasters, the Company aims to reach out to affected communities in such times of need to provide necessary relief and rehabilitation.

- d) **Strategic Projects** – In an effort to accelerate the achievement a diverse range of social, developmental and environmental goals for our communities, the Company will also implement certain strategic projects in various areas mentioned in Schedule VII of the Companies Act, 2013.

2. CSRS Committee:

The constitution of the Committee shall be as per the provisions of the Companies Act, 2013 as may be amended from time to time. Further, the Committee shall meet at least twice in a year to discuss and review the implementation of CSR project and/or programs. The quorum for the meeting shall be two Members present for the proceeding to take place. In the event of absence of designated Chairperson of the Committee, the Members present shall elect one of themselves to Chair and conduct the Meeting.

3. CSR Projects Implementation Methodology

The projects or programmes approved by CSRS Committee will be primarily executed by *Cummins India Foundation ('CIF') the umbrella implementing agency and/ or singly or jointly with other partner organizations across geographies^ as listed below, with active involvement of employees of the Company in India and through or in collaboration with specialized non- profit agencies or other authorized agencies in accordance with the applicable laws:

- a) NGO's;
- b) Self Help Groups;
- c) Government Bodies, Semi-Government or Autonomous Organizations;
- d) Institute/ Academic Organizations;
- e) Other Non-profit/Charitable Organization; and

f) Any other Body Corporates or Association of Persons

Company may also undertake certain projects or programmes directly or in collaboration with above mentioned agencies. Decisions in this regard are based on what is appropriate and are taken by the company's management in consultation with CSR leadership.

For CSR activities undertaken through other Implementing Agency, the Company will specify the projects or programmes to be undertaken through these agencies, the modalities of utilization of funds on such projects or programmes. Our implementation is focused on a collaborative approach. Over the years, we have developed a process for due diligence and partner selection which is strictly followed.

***Cummins India Foundation (CIF)**

Cummins India Foundation was founded in 1990. It is registered as Public Charitable Trust under the Maharashtra Public Trust Act, 1950, the Income Tax Act, 1961 and Companies Act, 2013. CIF is dedicated towards serving the communities we live in and improving the lives of people.

The Company channelizes its funding and resources primarily via the Cummins India Foundation in its Corporate Social Responsibility focus areas. All its initiatives, both in the local community and in other parts of India where Company operates, fall under the key focus areas and are covered in Schedule VII to the Companies Act, 2013.

^Geographies

While selecting the communities or areas to implement the CSR projects or programmes, preference shall be given local areas around the locations, where it operates in India. Additionally, subject to the regulatory provisions and clarifications issued in this behalf, the Company may also spend its CSR obligation on projects that are aligned with the national priorities and enhance engagement of the corporate sector towards achieving Sustainable Development Goals (SDGs).

4. Annual Action Plan

In order to comply with the CSR objectives and to achieve the CSR related goals, CSRS Committee of the Board shall be responsible for reviewing and recommending to the Board the CSR Annual Action Plan as prepared by the management in consultation with CIF which would *inter alia* include the following:

- a. CSR projects approved in accordance with Schedule VII of the Companies Act, 2013
- b. the manner of execution of such projects along with Budget allocated modalities of utilisation of funds and implementation schedules for the projects
- c. monitoring and reporting mechanism for the projects, and details of impact assessment, if any, undertaken by the Company

The Board may modify the annual action plan as per the recommendations of the CSRS Committee at any time during the financial year, based on reasonable justification to that effect.

5. Total Outlay

In line with the provisions of the Companies Act, 2013 and rules mentioned thereunder, the Company shall contribute at least 2% of the average net profits of the Company made during the immediately preceding three financial years specifically towards CSR initiatives/ projects. All expenditure towards the program(s) shall be diligently documented.

In case 2% of average net profit of the preceding three financial years is not spent in a financial year, reasons for the same will be specified in the Company's Annual report on CSR activities. Any unspent CSR funds for a particular Financial Year, if any, shall be treated and spent in accordance with the relevant provisions of the Companies Act, 2013 as may be amended from time to time.

The surplus arising out of the CSR projects or programs or activities, if any, shall not form part of the business profits of the Company and shall be ploughed back into the same project, or shall be transferred to the unspent CSR Account and it shall be spent in pursuance of this CSR policy and Annual Action Plan of the Company.

6. Monitoring and Reporting Process

The Company's CSR programs will be implemented according to this policy in line with the recommendation of the Corporate Social Responsibility and Sustainability Committee and the approval of the Board.

The Company continuously enhances its monitoring and assessment system; however, it ensures that every program has:

- a) Clearly defined objectives with forward planning;
- b) Annual planning and review cycles
- c) Detailed progress monitoring system;
- d) Impact assessment;
- e) Ensure maximum involvement and participation of employees; and
- f) Reporting framework and system in line with the statutory Acts and Rules.

For enquiries related to the CSR initiatives, please contact us at:

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Any or all provisions of the CSR Policy would be subject to revision/amendment in consultation with CSRS Committee and in accordance with the guidelines on the subject as may be issued by the Government, from time to time.

The Board of Directors of the Company on recommendation of the CSRS Committee shall have the authority to amend the Policy. In any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard, the said law, rule, regulation or standard will take precedence over the policy until the policy is amended to conform with the statutory provisions.

Approved By: Board of Directors
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