

CORPORATE SOCIAL RESPONSIBILITY POLICY

“CSR Policy”

INTRODUCTION

The concept of Corporate Social Responsibility (“CSR”) has become a vital element of the modern world. The contemporary views of the Corporate sector believes that the efforts of government alone are not enough to get success in its endeavour to uplift the downtrodden Society and hence there it has catapulted its contribution towards the Society considering the same its responsibility. Moreover, the government, realizing the above fact, has introduced and enforced legislations, which provide for obligations of the corporate sector in the areas of CSR. With the rapidly changing corporate and regulatory environment, advent of more functional autonomy, operational freedom etc., the Company has adopted CSR as a strategic tool for sustainable growth. For the Company in the present context, CSR means not only investment of funds for Social Activities, but also Integration of Business processes with Social processes.

PREAMBLE

This CSR Policy shall operate as the Corporate Social Responsibility Policy of the Company for the purposes of Section 135 of the Companies Act, 2013 and the rules made thereunder including the Companies (Corporate Social Responsibility Policy) Rules 2014 (“CSR Rules”) as amended from time to time.

DEFINITION AND INTERPRETATION

1. “Board” means the Board of Directors of the Company.
2. “Company” means Encore Natural Polymers Private Limited.
3. “CSR Activities” means such programs and projects as may be approved by the Board in terms of this CSR Policy.
4. “CSR Committee” means a committee constituted by the Board of Directors in terms of Section 135 of the Act and the CSR Rules.
5. “CSR Rules” means the Companies (Corporate Social Responsibility Policy) Rules, 2014.
6. “CSR Expenditure” means the amount decided by the Board to be incurred on the CSR Activities in India in terms of the Act and the CSR Rules from time to time.
7. “Director” means a member of the Board of the Company.
8. “Implementing Agency” means the following bearing CSR registration number:

(a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

(c) any entity established under an Act of Parliament or a State legislature; or

(d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

10. "Net Profits" means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act (or the provisions of the Companies Act, 1956, if then applicable), but shall not include (i) any profit arising from any overseas branch or branches of the Company (whether operated as a separate company or otherwise); and (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

11. "Society" means a society registered under the Societies Registration Act, 1860 or any other applicable law in India.

12. "Trust" means a trust registered under the Indian Trusts Act, 1882 or any other applicable law in India.

Any term not defined above, shall have the meaning assigned to it under the Act or the CSR Rules.

APPLICABILITY

This Policy shall apply to all CSR projects / programmes undertaken by the Company in India as per the Companies Act, 2013

CSR COMMITTEE

Pursuant to the provision of Section 135(9) of the Companies Act, 2013, the Company shall constitute the CSR committee where the amount to be spent by the Company exceeds Rs 50 lakhs in any financial year. Till then, the Board of Directors shall discharge the duties and functions of the CSR committee as required under the Companies Act, 2013.

CSR PROGRAMMES AND PROJECTS

The Board shall ensure that the CSR Activities that are undertaken by the Company should be within the scope of the following activities or as per Schedule VII of the Companies Act, 2013 including any modification thereof:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and 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.

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

(v) 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 art and handicrafts;

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports

(viii) Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste,

tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(x) Rural development projects

(xi) Slum area development.

Explanation- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) Disaster management, including relief, rehabilitation and reconstruction activities.

(xiii) Funds spend for Covid-19 under point no (i) to (xii) above.

(xiv) Any ex-gratia payment is made to temporary /casual workers/ daily wage workers over and above the disbursement of wages, specifically for the purpose of fighting COVID 19 provided there is an explicit declaration to that effect by the Board of the company, which is duly certified by the statutory auditor.

The CSR Activities will be carried out in a manner that the preference is to undertake the CSR Activities in and around the local areas where the Company operates.

CSR Activities shall not include:

- The Activities undertaken in pursuance of normal course of business of a Company;
- Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

- Any contribution directly/indirectly to political party or any funds directed towards political parties or political causes;
- Any activities benefiting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- Any activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- Any activities carried out for fulfilment of any other statutory obligations under any law in force in India;
- Any amounts contributed directly or indirectly to any political party under Section 182 of the Act will not count towards CSR Expenditure or considered a part of CSR Activities.
- Any amounts expended while undertaking activities in pursuance of normal course of business of a Company or on an item not in conformity or in line with activities set out in Schedule VII of the Act, will not form a part of CSR Expenditure.
- Any amount spent benefitting the employees or in activities supported by the companies on sponsorship basis for deriving marketing benefits shall not be counted as CSR expenditure.

SELECTION OF CSR ACTIVITIES/ PROJECTS

- The following details of any CSR Activities to be undertaken and decided by the Board of the Company:
 - The objectives and expected results of the CSR Activity;
 - The relevant sector and the nature of the CSR Activity;
 - The focus area/ location for implementation of the CSR Activity;
 - The amount to be allocated towards the CSR Activity;
 - The indicative timelines for completion of the CSR Activity;
 - Mode of undertaking the CSR activity;
 - Such other details as it may deem necessary.
- In case any of the CSR Activities to be undertaken are anticipated to be long term, then a detailed estimate on implementation schedule or milestones should be undertaken and decided by the Board. If the Company undertake any multi-year CSR project which stretched more than one financial year or any CSR project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification, the Company shall undertake such 'ongoing project' as per the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) 2014.
- The Board shall also finalise an Annual CSR Action Plan.

CSR EXPENDITURE & SET OFF

- The Board shall decide the amount of CSR Expenditure to be incurred in a year, in accordance with the Act and the Rules.
- The Board shall be responsible for sanctioning the CSR Expenditure and taking steps to ensure that the amount for the CSR Expenditure is available for application towards the CSR Activities.

- The Board shall ensure that the CSR Expenditure in a financial year is at least at two per cent of the average Net Profits of the Company made during the three immediately preceding financial years.
- Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy.
- The unspent CSR amount, if any, shall be transferred to the funds as specified under Schedule VII of the Companies Act, 2013. The unspent CSR amount of ongoing project shall be treated as per 135(6) of the Companies Act, 2013.
- The Company can set off the excess CSR expenditure in succeeding three financial year provided the Board of Directors of the Company pass resolution to the effect. The set off shall not include the surplus arising out of CSR profits.
- The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

IMPLEMENTATION OF CSR ACTIVITIES/ PROJECTS

The Company can undertake the CSR activity:

- Either by itself;
- Jointly with other companies provided the CSR committees or Board (as the case may be) of respective companies are in a position to report separately on such projects or programmes;
- Through any implementing agency.

MONITORING PROCESS

- To ensure that the objectives of CSR Policy are being met in an efficient and effective manner, the utilisation of the amount sanctioned towards CSR Activities should be reported to the Board on an annual basis within 30 days from the closure of the respective financial year in such manner as the Board may decide.
- In the event any of the CSR Activities are undertaken through an Implementing Agency, the Company should obtain relevant information from the Implementing Agency and ensure that the progress on such CSR Activity is intimated to the Board on an annual basis in such manner as the Board may decide.
- Upon receipt of such progress report, the Board may review and deliberate upon such reports and provide such inputs or recommendations, as it may deem necessary.

REPORTING AND RECORD KEEPING

- The Board shall draw a detailed Annual Action Plan to undertake any CSR activity.
- The Company should assess the impact of CSR activity undertaken on the society.

- The Board will be responsible to ensure that:
 - The report of the Board includes the annual report on CSR Activities of the Company and sets out the requisite information in terms of the Act and the Rules;
 - The Board of Directors of the Company shall mandatorily disclose CSR Policy and Projects approved by the Board on their website, if any, for public access.
 - The contents of such policy are also made available on the website (if any)
- The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

POLICY REVIEW AND FUTURE AMENDMENT

The Board shall review its CSR Policy from time to time and make suitable changes as may be required.