



CHEMCON SPECIALITY CHEMICALS LIMITED
CORPORATE SOCIAL RESPONSIBILITY POLICY



Chemcon Speciality Chemicals Limited
Block No. 355, Manjusar-Kunpad Road, Village Manjusar,
Taluka-Savli, Vadodara, Gujarat-391775, India
CIN:U24231GJ1988PLC011652

Title and Applicability

Chemcon Speciality Chemicals Limited (the “Company”) is well aware of its corporate and social responsibility (CSR) and recognizes that good corporate governance and corporate social responsibility leads to growing the trust of all stakeholders. The CSR is not only charity or donations but is a strong commitment to contribute to social and environmental growth and prosperity. This CSR Policy has been framed in accordance with Section 135 of the Companies Act 2013 and the Rules framed thereunder. The Policy shall apply to all CSR activities undertaken or sponsored by the Company. This policy, henceforth called “CSCL CSR Policy”, underlines the guiding principles and mechanisms for undertaking various CSR activities/programs by the company.

The Policy shall apply to all CSR Projects/Programs undertaken by the company in India as per Schedule VII of the Act.

The chief purpose of this CSR philosophy is to develop the community in which the Company operates and make a sustainable improvement in the lives of economically, physically and socially challenged people living at the lower end of the society and initiate or support programs that is aimed at creating conditions for better livelihood in these communities. The Company shall also support measures that are aimed at preserving and enhancing the environment, health care and medical assistance and natural resources. The CSR policy shall act as a mechanism for regulating the CSR activities of the Company and adhere to laws and regulation in force and adopt best practices.

Objectives

The objectives of the CSCL CSR Policy are to:

1. Increasingly contribute to activities that are beneficial to the society and community at large.
2. To make effective mechanism for undertaking CSR activities.
3. Engage with the company’s key stakeholders in matters related to CSR activities.
4. Align the CSR activities undertaken by the company with the applicable laws.

Areas of Focus

Annexure-I of CSCL CSR Policy lists out the detailed CSR activities to be implemented by the company. Such list is indicative and not exhaustive in nature. Also, the CSR activities undertaken shall not be in pursuance of the normal course of business of the company. Further, the programs or activities that benefit only the employees of the company or their families shall not be considered as CSR activities.

The Board of Directors and/or the CSR committee reserve the right to modify, alter or otherwise update the Annexure-I from time to time, and as it deems fit. If there is any inconsistency between CSCL CSR Policy, Annexure-I and/or compliance with the requirements



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of Section 135 of the Companies Act, 2013 the ('Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('Rules'), the requirements of the Act shall prevail. In such a scenario, the Board of Directors and/or the CSR committee shall modify, alter or update the CSCL CSR policy and/or Annexure-I.

The CSR Committee of Directors (hereinafter referred to as the "CSR committee") will decide on the activities to be undertaken in each financial year and the budget allocation for the same.

Composition of the CSR Committee

The CSR committee shall be constituted by the Board of Directors of the Company Pursuant to the provisions of Section 135 of the Companies Act, 2013, as amended from time to time.

Roles and responsibilities of the CSR Committee

The CSR Committee shall be responsible for following functions:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Companies Act 2013;
2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (1) above;
3. To monitor the Corporate Social Responsibility Policy of the company from time to time;
4. Identifying modalities of implementing the CSR activities;
5. Proposing budget allocation for the CSR activities, subject to the approval of the Board of Directors;
6. Formulation of an effective monitoring system;
7. Monitoring the progress of the CSR programs on a regular basis.

Meetings of CSR Committee:

The CSR Committee shall conduct their meetings in following manner:

- a. The CSR committee shall meet at least once in a financial year.
- b. The quorum for CSR committee meeting shall either be two members or one third of the total members of the CSR committee, whichever is greater.

CSR Expenditure

The company shall ensure that it spends, in every financial year, at least two percent of the average net profits of the company (calculated as per section 198 of the Act read with the Rules)



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made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy

The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135 of the Act, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 of the Act up to immediate succeeding three financial years subject to the conditions that –

(i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

(ii) the Board of the company shall pass a resolution to that effect.

The CSR Committee would determine how much of the CSR Fund is to be spent and allocated to various CSR activities to be undertaken in each financial year and obtain necessary approvals from the company's Board of Directors, if required.

The CSR Committee shall endeavor to give preference to the local areas around which the company's offices are situated for the CSR activities.

Implementation

The Board shall ensure that the CSR programs/projects are undertaken by the Company itself or through:

(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.

The above entities shall register with the Central Government by filing the form CSR-1 electronically with the Registrar and get a unique CSR Registration Number.



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Monitoring and Evaluation Framework

In compliance with the Act and to ensure funds spent on CSR Activities are creating the desired impact on the ground a comprehensive Monitoring and Reporting framework has been put in place. The CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the CSR activities. The respective person handling CSR activity will present their annual budgets along with the list of approved CSR activities conducted by the Company to the CSR Committee together with the progress made from time to time as a part of the evaluation process under the monitoring mechanism.

Amendments

The CSR policy may be amended by the CSR Committee, as and when required, subject to the approval of the Board of Directors of CSCL, but will, at all times, be subject to applicable laws.



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Annexure-I

List of CSR activities which may be undertaken by the company

- (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 vocation 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) 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 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



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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.

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