



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 Corporate Social Responsibility Policy has been framed in accordance with Section 135 of the Companies Act 2013 (the Act) and the Rules framed thereunder. This 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.

CSCL CSR 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



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

of Section 135 of 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 Act, 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 Act;
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.

Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;



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

- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the Company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

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.

Roles and responsibilities of the Board

The Board of the Company shall,

- (a) after taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company and disclose contents of such Policy in its report and also place it on the Company's website, if any; and
- (b) ensure that the activities as are included in CSR Policy of the Company are undertaken by the Company.

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

If the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6) of Section 135 of the Act, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Any amount remaining unspent under sub-section (5) of Section 135 of the Act, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the Company in



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

persuance of its CSR Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year

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 the 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 the 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 amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by -

(a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or

(b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

(c) a public authority:

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:



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

(a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 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. The term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.; or

(d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G 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.

The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

The Board of the 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.

In case of ongoing project, the Board of the Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

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



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

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.

8. CSR Reporting

The Board's Report of the Company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable.

If the Company have average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(c) the Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two per cent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

Display of CSR activities on its website

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access

Transfer of unspent CSR amount

Until a fund is specified in Schedule VII for the purposes of subsection (5) and(6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the Company to any fund included in schedule VII of the Act.

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.



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

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) 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



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

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. 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.