

# **SHAH SPONGE AND POWER LIMITED**

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

## **A. Corporate Social Responsibility (CSR) – Philosophy:**

SHAH SPONGE AND POWER LIMITED (SSPL), has always been committed to the cause of social service and has repeatedly channelized a part of its resources and activities, such that it positively affects the society socially, ethically and also environmentally. The Company has taken up various Corporate Social Responsibility (CSR) initiatives and enhanced value in the society.

Social and environmental responsibility has always been at the forefront of SSPL operating philosophy and as a result the Company consistently contributes to socially responsible activities. CSR at SSPL portrays the deep symbiotic relationship that the group enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute for social and environmental causes on a regular basis. We believe that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, consumers and societies in which it operates. We are of the opinion that CSR underlines the objective of bringing about a difference and adding value in our stakeholders' lives.

With the advent of the Companies Act, 2013 constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy became a mandatory requirement. Therefore, the Company has formulated a robust CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

## **B. CSR Vision:**

Improve Quality of Life for All our Communities through Integrated and Sustainable Development.

## **C. CSR and Group Values:**

- Courage** : To embrace new and Innovative ideas for betterment of people
- Trust** : Believe in all stakeholders
- Commitment** : Stand by our promises and adhere to high standard of work in all CSR activities

## **D. CSR and Group Culture: (PRIDE)**

- Passion** : Performing with enthusiasm and Energy and true passion
- Result** : Consistently achieve goals, Resourcefulness

which brings desired results

- Integration : Working across functions and businesses to create Synergy with integrity
- Dedication : Working with commitment in the pursuit of our aim
- Entrepreneurship : Seizing opportunity with initiative and ownership. Evolving replicable models

## **E. CSR Committee:**

Keeping in line with section 135 of the Companies Act, 2013 and the rules thereunder (hereinafter referred to as 'the Act'), the Board of Directors of the Company have constituted Sustainability and Corporate Social Responsibility Committee (hereinafter referred to as the 'CSR Committee'), to *inter alia*, carry out the following functions:

- a) To review from time to time Corporate Social Responsibility (CSR) policy in the light of emergent situation and statutory frame work;
- b) To recommend the amount of investment to be made on CSR activities;
- c) To monitor the implementation of CSR policy and review overall performance in CSR Programmes;
- d) To review from time to time Sustainability policy in the global context and evolving statutory frame work such as Business Responsibility Report (BRR);
- e) To review overall Sustainability performance and Sustainability Reporting of the Company;
- f) To review from time to time different aspect of Sustainability Performance such as ethical governance, environmental stewardship, safety performance at sites, water and energy use etc.; and
- g) The authority to decide on Disclosure on Management Approach in Sustainability Reporting and to steer Sustainability Performance is hereby delegated to CEO of the Company.

## **F. Definitions:**

In this Policy, unless the context otherwise requires:

1. "Act" shall mean the Companies Act 2013 and the rules made thereunder, including any modifications, amendments or re-enactment thereof.

2. "Agency" (or Agencies) means any Section 8 Company or a registered trust/society/NGO/ institution, performing social services for the benefit of the society and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.
3. "Approved Budget" shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.
4. "Board" shall mean the Board of Directors of the Company.
5. "Company" shall mean SHAH SPONGE AND POWER LIMITED and wherever the context requires, shall signify the Company acting through its Board.
6. "CSR Annual Plan" shall mean the annual plan detailing the CSR expenditure for the year.
7. "CSR Committee" shall mean the Sustainability and Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act, consisting of three or more directors, out of which at least one director shall be an independent director. Further where there is no independent director, the committee shall be constituted by at least three directors.
8. "CSR Expenditure" means all CSR Expenditure of the Company as approved by the Board upon recommendation of the CSR Committee, including the following:
  - i Contribution to CSR Projects which shall be implemented and/or executed by the Company;
  - ii any other contributions covered under Schedule VII to the Act.

Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR Expenditure.
9. "CSR Officer" shall mean the whole time person engaged by the Company for activities envisaged in the CSR Policy; having due comprehension, understanding, drive and passion for such activities and designated as such.
10. "CSR Policy" shall mean the present Corporate Social Responsibility Policy of the Company, which covers the activities to be undertaken by the Company as specified in Schedule VII to the Act and the CSR Expenditure thereon.
11. "CSR Projects" or "Projects" means Corporate Social Responsibility projects/activities/ programs/ initiatives instituted in India, either new or ongoing, and include but not limited to those undertaken by the Board in

pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company.

Projects/activities/ programs/ initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit only the employees of the Company and their families shall not be considered as CSR Projects.

12. "Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
13. "Group Companies" means holding, subsidiaries and associates of the Company.
14. "Net profit" shall mean the net profit as per the Act and Rules based on which the specific percentage for CSR Expenditure has to be calculated.
15. "Rules" shall mean the Companies (Corporate Social Responsibility) Rules 2017, including any re-enactment, modifications or amendments thereof.
16. "Thrust Areas" shall have the meaning as ascribed to them as per provision G of the Policy.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or Rules.

#### **G. Thrust Areas:**

While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII to the Act, however, at present, it proposes to undertake the relevant activities on priority basis in the following four Thrust Areas:

- Primary Education
- Community Health
- Sustainable Livelihood Development
- Rural Infrastructure Development

#### **H. CSR Objectives and Projects:**

SSPL will carry out/ get implemented its CSR activities projects decided by Board of directors of the Company time to time.

CSR Projects will be taken up in following core sectors covering influenced villages near business sites and some projects having state wide and nationwide coverage:

##### **(i) Primary Education:**

All efforts geared towards improving Quality of Education.

##### **(ii) Primary Health Care:**

All efforts will be geared towards Preventive and Primary Health Care.

**(iii) Sustainable Livelihood Developments:**

All efforts will be geared towards enhancing Socio-Economic Stature.

**(iv) Rural Infrastructure Development:**

All projects will be geared towards enhancing Rural Civic Amenities.

**(v) Rural Sports and Sports Training:**

All projects will be geared towards promoting Rural Sports.

**I. Identification of CSR Projects:**

1. CSR Projects need to be identified and planned for approval of the CSR Committee, in particular in Thrust Areas, with estimated expenditure and phase wise implementation schedules.
2. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
3. As a cardinal principle, the CSR Projects in Thrust Areas shall be identified on the basis of a detailed assessment survey.
4. The CSR Officer may engage external professionals/firms/agencies if required for the purpose of identification of CSR Projects.

**J. Implementation of CSR Projects:**

The Company shall implement the identified CSR Projects by the following means:

**I. Direct Method**

1. The Company may itself implement the identified CSR Projects presently within the scope and ambit of the Thrust Areas as defined in the Policy;
2. The CSR Officer may engage external professionals/firms/agencies if required, for the purpose of implementation of its CSR Projects.
3. The Company may collaborate with other companies, including its Group

Companies if required, for fulfilling its CSR objects through the Direct Method, provided that the CSR Committees of respective companies are in a position to monitor separately such CSR Projects.

## **II. Indirect Method**

1. The Company may implement the identified CSR Projects through Agencies, subject to the condition that:
  - The activities pursued by the Agency are covered within the scope and ambit of Schedule VII to the Act provided
    - The Agency has an established track record of at least three years in undertaking similar programs or projects, and
    - The Company has specified the Project to be undertaken through the Agency which shall preferably be in Thrust Areas, the modalities of utilization of funds on such Projects and the monitoring and reporting mechanism which shall be at least once in three months.
2. The Company may collaborate with other companies, including its holding and subsidiary Companies and Group Companies if required, for fulfilling its CSR objects through the Indirect Method provided that the CSR Committees of respective companies are in a position to monitor separately such Projects.

## **K. Monitoring Mechanism:**

There will be a review and monitoring committee comprised of Business Site Head, Head Operations, and Employee of SSPL which will meet every quarter. This committee will report to the board through CSR Committee of the business.

Internal Audit and review as well as regular capacity building at all levels of execution/implementing partners and monitoring/review committees will be done on regular basis.

## **L. Fund allocation and Others:**

### **A. Fund allocation**

1. The Company, in every Financial Year, shall endeavor to spend such feasible amount as CSR Expenditure, which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years. However, the aforementioned CSR Expenditure in any Financial Year shall be at least 2% of Company's average Net profits for the three immediately preceding Financial Years.
2. The CSR Committee shall prepare a CSR Annual Plan for the above which shall include:

- a. Identified CSR Projects
  - b. CSR expenditure
  - c. Implementation Schedules
3. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee
  4. In case the Company fails to spend the statutory minimum limit of 2% of Company's average net profits of the immediately preceding three years, in any given financial year, the Board shall specify the reasons for the same in its report in terms of clause (o) of sub-section (3) of section 134 of the Act.

## **B. Others**

1. The CSR Committee shall ensure that major portion of the CSR expenditure in the Annual Plan shall be for the Projects as per CSR objectives. However, there shall not be any preference given to any particular projects for budgetary allocation and it shall be made purely as per the identified CSR Projects on need basis.
2. The Chairman and the Whole Time Director of the Company are authorized severally to decide on Projects to be implemented within the allocation as per the Annual Plan.
3. Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company.

## **M. Duties and responsibilities:**

### **I. Board of Directors**

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules.

### **II. CSR Committee**

- i. The CSR Committee shall monitor the implementation of the CSR Policy and CSR Plan. For this purpose, the CSR Committee shall meet at least twice a year.
- ii. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
- iii. The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in first Board meeting of the



following year for Board review and finalization.

- iv. The CSR Committee shall place before the Board in first Board meeting of the following Financial Year every year a responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company for inclusion in the Board's Report.
- v. The CSR Committee shall ensure that the CSR Policy and finalized Annual Plan is displayed on the Company's website if any.

**N. Review Periodicity and Amendment:**

- i. CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.
- ii. The CSR Committee shall review the Policy every two years unless such revision is necessitated earlier.

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