

Sudarshan Chemical Industries Limited
162 Wellesley Road, Pune – 411 001

Corporate Sustainability Policy

Effective date of Policy

This policy is effective from 27th May, 2016.

The Board of Directors of Sudarshan Chemical Industries Ltd. (Sudarshan/Company), after taking into account the recommendations of the CSR Committee have approved this CSR Policy for the Company, as required under Section 135 of the Companies Act, 2013 (Act) and Rules made thereunder, as amended from time to time. The expenditure on yearly CSR will be published in the Annual Report of the Company for the information of all concerned.

Background of Corporate Sustainability at Sudarshan

Reaching out to the community has always been a part of Sudarshan's philosophy. Sudarshan's Holistic Aspiration (SUDHA) was initiated in 2011 to give a structure to the existing projects and to start new projects, to involve, engage and empower women in the community.

Grand Vision of Sudarshan

The grand vision of Sudarshan is 'Growing Together' in a manner that is Spiritually Fulfilling, Socially Just and Environmentally Sustainable.

Vision of SUDHA

Wholesome sustainable growth of women and children in communities around Sudarshan's plants.

Mission of SUDHA

Reach out to communities by engaging in projects pertaining to Livelihood-Women Empowerment, Health, Education, Environment and Community Development.

Objective

- **SERVING** communities for a better future
- **CREATION** of belongingness through sustainable inclusive growth
- **EMPOWERING** women for leadership
- **CREATING** groups to lead projects ahead

Eligibility

This policy is applicable to all the individuals and communities preferably within local area or areas around our Company locations situated in Pune & Raigad Districts of State of Maharashtra.

Definitions for reference through policy

Corporate Social Responsibility to Corporate Sustainability - We at Sudarshan call Corporate Social Responsibility as Corporate Social Sustainability (CS) because we believe that any project initiated is not only a responsibility but it has to be a sustainable initiative.

Framework of SUDHA

Sudha has been working consistently to create a better living standard and environment for people of the community. Sudha has its operations branched out in following major areas:



Focus areas for CS activities:

The following broad categories for CS activities have been in planned:

Sr. No.	Broad Categories	Activities	Brief description of activities
1	Livelihood enhancement Project	Paper Bag project	Our Newspaper Bag project is an ongoing activity for the last 3 years, encouraging reuse of paper, thus enhancing the livelihood of the village women.
2	Employment Enhancing vocational skill	Stitching	To professionally equip the women with adequate skills to earn a sustainable income through Stitching Projects
		Paper craft	To professionally equip the women with adequate skills to earn a sustainable income through Paper Craft
		Exhibition	Providing a platform to help them showcase & market their products
3	Health	Health Outreach	Creating awareness on the importance of health, hygiene, nutrition and societal balance in order to bring about better ways of living
4	Promotion of education	Scholastic Development of Children & Youth	Projects are aimed towards enhancing & promoting Scholastic education of children & youth
5	Ensuring Environment Sustainability	Organic Farming & Waste Management	Projects such as waste management, vermi-composting, organic farming, etc. are carried out to enhance awareness on living in a more environmentally sustainable manner. We have partnered with an NGO, called Know How Foundation (INORA) for these initiatives
		Plastic Free Roha	Educating communities to use more environment friendly products to reduce of plastic, through awareness drives
6	Community Development	Community bonding through festivals and get-togethers	Arrange get together and celebrations of major festivals like Ganesh Chaturthi, Diwali, Navratri etc. for community bonding
		Swachh Bharat Abhyan	Taking up various projects under the Swachh Bharat Abhyan initiative of the Government
		Swachh Vidyalaya	Build toilets for girls in schools near our site locations, under Swachh Vidyalay initiative of the Government

However while selecting Projects due care shall be exercised to undertake projects which fall under any one of the activities listed under Schedule VII read with section 135 of the Act and Rules made thereunder.

While harmonizing the objectives and the projects undertaken pursuant thereto, due regard shall also be given to their judicial interpretation as laid down by judicial forums. This shall be one of the guiding factors.

Definitions

(a) "Act" means the Companies Act, 2013;

(b) "Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

(c) "Annexure" means the Annexure appended to The Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time;

(d) "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in the Rules, but shall not include the following, namely:-

(i) activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(ii) 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;

(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;

(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfillment of any other statutory obligations under any law in force in India;

(e) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

(f) "International Organisation" means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947, to which the provisions of the Schedule to the said Act apply;

(g) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

(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: Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

(h) "Ongoing Project" means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such 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;

(i) "Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005;

(Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.)

Composition of CSR Committee of the Board

Chairperson:	Mrs. Rati F. Forbes
Member:	Mr. P. R. Rathi
Member:	Mr. R. B. Rathi

Role & Responsibilities of the CS Committee

The role of the CS Committee is to institute a transparent monitoring mechanism for implementation of the CS projects or programs or activities undertaken by the company. Some of their responsibilities are as below:

- Formulate and recommend to the Board for approval, a CS policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013, as amended from time to time.
- Recommend the amount of eligible expenditure to be incurred on the activities referred in the point above for approval by the Board.
- Monitoring the implementation and impact, as also the policy from time to time complying with the legal requirement.
- The CS Committee shall ensure that the surplus (if any) arising out of CS activities shall not form part of the business profit of the Company.
- Ensure that the activities that have been included in the CS policy are broadly undertaken by the company.
- Reporting to the Board from time to time coinciding with scheduled Board meetings about activities pursued and amount spent.
- Any other activity as may be mandated by the Board

The Board in turn has some responsibilities towards CS as follows:

- After taking into account the recommendations made by the CS committee, the board will arrange to place the policy and projects approved by the Board on the Company's website where it is visible to everyone.
- To review the activities that have been included in the CS policy are undertaken by the company
- Upon recommendation of the CS Committee to approve spending of such amounts as may be deemed expedient on one or more Projects outlined above.
- To ensure implementation of the activities under CS and to ensure expenditure of requisite amount on CSR activities every year as per Act and Rules made thereunder, as amended from time to time.
- To give reasons if the allocated amount is not spent in the respective financial year, and to transfer the unspent amount to a Fund as specified by the Act and Rules made thereunder.
- To carry forward and set off any excess amount spent in the earlier Financial Year, in the succeeding Financial Years in terms of the provisions of the Act and Rules made thereunder.

Annual Action Plan

The CS Committee shall formulate and recommend to the Board, an Annual Action Plan as per the Act and Rules made thereunder, as amended from time to time, including the following points:

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- The manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;
- The modalities of utilisation of funds and implementation schedules for the projects or programmes;
- Monitoring and reporting mechanism for the projects or programmes; and
- Details of need and impact assessment, if any, for the projects undertaken by the company;
- Any other point as deemed fit by the Committee

The 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.

Unspent CS expenditure

Any CS expenditure remaining unspent at the end of the Financial Year, shall be treated in the following manner -

i. In case of an 'ongoing project' –

- 'Ongoing' Project' means a multi-year project undertaken by the Company, where project period shall not exceed 3 years excluding the FY in which it was commenced.
- In case of an ongoing project, the Board shall approve – expected timeline to complete the project, budget allocation and manner in which project shall be completed.
- Projects which were initially not approved as multi-year project but whose duration has now been extended beyond 1 year by the Board based on a reasonable justification, can be treated as an ongoing project.

- Any unspent amount related to the ongoing project is to be transferred to a separate Bank Account named 'Unspent CSR Account' within 30 days of the end of FY.
- Such transferred amount to the Unspent CSR Account shall be spent towards the CSR projects within 3 FY's from the date of such transfer;
- On failing, the portion of the unspent amount shall be transferred to a Special Fund specified by Schedule VII of the Act, within 30 days from the date of completion of the aforesaid 3 FY's

ii. In any other case –

- Transfer the unspent amount to the Fund specified by Schedule VII of the Act within 6 months from the end of FY

Impact Assessment

As per the provisions of the Act and Rules made thereunder, as amended from time to time, the Company shall undertake Impact Assessment of its CS projects/programmes, if applicable, through an Independent Agency.

Utilization of the Capital Assets

- i. Company may spend the CSR expenditure for creation / acquisition of a Capital Asset, which shall be held by –
 - Section 8 Company, Registered Public Trust, Registered Society, etc;
 - Beneficiaries of the said CSR project, in the form of self help group, collectives, entities, a public authority, etc.
- ii. Any Capital Asset created by the Company prior to 22nd January, 2021, shall be transferred to the aforesaid entities within 180 days from the said date, and which can be further extended by 90 days with the approval of the Board.

Partnerships

To complete the activities/ projects planned under CS in the best way possible and to achieve the CS goals of Sudarshan, Company may partner with different NGO, Trust, Society or other organisation with an established track record of at least three years.

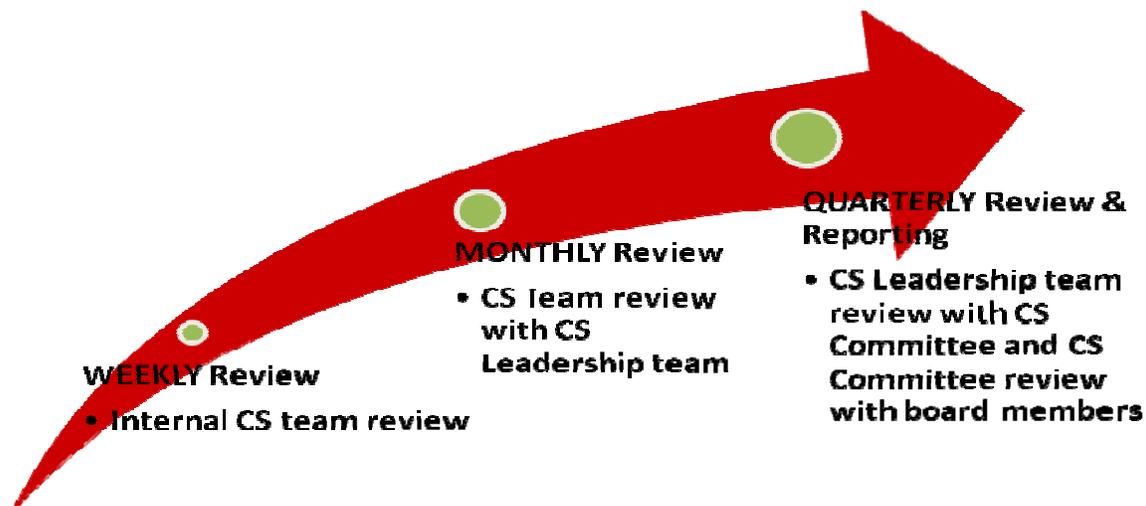
Monitoring process

The proposed CS activities have been recommended by the CS Committee and accepted by the Board of Directors of the Company. Apart from the above mentioned process, all the projects recommended above would be monitored by the CS Committee from the perspective of achieving time frames and assessing social impact. The management of the company would also ensure accountability for the funds invested in the NGO's project through continuous monitoring of projects undertaken.

The CS committee shall work closely with the in-house CS team and convene periodic meetings to monitor both the process and progress. The CS committee will in turn keep the Board informed.

Review Mechanism

The review mechanism would be done on weekly, monthly and quarterly basis



Reporting

The Company’s Annual Report would include the Annual Report on CSR as per the particulars specified under CSR rules.

The report shall include 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.

The Annual Report on CSR Activities shall be signed in accordance with the provisions of the Act and Rules made thereunder, as amended from time to time.

Amendments to the Policy

Any amendment of any provision of this policy must be approved in writing by the Company’s Board as per the recommendation of the CS Committee and promptly disclosed on the Company’s website and in all applicable laws and regulations , together with details about the nature of amendment.

Modifications

Any modification to this policy shall be made with the approval of the Board.

Policy approved by the Board	Board Meeting held on 27 th May, 2016
1 st Amendment	Board Meeting held on 23 rd April, 2021