

VALCO INDUSTRIES LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

CORPORATE SOCIAL RESPONSIBILITY PHILOSOPHY

“Corporate Social Responsibility (CSR) is a continuing commitment by Business community to contribute to the Socio-economic development of a Country. The concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. As a responsible Corporate Citizen, Valco Industries Limited believes that to succeed, an organization must maintain highest standards of corporate behaviour towards its employees, customers and society in which it operates and accordingly Valco Industries Limited has formulated this CSR Policy.

1. PURPOSE

This Corporate Social Responsibility Policy (“CSR Policy”) has been adopted by the Company in consonance with Section 135 of the Companies Act 2013 (“Act”), the Companies (Corporate Social Responsibility Policy) Rules 2014 (“CSR Rules”), and subsequent amendments/notifications/circulars issued by the Ministry of Corporate Affairs, Government of India, from time to time.

2. CSR COMMITTEE

The CSR committee will be responsible for:

1. Formulate and amend, time to time, this CSR Policy and recommend the same to the Board of Directors of the Company for approval and adoption.
2. To recommend and undertake such CSR activities as approved by the Board of Directors of the Company.
3. To monitor the implementation of CSR activities in terms of the CSR Policy.
4. To seek the reports on the progress of CSR activities undertaken by the Company.
5. The Committee will formulate the Annual Action Plan in relation to CSR Expenditure.
6. Ensure that the administrative overheads are not more than 5% of the total CSR Expenditure.

3. ROLE OF THE BOARD

Following are the functions to be discharged by the Board of Directors :

1. After taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the Company.
2. Ensure that the CSR activities included in this Corporate Social Responsibility Policy are undertaken by the Company.
3. Ensure that in each financial year the Company spends at least 2% of the average net profits of the company made during the three immediate preceding financial years, calculated in accordance with Section 198 of the Act, in pursuance of its CSR policy. Further, while spending the amount earmarked for CSR activities, preference should be given to local areas and areas around the Company where it operates.

4. CSR ACTIVITIES

The company shall undertake CSR activities for development of the society and the environment, preferably in the vicinity of the areas where the office of the Company is located.

A. The Company shall undertake such activities which are broadly related to any of the following:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
3. 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;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

5. 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;
6. 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;
7. Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
8. Rural development projects;
9. Slum area development.
10. Disaster management, including relief, rehabilitation and reconstruction activities;

B. The Company may also contribute to the following funds as part of CSR activities:

1. Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
3. 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 Government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
4. 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;
5. 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 Defence 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).

The above areas as enshrined in Schedule VII to the Act and included in this policy aims to provide macro areas in which CSR projects should be undertaken by the Company.

5. CSR MONITORING AND REPORTING 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

6. ANNUAL ACTION PLAN

The Board shall formulate and recommend an annual action plan which shall include the following:

1. The list of CSR projects or programmes that are approved and to be undertaken by the Company;
2. The manner of execution of such projects or programmes;
3. The modalities of utilisation of funds and implementation schedules for the projects or programmes;
4. Monitoring and reporting mechanism for the projects or programmes; and
5. Details of need and impact assessment, if any, for the projects undertaken by the Company.

The Board of Directors are empowered to alter the Annual Action Plan during the financial year based on the reasonable justification to that effect.

7. CSR EXPENDITURE

1. The administrative overheads spend by the Company should be less than or equal to 5% of total CSR expenditure of the Company for the financial year.

2. The surplus out of CSR activities shall be ploughed back into the same projects or shall be transferred to the Unspent CSR Account within a period of six months of the expiry of the financial year.
3. If Company spends an amount in excess of requirement, such excess amount may be set off against the CSR spending requirement up to immediate succeeding three financial years subject to the conditions that –
 - a) The excess amount shall not include the surplus arising out of CSR activities.
 - b) Board shall pass a resolution.

8. SPECIAL UNSPENT CSR ACCOUNT :

Any amount remaining unspent pursuant to any on-going project shall be transferred to a special bank account, called an Unspent CSR Account to be opened by the Company for each financial year in any scheduled bank within a period of thirty days from the end of the financial year.

The amount transferred to the unspent CSR account 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.

For on-going projects if the Company fails to spend the amount within a period of three financial years, the amount shall be transferred to a Fund specified in the Act and rules made there under, within a period of thirty days from the date of completion of the third financial year.

9. CSR REPORTING

The Board Report of a Company shall include an Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.

10. AMENDMENTS TO THE POLICY

This CSR Policy is subject to such changes and amendments as may be notified by the Ministry of Corporate Affairs under Section 135 of the Companies Act, 2013 and rules made thereunder and the same shall be read in line with the provisions of the Act applicable to the Company from time to time.