

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

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**VERSION NO.**  
**AUTHORIZED BY**

**2.0**  
**CSR COMMITTEE**

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## 1. INTRODUCTION:

- a) Corporate Social Responsibility is strongly connected with the principles of sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Therefore, it is the core corporate responsibility of Choksi Heraeus Private Limited (hereinafter, 'Company') to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.
- b) With the promulgation of the Companies Act, 2013 (hereinafter, 'Act') in September 2013 and the notification of Section 135 of the Act read with Schedule VII to the Act, dealing with the aspect of corporate social responsibility as also of the Rules laid down to such effect to the Act, which have come into force on the 1st day of April, 2014 (hereinafter, 'the CSR Rules'), it has become mandatory for the corporate entities falling within the purview of the limits as to net worth, turnover or profitability as laid down in the said section read with the CSR Rules, to undertake any one or more of the activities as laid down thereunder, towards the discharge of their responsibility towards the society in general (hereinafter, the 'Corporate Social Responsibility' or briefly 'CSR').
- c) The Company being a corporate entity falling within the purview of Section 135 of the Act read with CSR Rules, the CSR Committee constituted by the Board of Directors of the Company (hereinafter, 'Board'), has in exercise of its authority and discharge of its responsibility, formulated a CSR Policy, which has been approved by the Board as the Corporate Social Responsibility Policy.
- d) Later, in view of the various Circulars issued by the MCA clarifying various aspects of CSR Rules and also certain amendments made to Schedule VII to the Companies Act 2013 to enhance the list of activities that will qualify as CSR activities, the Board of Directors had adopted a revised CSR Policy pursuant to the Companies (Corporate Social Responsibilities Policy) Amendment Rules 2021 for the Company at its meeting held on 4th May 2021. The Policy can be downloaded from the website of the Company at [www.choksiheraeus.com](http://www.choksiheraeus.com).

## 2. OBJECTIVES:

The CSR policy of the Company intends to:

- a) Strive for economic development that positively impacts the society at large with minimal resource footprint.
- b) Embrace responsibility for the Company's actions and encourage positive impact on communities, stakeholders and the society through its activities aimed towards promoting education, health care and environmental sustainability and eradication of poverty, malnutrition and inequality.

## 3. CSR ACTIVITIES/ FOCUS AREAS:

In accordance with the requirements under the Companies Act, 2013, the Company's CSR activities will focus on:

- i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh 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]
- 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 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 Organization (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.
- xii.) Disaster management, including relief, rehabilitation and reconstruction activities.

Based on the scope of activities set out above, the CSR Committee shall provide recommendations to the Board with respect to specific CSR Activities that may be undertaken by the Company.

**4. IMPLEMENTATION OF CSR ACTIVITIES :**

The Board shall be responsible for implementing the mandate of the CSR Policy and shall ensure that the CSR Activities are carried out in accordance with the CSR Policy read with the Act and CSR Rules.

The Board shall ensure that the CSR activities 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 Company will undertake the implementation of CSR activities themselves or through an outside agency or through collaboration with other Companies

The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.

**5. LOCATION OF CSR EFFORTS:**

While undertaking any activity for CSR purposes, the CSR Committee will decide the location for CSR activities. However, the CSR committee shall give preference to local area and areas around which the Company operates to undertake such CSR activities. The company may also periodically take up programs of national importance outside its core state.

**6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

- a) The CSR policy and programs shall be implemented, managed and supervised by the CSR committee appointed by the Board.
- b) The CSR Committee shall comprise at least of such number of directors as is mandatorily required by applicable laws.
- c) The CSR Committee shall meet at least twice in a financial year and the quorum for CSR Committee meetings shall be 2 (two) members.
- d) In terms of section 135 of the Companies Act, 2013 and the Rules made thereunder, the Board of Directors of the Company at its meeting held on 1<sup>st</sup> September 2018 has re constituted the CSR Committee, which is comprising of the following members/Directors:

Sr. No.	Name of the Directors/Members	Designation in Committee
1.	Mr. Shailesh R Choksi	Chairman of the CSR Committee & Director
2.	Mr. Kishor Choksi	Managing Director & Committee Member
3.	Mr. Andre Christl	Director & committee Member

## 7. RESPONSIBILITIES OF THE CSR COMMITTEE:

The responsibilities of the CSR committee include:

- a) To formulate and recommend to the Board, a Corporate Social Responsibility 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).
- b) To formulate and recommend to the Board, an annual action plan for CSR (CAAP) in pursuance to the CSR Policy.
- c) To recommend the amount of expenditure to be incurred on the activities in a financial year.
- d) To monitor the Corporate Social Responsibility Policy of the company from time to time.
- e) To assist the Board to monitor and review the CSR activities undertaken by the Company;
- f) To present an annual report to the Board, on the CSR activities undertaken by the Company during the Financial Year, the amount spent thereon and compliances of the Act & CSR Rules adhered or not adhered to, if any;
- g) Any other matter/thing as may be considered expedient by the Members of the Committee in furtherance of and to comply with the CSR Policy of the Company.
- h) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

## 8. RESPONSIBILITIES OF THE BOARD

The Board shall:

- a) Form a CSR Committee and disclose the composition of the CSR Committee.
- b) Approve the CSR Policy after taking into account the recommendations made by the CSR Committee.
- c) Place the CSR Policy on the Company's website.
- d) Ensure implementation of the activities under CSR
- e) Ensure expenditure of requisite amount on CSR every year as per law.
- f) Disclose reasons for not spending the amount (if applicable) in the Annual Report to the Shareholders of the Company.
- g) Ensure that the administrative overheads are not more than 5% of the total CSR Expenditure.
- h) Ensure that the funds so disbursed have been utilized for the purposes and in the manner as approved by Board / CSR Committee and the Chief Financial Officer shall certify to the effect.
- i) Approve transfer of unspent CSR Amount in accordance with the law. The Accounts and Finance Team of the company shall prepare the statement of spent and unspent CSR amounts and shall assist and facilitate for transfer of the same.

## 9. CSR ANNUAL ACTION PLAN (CAAP):

The CSR Committee shall formulate and recommend to the Board of Directors, a CAAP in pursuance of this Policy, which shall include:

- a) focus areas for the year
- b) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act,
- c) the manner of execution of such projects or programmes,
- d) the modalities of utilisation of funds and implementation schedules for the projects or programmes,
- e) monitoring and reporting mechanism for the projects or programmes and
- f) details of need and impact assessment, if any, for the projects undertaken by the company.

The Board of Directors may approve the CAAP with such further conditions as it deems fit and further alter CAAP at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

## 10. MONITORING PROCESS

- a) In order to ensure effective implementation of CSR projects or programmes, the CSR Committee while approving projects or programs to be undertaken by the Company pursuant to the Policy during a financial year, shall decide the implementation schedule and frame suitable projects specific monitoring mechanism.
- b) The CSR Co-ordinator or one or more of senior officers of the Company shall execute and implement, such implementation schedule and monitoring mechanism, respectively.
- c) The CSR Co-ordinator shall submit a report to Chairperson, outlining the progress/update on on-going CSR programmes from time to time.

## 11. TOTAL OUTLAY:

From April 1st, 2014, in line with the new Companies Act 2013 (the Act), the company pledges to contribute at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years specifically towards CSR initiatives. For this purpose, the net profit and average net profit shall be calculated in accordance with the provisions of section 198 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend up to 5% of the total CSR expenditure in one financial year on administrative expenses relating to the general management and administration of CSR functions in the company.

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the Company and shall be ploughed back into the same project, or shall be transferred to the Unspent CSR Account and it should be spent in pursuance of this CSR policy and annual action plan of the Company, or the Company may transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by the company in any scheduled bank called the "Unspent Corporate Social Responsibility Account".

Such amount shall be spent by the company towards CSR within a period of 3 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 30 days from the date of completion of the third financial year.

If a company has spent amounts more than the mandatory two percent on CSR, the company can set off such excess amounts against the CSR spends in the next three financial years. The board of directors however, needs to pass a resolution for this.

## 12. IMPACT ASSESSMENT OF CSR PROJECTS

The Company shall undertake impact assessment, if applicable, of its CSR projects as per the provisions of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as may be amended from time to time. The impact assessment reports, if any shall be placed before the Board and shall be annexed to the Annual Report on CSR.

## 13. REPORTING AND INFORMATION DISSEMINATION

- a) The CSR Committee shall maintain proper minutes of all its meetings.
- b) The Board's report of the Company shall include an annual report on CSR containing the particulars as may be prescribed from time to time under the Act and the CSR Rules.
- c) In respect of the reporting, the Board will be responsible to ensure that:
  - (i) The report of the Board includes the annual report on CSR Activities of the Company and sets out the requisite information in terms of the Act and the Rules;
  - (ii) The contents of the latest and updated version of the CSR Policy is included in the report of the Board;
  - (iii) The contents of the CSR Policy along with composition of the CSR committee, and projects approved by the Board are also made available on the website (if any) of the Company.
  - (iv) In case of failure to ensure the minimum CSR Expenditure, detailed reasons for the same are adequately disclosed in the Board Report.

## 14. GENERAL

- a) The Board of the Company may, subject to compliance with applicable law, at any time alter, amend or modify the CSR Policy as it deems fit to comply with the statutory obligation of the Company to undertake the CSR Activities.
- b) In case of any doubt with regard to any provision of this CSR Policy and also in respect of matters not covered herein, a reference should be made to the CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.
- c) All provisions of the CSR Policy would be subject to revision/amendment in accordance with the applicable laws.
- d) The Company reserves the right to modify, cancel, add, or amend this CSR Policy.

## 15. EFFECTIVE DATE:

This policy is effective from 01.04.2021.