

SK MINERALS & ADDITIVES LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

BACKGROUND

In compliance with the requirements of Section 135 read with Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, the Company is, inter alia, required to:

1. Constitute a Board Committee to formulate and recommend to the Board a Corporate Social Responsibility (“**CSR**”) Policy, recommend the amount of CSR expenditure and monitor the CSR activities of the Company from time to time.
2. Ensure that the Company spends, in every financial year, at least 02 (Two) per cent of the average Net Profits before Tax (“**PBT**”) of the Company, made during the 03 (Three) immediately preceding financial years, in pursuance of its CSR Policy.

DEFINITIONS

In this Policy unless the context otherwise requires

1. ‘**Act**’ means Companies Act, 2013;
2. ‘**Corporate Social Responsibility**’ means Corporate Social Responsibility as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014;
3. ‘**Net Profit**’ means the net profit computed for a financial year 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.
4. ‘**Ongoing Project**’ means a multi-year project undertaken by a company in fulfilment 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;

Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

PHILOSOPHY

Corporate Social Responsibility (“**CSR**”) is a public-spirited cause that has been introduced by the new Companies Act, 2013. Through the CSR there is a formation of a dynamic relationship between a company on one hand and the society and environment on the other. CSR is traditionally driven by a moral obligation and philanthropic spirit which resonates with the policy of the Company.

OUR VISION

1. The Company completely endorses reliability. It is committed to conduct business in a true, fair and ethical manner and takes up the responsibility to create a good impact in the society it belongs.
2. The Company is committed towards improving the quality of lives of people in the communities in which it operates because society is an essential stakeholder and the purpose of its existence. The Company believes that giving back to the society through CSR activities is its moral duty.
3. The Company aims to fulfil the requirements laid down under the Companies Act, 2013 and act diligently to comply with all its Rules and Regulations on CSR.

APPLICABILITY OF THE POLICY

1. The Company's CSR Policy has been developed in conformity with the provisions of Section 135 read with Schedule VII of the Companies Act, 2013 (hereby referred to as the "Act") and in accordance with the CSR Rules (hereby referred to as the "Rules") notified by the Ministry of Corporate Affairs, Government of India.
2. This Policy shall apply to all CSR initiatives and activities taken up at the various locations in India, preferably in the vicinity where the Company carries out its business operations and for the benefits of different segments of the society, specifically the deprived and underprivileged.

OBJECTIVE OF THE CSR POLICY

1. To ensure that the Company is committed to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
2. To take up programmes that benefit the communities in and around its work centres and over a period of time, results in enhancing the quality of life of the people in the area of its business operations.
3. To generate a community goodwill for the Company and help reinforce a positive and socially responsible image of Company as a good corporate citizen of the Country.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Composition:

The Corporate Social Responsibility Committee ("CSR Committee") consist of 03 (Three) or more Directors, out of which at least 01 (One) Director shall be an Independent Director. The Company Secretary, if appointed, shall act as the Secretary to the Committee.

The Company has constituted Corporate Social Responsibility Committee ("the committee") comprising of following members:

| Name | Designation | Chairperson/Member |
|------------------|-------------------------------------|---------------------------|
| Mr. Rohit Jindal | Executive Director | Chairman |
| Mr. Mohit Jindal | Executive, Managing Director | Member |
| Mr. Ramit Sikka | Non-Executive, Independent Director | Member |

2. Meetings:

The Committee shall hold meeting as and when required, to discuss various issues on implementation of the CSR Policy of the Company.

The Committee shall periodically review the implementation of the CSR Programmes and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this Policy. It would be the responsibility of the CSR Committee to periodically keep the Board apprised of the status of the implementation of CSR activities.

3. **Role of CSR Committee:**

- a. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall be placed before the Board for its approval.
- b. To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-
 - (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act,
 - (ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the CSR Rules,
 - (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes,
 - (iv) monitoring and reporting mechanism for the projects or programmes, and
 - (v) details of need and impact assessment, if any, for the projects undertaken by the company.
- c. To review and recommend the amount of expenditure to be incurred on the activities referred herein-above;
- d. To monitor the Corporate Social Responsibility Policy of the company from time to time; and
- e. Any other matter as the CSR Committee may deem appropriate after obtaining approval of the Board or as may be directed by the Board from time to time.

RESPONSIBILITIES OF THE BOARD

The Board shall:

1. Form a CSR Committee and disclose the composition of the CSR Committee.
2. Approve the CSR Policy after considering the recommendations made by the CSR Committee.
3. Place the CSR Policy on the Company's website.
4. Ensure implementation of the activities under CSR.
5. Ensure expenditure of requisite amount on CSR every year as per law.
6. Disclose reasons for not spending the amount (if applicable) in the Annual Report to the Shareholders of the Company.
7. Ensure that the administrative overheads are not more than 5% of the total CSR Expenditure.
8. Ensure that the funds so disbursed have been utilized for the purposes and in the manner as approved by the Board/ CSR Committee.
9. 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.

CSR ACTIVITIES

The Company would focus on the following CSR:

1. 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.
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, 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.
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. 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.
9. 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.
10. 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).
11. Rural development projects.
12. Slum area development.
13. Disaster management, including relief, rehabilitation and reconstruction activities.

CSR ALLOCATION AND EXPENDITURE

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate at least 2% of its average net profits made during the 3 (Three) immediately preceding financial years as its Annual CSR Budget. The Annual CSR Budget shall be spent on projects/ activities as laid down in this Policy.

1. Administrative Overheads:

“Administrative Overheads” means expenses incurred by the Company will be used for ‘General Management & Administration’ of the CSR functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR project or programme.

Further, the administrative overheads shall not exceed 05 (Five) percent of total CSR expenditure of the Company for the financial year.

2. Surplus of CSR Activities:

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 of Act, within a period of 06 (Six) months of the expiry of the financial year.

3. Excess CSR Spent/ Set off:

Where the Company spends an amount in excess of requirement, such excess amount may be set off by the Board against the requirement to spend up to immediate succeeding 03 (Three) financial years subject to the conditions that:

- a) The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
- b) The Board of the Company shall pass a resolution to that effect.

4. Creation or Acquisition of Capital Assets:

CSR amount may be spent by the Company for creation or acquisition of a Capital Asset which shall, however, be held by either:

- 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 the CSR Rules;
- b) Beneficiaries of the CSR Project, in the form of self-help groups, collectives, entities;
- c) A Public authority.

GUIDELINES FOR CONSIDERATION OF PROPOSALS AND ALLOTMENT OF FUNDS FOR CSR PROJECTS & ACTIVITIES

1. Individual proposals have to be within the framework of the CSR Policy.

2. Every CSR proposal has to be projectized. This involves defining activities, time frame, financial requirement, organizational responsibilities, outcome/ expected results and sustainable aspects. The CSR department will evaluate the proposals and give its recommendations.
3. Appropriate financial powers shall be delegated to the Board and afterwards to the CSR Committee for sanctioning the project and timely execution.
4. The releasing of funds in phased manner shall be clearly defined in the proposal to ensure proper utilization and submission of periodical progress reports.

Project proposals can be prepared by the Company on its own or through a consultant as may be deemed fit. The CSR Projects prepared by State/ District Authorities or Local Bodies or reputed NGOs within the purview of CSR Policy may also be considered for implementation with the approval of Board/ Committee. However, such projects submitted by NGOs shall be approved only after verification of their credentials, capability and preparedness to work in the specified locations.

TRANSFER OF UNSPENT CSR AMOUNT

Until a separate fund is specified by the Government, the unspent CSR amount, if any, shall be transferred by the Company to a fund specified in Schedule VII of the Act, within a period of 06 (Six) months of the expiry of the financial year.

Amount remaining unspent pursuant to an Ongoing Project shall be transferred within a period of 30 (Thirty) days from the end of the financial year to the Unspent Corporate Social Responsibility Account in accordance with the Act and such amount shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of 03 (Three) financial years from the date of such transfer, failing which, the Company shall transfer the same to a fund specified in Schedule VII of the Act, within a period of 30 (Thirty) days from the date of completion of the third financial year.

CSR IMPLEMENTATION

For implementing the CSR project or programmes, the Board shall ensure that the CSR activities are undertaken by the Company itself or through:

1. 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
2. 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
3. any entity established under an Act of Parliament or a State legislature; or
4. 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 03 (Three) years in undertaking similar activities.

The Company may engage international organisation(s) for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of its 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 Committee is in a position to report separately on such projects or programmes in accordance with these rules.

DISBURSEMENT

The disbursement of funds for CSR activity/ programme/ project will be in one or more tranche depending upon the nature and requirement of project.

IMPACT ASSESSMENT

1. If the Company has an average CSR obligation of Rs. 10,00,00,000/- (Rupees Ten Crore only) or more, in the 03 (Three) immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of Rs. 1,00,00,000/- (Rupees One Crore only) or more, and which have been completed not less than 01 (One) year before undertaking the impact study.
2. The impact assessment reports, if applicable, shall be placed before the Board and shall be annexed to the annual report on CSR.
3. Impact assessment, if applicable, may be booked as the expenditure towards CSR for that financial year, which shall not exceed 05% (Five per cent) of the total CSR expenditure for that financial year or Rs. 50,00,000/- (Rupees Fifty Lakh only), whichever is less.
4. Details of need and impact assessment, if applicable for the projects undertaken by the Company will be included in the CSR Annual Action Plan.

IMPLEMENTATION IDENTIFICATION AND SELECTION OF PROGRAMMES

The programmes would be identified as per the requirement in the community/ schools, etc. Professional agencies may be engaged in conducting need-based assessment in some programmes, wherever required.

PARTNERSHIPS TO IMPLEMENT THE PROGRAMMES

Collaborative Partnerships may be formed with the Government Agencies, the village Panchayats, NGOs, Schools, Colleges, Universities and other like-minded stakeholders. This would help widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

CRITERIA FOR IDENTIFYING EXECUTING PARTNERS

In case of programme execution by NGOs/ Voluntary organizations the following minimum criteria should be required to be ensured:

1. The NGO/ Agency must have a permanent office/ address in India.
2. The NGO should be a registered public Trust or a Society having a duly executed Trust Deed/ Memorandum of Association.
3. It should have registration certificates under Section 12A, Section 80G, etc. of the Income Tax Act, 1961, registration under FCRA (wherever mandatory) and other applicable registrations.
4. It should have a Permanent Account Number (PAN).
5. The antecedents of the NGO/ Agency are verifiable/ subject to confirmation.
6. Should have a team of professional expertise and system to maintain Books of Accounts and to generate necessary reports on the supported programmes.
7. No tie-up with the competitor of the Company.

Provided that in case of any amendment in the Act/ the Rules specifying any criteria for implementing agencies, the same shall be applicable in addition to the above criteria (to the extent applicable). Provided also that the CSR Committee may waive one or more of the above criteria on case-to-case basis.

AGREEMENT BETWEEN THE COMPANY AND EXECUTING AGENCY

Once the programmes and the executing agency has been finalised, the concerned work centres would be required to enter into an agreement/ MOU with each of the implementing agency.

MONITORING AND EVALUATION MECHANISMS

Monitoring and Evaluation Mechanisms include the following, one or more of which shall be implemented based on the size, quantum and tenure of the CSR programmes:

1. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the CSR Committee. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a regular basis.
2. Feedback would also be obtained and documented from the beneficiaries and influential local leaders by the respective work centres about the programmes, as and when required.
3. Field visits would be conducted by the respective CSR teams to ensure the progress of the programmes at their work centres. The visits would be informed and surprised also.
4. Partners would be required to report narrative as well as financial updates on a quarterly/ annual basis.
5. The Finance and Accounts Team of the Company in consultation with the CSR Committee would conduct audit of the CSR programmes as and when required. The Finance and Accounts would, from time to time, also guide the respective partners and CSR team of the Company on necessary compliances.
6. Impact Assessment would be conducted on a periodic basis, through CSR team of the Company and an independent professional third parties, if need be, especially on the strategic and high value programmes.
7. The Board of Directors of the Company shall also monitor the CSR Programmes/ Projects in such manner and on such periodicity as may be required by the Act/ the Rules.

ENGAGEMENT OF INTERNATIONAL ORGANISATIONS

The Company may engage international organisation(s) for designing, monitoring and evaluation of the CSR projects or programmes as well as for capacity building of its personnel for CSR.

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 focus areas for the year, the list of projects to be undertaken, manner of execution, fund utilization, monitoring mechanism, etc. 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.

GENERAL

1. Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, the CSR Rules made thereunder or in any amendment thereto. This Policy shall also be subject to such clarifications and FAQs as may be issued by MCA from time to time.

2. In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference should be made to Corporate CSR Department. In all such matters, the interpretation & decision of the CSR Committee shall be final.
3. Any or all provisions of the CSR Policy would be subject to revision/ amendment in accordance with the guidelines on the subject as may be issued from the Government, from time to time.
4. The Company reserves the right to modify, cancel, add, or amend any of these Rules.

INFORMATION DISSEMINATION

Appropriate documentation of the CSR Policy, annual CSR activities, executing partners and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.

CSR initiatives of the Company will also be reported in the Annual Report of the Company.