

PRICOL LIMITED**CORPORATE SOCIAL RESPONSIBILITY POLICY
(As adopted by Board on 31st October 2016 and modified & approved on 26th
May 2021¹)****Introduction**

Through Pricol's long standing commitment to service to the society, we strive to attain leadership in our business through a socially and environmentally responsible way, while taking care of the interests of our stakeholders.

We work with the primary objective of contributing to the sustainable development of the society and creating a greener and cleaner environment around us.

Towards achieving these objectives, Pricol has initiated We Care, a program which executes various social and environmental development activities in and around its operational locations. Even before 'We Care' came into place, Pricol has been involved in CSR activities under the banner of Pricol Rural Development Program (PRDP), much before CSR became a buzz word in corporate circles and a mandatory requirement for public limited companies. PRDP has evolved into an even more intense outreach activity through We Care.

Objective

The main objective of Pricol's CSR policy is to lay down guidelines for the community centric activities taken up by Pricol for the sustainable development of the society and the environment around it.

In alignment with vision of the company, Pricol, through its CSR initiatives, will strive to enhance value to the society and the environment through continuous initiatives.

Pricol will directly or indirectly take up projects in and around its operational locations in keeping with the laid out guidelines.

Focus Areas

The CSR activities of Pricol will focus on enhancing the quality of life of all aspects of the society - health, hygiene, education, environment, etc. These activities will be relevant to the activities listed under Schedule VII of the Companies Act, 2013 which specifies the scope of CSR activities to be undertaken by Companies.

The areas of focus are:

- a) Promoting education & training for underprivileged and in rural areas.²
- b) Facilitating safe drinking water facility for village schools and ³ in water stressed areas.

¹ Inserted 'and modified & approved on 26th May 2021'

² Deleted 'in areas which otherwise do not have access to the same' added '& training for underprivileged and in rural areas' vide meeting 26th May 2021

³ Inserted 'for village schools and' vide meeting dated 26th May 2021

- c) Providing health care facilities⁴ in the rural Areas to benefit the marginal sections of society.⁵
- e) d) Working on project to further the cause of ⁶environmental sustainability, ecological balance, protection of flora and fauna, and Conservation of the environment. ⁷ Working on animal welfare projects and prevention of cruelty to animals.⁸
- f) Arranging socio-economic development programs through vocational training and ⁹ student empowerment programs.
- g) Empowering women for education, health and self-employment.
- h) Arranging relief activities for victims of natural calamities in any part of the country.
- i) Contributing both financially and by other means to the Prime Minister's National Relief fund /PM Cares / any other fund set by the Central Government or State Government that are covered under Schedule VII of the Companies Act.¹⁰
- j) disaster management, including relief, rehabilitation and reconstruction activities¹¹

Based on the need as per CSR Committee, any other areas / activities which are covered under Schedule VII of the Companies Act¹²

Budgeting

For achieving the CSR objectives through the implementation of meaningful & sustainable CSR activities, Pricol's Board¹³ will allocate an amount which is not less than 2 % of the average net profits of the immediately preceding 3 financial years.¹⁴

Project Identification

- a) Pricol may identify the CSR¹⁵ activities through market studies conducted or based on proposals or requests received from voluntary organizations, Non Government Organisations, ¹⁶ Government bodies etc.
- b) Each CSR activity identified will be treated as a project and each project shall have a time frame defined for execution and completion. CSR project(s) may either of completed in one financial year or Ongoing Project. ¹⁷

⁴ Inserted 'facilities, vide meeting dated 26th May 2021

⁵ Deleted 'and inaccessible segment of the society' inserted 'Areas to benefit the marginal sections of society, vide meeting dated 26th May 2021

⁶ Deleted 'Ensuring' inserted 'Working on project to further the cause of' vide meeting dated 26th May 2021'

⁷ Deleted 'animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water' inserted 'and Conservation of the environment.' Vide meeting dated 26th May 2021

⁸ Inserted '(e) Working on animal welfare projects and prevention of cruelty to animals' Vide meeting dated 26th May 2021

⁹ Deleted '(f) Conducting rural development programs. g) Providing financial assistance like grants/donations/sponsorship to reputed NGOs and well established trusts which are involved in the upliftment of society.' Vide meeting dated 26th May 2021

¹⁰ Deleted 'and also towards the benefit of the Armed Forces' inserted'/ PM Cares / any other fund set by the Central Government or State Government that are covered under Schedule VII of the Companies Act.' Vide meeting dated 26th May 2021

¹¹ Inserted '(j) disaster management, including relief, rehabilitation and reconstruction activities' Vide meeting dated 26th May 2021

¹² Inserted '**Based on the need as per CSR Committee, any other areas / activities which are covered under Schedule VII of the Companies Act'** vide meeting dated 26th May 2021

¹³ Inserted 's Board' vide meeting dated 26th May 2021

¹⁴ Deleted 'However in any financial year, if for any reason, the company is unable to spend an amount as stated above, the company shall provide suitable explanation stating the reasons thereof to the Board of Directors and the Board shall include the same in the Directors' Report of the Company.' Vide Meeting dated 26th May 2021

¹⁵ Deleted 'aforesaid' Inserted 'CSR' vide meeting dated 26th May 2021

¹⁶ Inserted 'Non Government Organisations' vide meeting dated 26th May 2021

¹⁷ Inserted 'CSR project(s) may either of completed in one financial year or Ongoing Project' vide meeting dated 26th May 2021

- c) Each identified project along with a budget will be presented to the CSR committee of the Board of Directors for their approval.
- d) In certain cases, where requirements arise out of unexpected occurrences like natural calamities, etc.,¹⁸ the Managing Director or the Chairman of the Company is authorised to approve the proposals. The same may be ratified in the ensuing CSR committee meeting.

“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;¹⁹

Implementation of CSR activities

The Company may undertake the CSR activities directly on its own or through Company / Entity / Registered Public Trust / Registered society as approved under Companies (Corporate Social Responsibility Policy) Rules or²⁰ partly on its own and partly through such aforesaid approved Company / Entity / Registered Public Trust / Registered society²¹ as may be recommended by the CSR Committee and approved by the Board.

Where contributions or CSR²² activities are made or carried through aforesaid approved Company / Entity / Registered Public Trust / Registered society²³, the company shall obtain a Fund Utilization Certificate from them²⁴ and submitted to the CSR Committee.

Monitoring

To ensure effective implementation of the CSR programmes undertaken, a monitoring mechanism is put in place.

- Progress of the CSR activities under implementation is reported to the CSR committee on a regular basis
- The Company may also try to obtain feedback from the beneficiaries of each program and present it to the CSR committee
- Appropriate documentation of the CSR Policy, annual CSR activities, CSR budget, details of the executing partners, and the expenditure entailed will be reviewed on a regular basis.
- ²⁵Chief Financial Officer shall certify that the funds so disbursed have been utilized for the purposes and in the manner as approved by the CSR Committee / Board.

¹⁸ Inserted ‘etc.,’ vide meeting dated 26th May 2021

¹⁹ Inserted “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;’ vide meeting dated 26th May 2021

²⁰ Deleted ‘by contributing to external agencies like an established registered charitable trust with long standing reputation or’ inserted ‘through Company / Entity / Registered Public Trust / Registered society as approved under Companies (Corporate Social Responsibility Policy) Rules or’ vide meeting dated 26th May 2021

²¹ Deleted ‘Trusts’ inserted ‘aforesaid approved Company / Entity / Registered Public Trust / Registered society,’ vide meeting dated 26th May 2021

²² Inserted ‘or CSR’ vide meeting dated 26th May 2021

²³ Deleted ‘to an external trust’ inserted ‘or carried through aforesaid approved Company / Entity / Registered Public Trust / Registered society’ vide meeting dated 26th May 2021

²⁴ Inserted ‘from them’ vide meeting dated 26th May 2021

²⁵ Deleted ‘Annual audit of all the CSR activities undertaken by the company will be done by the internal auditors and further presented to the CSR committee.’ Inserted ‘Chief Financial Officer shall certify that the funds so disbursed have been utilized for the purposes and in the manner as approved by the CSR Committee / Board.’ Vide meeting dated 26th May 2021

- The CSR committee shall initiate steps to check whether the activities are progressing as per the guidelines of the CSR policy and statutory requirements and shall initiate corrective actions if there are any deviations. In case of Ongoing Project, Board / CSR Committee shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.²⁶
- The CSR activities will be published in the Annual Reports and Accounts of Pricol Limited

Annual Action Plan²⁷

Every year, the CSR committee shall formulate and recommend to the Board, an annual action plan, in pursuance of Company's CSR policy, which shall include the following:

- (a) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) CSR projects or programmes are undertaken by Company itself or through other approved Company / Entity / Registered Public Trust / Registered society; the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of Companies (CSR Policy) Rules;.
- (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that 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.

CSR Expenditure²⁸**a) Administrative Overheads:**

Administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

b) Surplus arising out of the CSR activities:

Any surplus arising out of the CSR activities shall not form part of the business profit of a 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

²⁶ Inserted 'In case of Ongoing Project, Board / CSR Committee shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period' vide meeting dated 26th May 2021

²⁷ Inserted 'Annual Action Plan' point inserted vide meeting dated 26th May 2021

²⁸ Inserted 'CSR Expenditure' point inserted vide meeting dated 26th May 2021

the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

c) Excess spend:

Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –

(i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.

(ii) the Board of the company shall pass a resolution to that effect.

d) Capital asset:

Where a company spent any CSR amount for creation or acquisition of a capital asset, such asset shall be held only by –

- (i) 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 sub-rule (2) of rule 4; or
- (ii) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (iii) a public authority:

e) Unspent amount

(i) Not Relating to Ongoing Project:

Transfer such unspent amount to a Fund specified in Schedule VII, of the Companies Act, within a period of 6 (six) months of the expiry of the financial year or such other period prescribed under the Companies Act / Rules thereof.

(ii) Relating to Ongoing Project:

- (i) Transfer such unspent amount to a special bank account “Unspent Corporate Social Responsibility Account – “20__ - 20__””, within a period of 30 (Thirty) days from the end of the financial year or such other period prescribed under the Companies Act / Rules thereof.
- (ii) Such transferred amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three 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 (Thirty) days from the date of completion of the third financial year or such other period prescribed under the Companies Act / Rules thereof.

CSR Reporting²⁹

Board’s Report of the Company shall include an annual report on CSR, in the prescribed format.

²⁹ Inserted ‘CSR Reporting’ point inserted vide meeting dated 26th May 2021

Impact assessment :³⁰

Company, on the applicability as per section 135 of the Companies Act, shall undertake impact assessment, through an independent agency, on the applicable CSR projects.

CSR Committee

Pricol's CSR committee will include Board of Directors, consisting of three Directors at least one of whom shall be an independent Director, duly constituted by the Board of Directors of the Company.

Amendment to the policy

The Board of Directors on its own and / or as per the recommendations of the Committee can amend this policy, as and when deemed fit.

In case of any amendments(s), clarification(s), circulars(s) etc, issues by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circulars(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarifications(s), circular(s) etc.

³⁰ Inserted 'Impact assessment' point inserted vide meeting dated 26th May 2021