

Revised Corporate Social Responsibility (CSR) Policy of Chemetall India Private Limited ('Company' or 'Chemetall India')

Introduction:

CHEMETALL INDIA PRIVATE LIMITED (herein after called "Chemetall India") is a Company founded on tradition, value and experience dating back to the 19th century when it was part of Metallgesellschaft (mg) a German-based organization. Chemetall, a separate company since 1982 and now owned by BASF, is a leading global player in Surface Treatment with headquarters in Frankfurt am Main, Germany. Chemetall Global Business Unit has over 2,500 employees, 40 subsidiaries and 21 production sites. Chemetall Group has strengthened its quality and innovation leadership by offering value added products combined with top quality processes, on-time deliveries and excellent technical service. This continues to be its commitment. With sales offices, production facilities, service teams, laboratories and warehouses at locations all around the world, Chemetall operates in close and open collaboration with its customers.

Definitions:

- (a) "Act" means the Companies Act, 2013 (18 of 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 of the revised CSR Policy;
- (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 these rules, but shall not include the following, namely:-
 - (i) activities undertaken in pursuance of normal course of business of the Company:

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CIN : U28920PN1964PTC131374

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Factory Office:

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- (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 (29 of 2019);
 - (v) activities supported by the Companies on sponsorship basis for deriving marketing benefits for its products or services;
 - (vi) activities carried out for fulfilment 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) "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
- (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
- (h) "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;

Our CSR Philosophy:-

Recognizing that business enterprises are economic organs of the society and draw on societal resources, it is Chemetall India's core belief that a Company's performance must not only be measured by its Market Cap and Revenues, but also by its contribution to building economic, social and environmental capital towards enhancing societal sustainability. Chemetall India believes that in the strategic context of

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business, enterprises possess, beyond mere financial resources, the transformational capacity to create game changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. Chemetall India will always try to undertake such Corporate Social Responsibility (CSR) projects, which shall be far more replicable, scalable and sustainable, with a significant multiplier impact on sustainable livelihood creation and environmental replenishment.

Our CSR Vision

Through sustainable measures, actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation.

Our CSR Mission

1. Ensuring socio-economic development of the community through different participatory and need- based initiatives in the best interest of the poor and deprived sections of the society to help them to become **SELF-RELIANT** and build a better tomorrow for themselves.

Our Activities

CSR Projects will be undertaken as envisaged under schedule VII of the Companies Act, 2013 and any changes / updates in the Companies Act, 2013 will be adopted.

The company has decided to provide CSR interventions in compliance with the following United Nations Sustainable Development Goals.

Goal 4: Quality Education.

Goal 6: Clean Water and Sanitation.

Company may look for the need-based programs aligned to the activities listed in Schedule VII of the Companies Act 2013 and the rules framed therein or as modified from time to time.

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In line with the above, the **focus areas** where special Community Development programs would be run are:

1. **UNSDG 4 – Quality Education. Promotion of education especially among children, women, elderly and the differently abled including:**
 - a) Non-formal education programs.
 - b) Supporting schools with infrastructure like classrooms, benches, toilets, potable water, fans, IT equipment etc.
 - c) Supporting other educational institutions.
 - d) Improving educational facilities in general.
 - e) Supporting children for higher education.
2. **UNSDG 6 – Clean Water and Sanitation.** viz., providing Water ATMs, supporting sanitization programmes. SDG 6
3. Healthcare support to the needy, suffering from Terminal diseases and illnesses with long recovery periods.
4. Such other activities as the Board may consider to be appropriate.

Corporate Social Responsibility (CSR) Committee:

The CSR Committee of the Board of Directors shall be in accordance with the provisions of the Companies Act, 2013 or any other law for the time being in force shall prescribe from time to time. The functions of the CSR Committee shall be as under:

- (a) To formulate and recommend to the Board, an annual action plan in accordance with the activities specified in schedule VII of the Companies Act, 2013 or any other directives issued by the Government from time to time;
- (b) To recommend the amount of expenditure to be incurred on the activities included in the annual action plan;
- (c) To monitor the implementation of the approved CSR projects and activities;
- (d) Monitor the CSR Policy from time to time.

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Our approach to implementation

Chemetall India may undertake CSR activities itself as and when required. However, the management of Chemetall India believes that the CSR activities should be undertaken by experts in the particular field, as such, the CSR spending is done by means of donations to various charitable institutions and other similar organizations, in the following manner:

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 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; Or
3. 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
4. any entity established under an Act of Parliament or a State legislature.

Registration and Collaboration:

- (a) Every entity, who intends to undertake any CSR activity on behalf of the Company is required to register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the **01st day of April 2021**.
- (b) Chemetall India may collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of the respective companies are in position to report separately on such projects or programmes.

CSR Funds:

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The corpus for the purpose of carrying on the CSR activities would include the followings:

- 2% of the average Net Profit made by the Company during immediately preceding three Financial Years.
- Any income arising there from.
- Surplus arising out of CSR activities carried out by the Company and such surplus will not be part of business profit of the Company.

Administrative Overheads:

Administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year. However, expenses incurred directly for the designing, implementing, monitoring and evaluation of a particular CSR project shall not be considered as administrative Overheads.

Procedure:

The CSR Committee of Chemetall India shall formulate and recommend to the Board, an annual action plan 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 and as per guidelines / directives issued by the Government from time to time;
- (b) the manner of execution of such projects or programmes;
- (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;

Monitoring

The CSR Committee of Chemetall India will oversee these operations & will regularly report to the Board. This report would indicate:

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1. Achievement since last progress report / during the last quarter in terms of coverage compared to the target and reasons for variance.
2. Achievement of the year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.
3. Actual year-to-date spends compared to the budget and reasons for variance.
4. In respect of activities undertaken through outside Trust/Society/NGO's etc. there will be mechanism of monthly / quarterly reporting of progress on each such activities and the amount incurred thereon, as may be deemed appropriate by the CSR Committee.

Unspent CSR amount:

- (a) An Unspent CSR Account shall be opened by the Company in any scheduled bank called "Unspent Corporate Social Responsibility Account". 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;
- (b) Unspent amount relating to Ongoing Projects shall be transferred within 30 days from the end of the financial year to the Unspent CSR Account. Such amount may be spent within 3 financial years from the date of such transfer.
- (c) Unspent amount not relating to Ongoing Project shall be transferred to any funds specified in schedule VII viz. Prime Minister's National Relief Fund, PM CARES Fund etc. within a period of 6 months from the end of the financial year.

Set Off:

If Chemetall India spends an amount in excess of 2% of average net profit of the three immediately preceding financial years, then such excess amount may be set off against the requirement to spend for CSR liabilities up to immediate succeeding 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; and
- (b) the Board of the Company shall pass a resolution to that effect.

Creation or Acquisition of a Capital Asset:

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Capital assets created or acquired by using CSR fund shall be held by the following:

- (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number;
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority:

CSR Reporting:

The Board's Report of the Company pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I or Annexure II, as applicable, as per the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

Impact Assessment Study:

- (a) If the Company has average CSR obligation of ten crore rupees or more in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, for those CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- (b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- (c) The expenditure towards undertaking impact assessment shall not exceed 5% of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

Publication:

The Composition of the CSR Committee, the CSR Policy and CSR projects shall be displayed on the website of the Company, if any.

Amendments:

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If the terms of the policy differ from any existing or newly enacted law, rules, regulations, guidelines, directives or standards governing the Company then such law, rules, regulations, guidelines, directives or standards issued by the Government will take precedence over this policy until such time this policy is changed to that effect.

Conclusion:

Chemetall India is committed to enrich and enhance quality of life of people by creating sustainable economies and by finding environment friendly solutions to local problems.

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