

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Background

Performance Chemiserve Limited (“PCL” or “the Company”), is committed to serve the society it operates in. The Company conducts several outreach programmes around its Establishments.

While the CSR projects and programs to be undertaken by the Company shall include activities falling within the preview of schedule VII of Companies Act, 2013, the focus will be on the following broad themes:

- a) Women empowerment through vocational training (skill development) and livelihood Programmes
- b) Health and
- c) Education.

The underlying objective for the aforesaid themes is aimed at making people self-reliant through economic and social empowerment, providing employable skills and social entrepreneurship opportunities to youth and women to ensure livelihood for economic betterment and social development of themselves and their families, instilling pride and confidence (in the target population) to take on future challenges.

Health initiatives, culture and heritage support programmes have also formed Company’s ancillary focus areas. Improving the quality and infrastructure in the educational institutions has also been the Company's priorities.

2. Purpose of the CSR Policy

The purpose of this policy is to:

- a) To serve as the principal guiding document for CSR initiatives of the Company.
- b) To articulate a clear and long-term focus for Company's CSR initiatives.
- c) To help setup high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models.
- d) To encourage a sense of empathy and equity amongst the employees as well as their families to motivate them to serve the society.
- e) To allow network with like-minded NGOs / firms / people who can enhance / complement our efforts.
- f) To provide the framework for selection, implementation and monitoring of CSR initiatives and formulation of the Annual Action Plan.

3. CSR Vision

The CSR Policy will act as an effective catalyst in Company's geographies of operations in creating a self-reliant and respectable society with secure and sustained means to livelihood, through employable skills and resource support and additionally to promote and support the rich cultural heritage of India.

4. CSR Mission

The mission for the identified society at large, in geographies of Company's operations and influence, shall be:

- a) To identify the potential of and gaps in the economic and social support systems, so as to help develop a sustained, self-reliant society with special emphasis on the youth and women.
- b) To promote preventive health care and sanitation and making available safe drinking water.
- c) To promote, maintain or help in setting up schools & other educational institutions.

- d) To undertake vocational skills and soft skill development initiatives enabling sustained and respectable employment opportunities for leading a self-reliant life.
- e) To facilitate income generation programmes of individuals / groups through alignment of skill development with self-employment opportunities.
- f) To provide marketing and financial support to help enhance sustained income generation initiatives.
- g) To generate community development activities and promote self-help groups so as to improve the living conditions of people through peoples' initiatives.
- h) To initiate activities and develop government / institutional linkages in community preventive / corrective health facilities where needed.
- i) To support performing arts among local communities for promotion of talent & cultural richness of the society.
- j) To provide a much needed crisis support for unexpected calamities and disasters.
- k) To co-ordinate / conduct any other CSR initiatives which are consistent with the provisions of Section 135 of the Companies Act, 2013 or other provisions as may be prescribed by the government from time to time.

5. Scope of CSR in the Company

The Company will implement its CSR activities within the broad framework of Section 135 of the Companies Act, 2013 and the related Rules as amended from time to time.

6. What is not CSR

CSR activities will not, however, include the following:

- i) Activities undertaken in pursuance of normal course of business.

- ii) Activities 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 Companies Act, 2013.
- 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.
- vii) Activities which benefit only employees of the Company and their families;
and
- viii) Any other activity that may be prohibited by the government.

7. Annual Action Plan

The CSR Committee of the Company will formulate and recommend to the Board, an annual action plan every year in pursuance of its CSR policy, which shall include the following, namely:

- 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. the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4.
- 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 required, 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.

8. Modalities of Execution of Projects / Programmes:

a) CSR Committee

CSR Committee shall consist of three or more directors of which, at least one will be an independent director.

b) CSR Vehicle / Implementation

(i) CSR activities will be undertaken either by the Company independently or through:

- (a) a company established under section 8 of the Companies Act, 2013 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 Companies Act, 2013 or a registered public trust or a registered society, established by the Central 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 Companies Act, 2013 or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 and having an established track record of at least three years in undertaking similar activities.

- (ii) If any donation is to be given to any other entity (satisfying the criteria as mentioned in Rule 4 of Companies (CSR Policy) Rules, 2014) for CSR activity, the Company will ensure that the CSR activities to be undertaken by the said entity are as per schedule VII to the Companies Act, 2013 and also ensure an appropriate monitoring and reporting mechanism.
- (iii) The Company may also collaborate with other Companies for undertaking projects or programmes or CSR activities in such manner that the CSR Committees of the respective Companies are in a position to report separately on such projects or programmes in accordance with the prescribed CSR provisions.
- (iv) The Company may also engage international organisations as defined in the CSR Rules for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

9. CSR Budget and Expenditure

Keeping in view the guidelines provided by the Act and the rules, the CSR Committee of the Company will recommend the annual budgeted expenditure project / programme-wise to the Board for its consideration and approval every year.

The administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

The 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, within a period of six months of the expiry of the financial year.

All reasonable efforts will be made to ensure that the CSR amount is fully utilised in the respective year in the manner as approved by the Board.

However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section (3) of section 134 of the Act, shall specify the reasons for not spending the amount and such unspent amount shall be dealt with in accordance with the provisions of Section 135 (5) & (6) of the Act and Rule 10 of the Companies (CSR Policy) Amendment Rules, 2021.

In case the Company spends an amount in excess of the requirements of its CSR obligations in a financial year, such excess amount may be set-off against the requirement of the CSR Spending under sub-section (5) of Section 135 upto the immediate succeeding 3 financial years subject to the fulfilment of conditions as specified under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The CSR amount may be spent by a company for creation or acquisition of a capital asset which shall be held by:

- a) A company established under section 8 of the Act, or a Registered Public Trust or a Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of Rule 4 of CSR Rules.
- b) Beneficiaries of the said CSR project, in the form of self-help groups, collective entities; or
- c) A public authority

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 202, shall

within a period of 180 days from such commencement comply with the requirement of this rule, which may be extended by a further period of 90 days with the approval of the Board based on reasonable justification.

10. Monitoring and Assessment Mechanism

a. Release of funds for CSR Project / Programmes and modalities of utilization of funds

The amount sanctioned for CSR Projects / Programmes will be released in stages or installments as per progress, as may be determined by the CSR Committee. The Committee will review the continuance of supporting various initiatives as may be deemed appropriate keeping in view the long-term commitment to the objectives.

b. Review by Board / CSR Committee:

The CSR Committee will review the implementation of CSR activities on a half yearly basis or at such intervals as may be deemed appropriate by the Committee. The Board of Directors will review the CSR activities annually or at such intervals as may be deemed appropriate.

c. Utilisation of funds:

While the Board shall satisfy itself that the funds so disbursed have been utilized for the purpose and in the manner as approved by it, the CFO or the person responsible for the financial management shall certify to that effect to the board.

Further, in case of an ongoing project, the board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modification, if any required.

d. External Agency Assessment:

The impact assessment / evaluation of major projects, if required, may be carried out by an external agency to critically assess the success of project / programme, as may be decided by the CSR Committee.

e. Audit:

The amount spent on CSR by the Company will be subject to Audit.

f. Reporting in the Annual Report of the Company

CSR policy and initiatives of the Company will be reported in the Annual Report of the Company in the manner as prescribed under the CSR Rules.

11. Display of CSR activities on its website

The Company will disclose the composition of the CSR Committee, CSR Policy and Projects approved by the Board on its website.

12. General

The CSR Policy referred to above is to be read in conjunction with the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014 and amendments thereof. In case of any inconsistency between the provisions of this policy and applicable provision of the Companies Act, 2013 and/or Companies (CSR Policy) Rules, 2014 and amendments

thereof, the provisions of the Companies Act, 2013 and/or Companies (CSR Policy) Rules, 2014 and amendments thereof, shall prevail.

This policy may be amended or modified by the CSR Committee of the Company with the approval of the Board.

All the amendments or modifications will be communicated to all the persons to whom this policy is applicable.

This Policy is subject to continuous review and revision as required from time to time.

For Performance Chemiserve Limited



Sailesh C Mehta

Chairman

25th March 2021

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