



**Sunshield Chemicals Limited (SCL)
Corporate Social Responsibility Policy (CSR Policy)**

(Revised by the Board of Directors on 30.06.2021)

Purpose:

The main objective is to lay down guidelines to make CSR a key business process for sustainable development for the society and to generate goodwill and recognition among the stakeholders of the Company.

The provisions of the Section 135 of the Companies Act 2013, require that the Company fulfilling any of the criteria mentioned therein, would be required to constitute a CSR Committee of the Board and ensure that the Company spends, in every financial year, at least two per cent of its average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy (“CSR Policy”).

SCL has developed CSR Policy for undertaking various programs in accordance with Section 135 of the Companies Act 2013 read with Schedule VII and Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

Scope:

Schedule VII to The Companies Act 2013 (as amended from time to time) provides for the areas and activities which a Company may undertake for its CSR purposes.

The Board recommends that the SCL’s CSR activities be focused on a few specific areas to create maximum impact and greater visibility. The Board recommends that the Company may consider initiatives in the following areas:

1. Health care and Sanitation
2. Education
3. Community Development
4. Environmental Sustainability Development/Solutions

Criteria for determining CSR Activities :

- a. The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing).
- b. The Committee shall identify areas of CSR activities in accordance with the objectives of the company, and in the areas or subject specified in Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time
- c. The CSR activities undertaken shall benefit Society at large.

- d. The Board of a Company may decide to undertake its CSR activities approved by the CSR Committee, directly by Company or through a Registered Trust or a Registered Society or a Company established by the Company or its Holding or Subsidiary or Associate Company.

Provided that:

If such Trust, Society or Company is not established by the Company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects and shall have valid registration certification under section 12A and 80G of Income Tax Act, CSR Registration Number given by Ministry of Corporate Affairs;

- e. The modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism;
- f. SCL may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective Companies are in a position to report separately on such projects or programs in accordance with the rules framed under the Companies Act, 2013.
- g. The CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- h. The CSR projects or programs or activities that benefit only the employees of the SCL and their families shall not be considered as CSR activities.
- i. Contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity.
- j. Surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company and would be spent on the CSR projects.

Display of CSR activities on Company's website

The Board of Directors of the Company shall, after taking into account the recommendations of the CSR Committee, approve the CSR Policy for the Company and disclose contents of such policy in its report and the same shall be displayed on the Company's website. Also, the composition of the CSR Committee and Projects approved by the Board will be displayed on the Company's website for public access.

Formulation of Annual Action Plan:

CSR Committee shall prepare and recommend Annual Action Plan every year to the Board of Directors for its approval containing the following information:

- i. List of CSR projects approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013.

- ii. The manner of execution of such CSR project
- iii. Utilization of CSR funds and implementation schedule of the CSR projects
- iv. Monitoring and reporting mechanism for the project or programme
- v. Details of need and impact assessment, if any for the projects undertaken by SCL

Provided that SCL 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.

SCL will ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year;

Monitoring the implementation of the ongoing project with reference to the approved timelines and year-wise allocation and make suitable modifications as may be required for the smooth implementation of the project within the overall permissible time period.

Unspent CSR Amount

In the event of SCL not succeeding in identifying and carrying out CSR projects based on activities enumerated above, it will be open for SCL to spend the amount on any of the projects/programs specified under the Companies Act, 2013 to ensure compliance.

If the unspent amount relates to any ongoing project, the said unspent amount shall be transferred by SCL within a period of thirty days from the end of the financial year to a special account to be opened by the SCL in that behalf for that financial year in any scheduled bank to be called the “Unspent Corporate Social Responsibility Account”; and

If the unspent amount does not relate to an ongoing project, transfer such unspent amount to a Fund specified in Schedule VII of the Companies Act, 2013, within a period of six months of the expiry of the financial year.

Impact Assessment:

SCL will carry out impact assessment for ongoing/long term projects. SCL shall undertake impact assessment through an independent agency, of their 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.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

CSR Reporting:

The Board's Report of a Company shall include a report on CSR activities in the format specified under the Companies Act, 2013 read with rules framed thereunder and as amended from time to time.

CSR Policy Review

The Board Review the CSR policy every alternate year.