



STOVEC INDUSTRIES LIMITED

Corporate Social Responsibility Policy

Version 2.0

(Updated on November 9, 2021)

1. CORPORATE SOCIAL RESPONSIBILITY PHILOSOPHY:

Stovec's Corporate Social Responsibility (CSR) builds a dynamic relationship between Stovec on one hand and the society and environment on the other. As a responsible Corporate Citizen, Stovec believes that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, customers and society in which it operates and accordingly Stovec has formulated this CSR Policy.

2. SHORT TITLE & APPLICABILITY:

This policy, which encompasses the Company's philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large, is titled as the **"Stovec Industries Limited - Corporate Social Responsibility Policy"**.

It has been prepared keeping in mind the company's business ethics and to comply with the requirements of Companies Act, 2013 (hereinafter called as "the Act") and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended by the Ministry of Corporate Affairs from time to time.

This policy shall apply to all CSR initiatives and activities taken up by the Company in pursuance of this policy.

3. DEFINITION AND INTERPRETATION:

In this Policy, unless the context otherwise requires:

- (i) **"Act"** shall mean the Companies Act, 2013, including any modifications, amendments or re-enactment thereof.
- (ii) **"Agency/Implementing Agency"** means an entity or an organization as may be specified in the CSR Rules through which Company may undertake CSR activities as may be approved by the Committee/Board.
- (iii) **"Administrative Overheads"** means the expenses incurred by the Company for 'general management & 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 program.
- (iv) **"Annual CSR Budget"** shall mean the total budget with reference to a financial year as approved by the Board on the recommendation of the CSR Committee, to be utilized for CSR Projects.

- (v) **"Board"** means the Board of Directors of the Company.
- (vi) **"Company"** means Stovec Industries Limited.
- (vii) **"CSR Activities"** means such programs and projects as may be approved by the Board in terms of this CSR Policy read with Schedule VII of the Act.
- (viii) **"CSR Committee"** shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act includes any subsequent change in the composition thereof from time to time.
- (ix) **"CSR Rules"** means the Companies (Corporate Social Responsibility Policy) Rules, 2014, as may be amended from time to time.
- (x) **"CSR Expenditure"** means the amount recommended by the CSR Committee to be incurred on the CSR Activities in accordance with the Act and the CSR Rules as approved by the Board on the recommendation of CSR Committee from time to time.
- (xi) **"Financial Year"** shall mean the period beginning from 1st January to 31st December.
- (xii) **"Net profit"** shall mean the net profit as may be defined in the CSR Rules.
- (xiii) **"Ongoing Project"** means a multi-year project undertaken by the Company in fulfillment of CSR obligations 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 the multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or Rules.

4. DUTIES AND RESPONSIBILITIES:

Constitution of the CSR Committee: The CSR Committee formed by the Board of Directors under section 135 of the Act.

CSR COMMITTEE:

- (i) *Formulating and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of Section 135 of the Act and subsequent modification thereof as and when required.*

- (ii) Recommending to the Board the CSR expenditure to be incurred.
- (iii) Monitoring the Corporate Social Responsibility Policy of the Company from time to time.
- (iv) *Recommend the Board on the guiding principles for selection, implementation and monitoring of CSR activities.*
- (v) *Formulate and recommend to the Board, an Annual CSR Action Plan in pursuance of its CSR policy and any alteration thereof at any time during the financial year based on the reasonable justification to that effect.*
- (vi) *Any other matters or things as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.*

BOARD:

- (i) *The Board of Directors shall, after considering the recommendations made by the CSR committee, approve the CSR policy and the Annual CSR Action Plan of the Company and any subsequent amendment thereof.*
- (ii) Ensuring that in each financial year the Company spends at least 2% of the average net profit (to be calculated as per section 198 of the Companies Act, 2013) made during the three immediately preceding financial years excluding profits arising from overseas branches.
- (iii) *The Board of Directors of the Company shall disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on its website, if any, for public access.*
- (iv) *The Board of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.*
- (v) *The Board shall ensure that the CSR activities are undertaken by the Company itself or through a registered and eligible Implementation Agency.*
- (vi) *In case of ongoing project, the Board of the Company 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.*
- (vii) *The Board may alter the CSR Annual Action Plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect.*
- (viii) *The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.*

- (ix) *Where the Company spends amount on CSR activities in excess of requirement, such excess amount may be set off by the Board against the requirement to spend on CSR activities up to immediate succeeding three financial years subject to the conditions that—*
— *the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.*
— *the Board of the Company shall pass a resolution to that effect.*
- (x) Ensuring annual reporting of CSR activities to the Ministry of Corporate Affairs, Government of India, in the prescribed format.

5. CSR VISION STATEMENT & OBJECTIVE:

In alignment with vision of the Company, Stovec Industries Limited, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as *Socially Responsible Corporate*, with environmental concern.

The objective of the Stovec Industries Limited CSR Policy is to:

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- Demonstrate commitment to the common good through responsible business practices and good governance.
- To directly or indirectly take up the programs that benefits the Society at large and communities in and around its work center over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- Support the Government's development agenda to ensure sustainable change.

6. CSR PROJECTS, PROGRAMS AND ACTIVITIES:

In accordance with this CSR Policy and the specified activities under the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 and any amendment(s) thereof, the CSR activities of the Company will have the following thrust areas:

- Skill Development for sustainable income generation & Livelihood for marginalized population
- Promoting Literacy / Education
- Basic Infrastructure facilities like Safe Drinking Water, Health care & Sanitation
- Protection and safeguard of environment and maintenance of ecological balance.

- To respond to emergency situations & disasters by providing timely help to affected victims and their families, at the time of national crisis.
- Socio- economic development, relief and welfare of the scheduled castes, scheduled tribes, other backward classes, minorities and women;
- *Such other projects/program as may be specified from time to time in the Schedule VII of the Act or by way of circular, notification of the Ministry of Corporate Affairs.*

The Projects/program may be undertaken in by the Company itself or through any external agency as stated in para 8 of this policy.

The objective of these efforts are not only to help the underprivileged section of the society by providing facilities for health, education, civic amenities etc. but also to create opportunities for development of skills, employment including self-employment, to promote greater environmental responsibilities and encourage the development of environmental friendly technologies for sustainable development.

EXCLUSIONS:

Corporate Social Responsibility (CSR) means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in the CSR Rules, but shall not include the following, namely: -

- *activities undertaken in pursuance of normal course of business of the Company.*
- *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.*
- *contribution of any amount directly or indirectly to any political party.*
- *activities benefitting employees of the Company.*
- *activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.*
- *activities carried out for fulfilment of any other statutory obligations under any law in force in India.*

7. FUNDING FOR CSR ACTIVITIES:

For achieving its CSR objectives as mentioned above and such other programs (As per Schedule VII of the Companies Act, 2013, as amended from time to time) as the CSR Committee may decide from time to time and recommend to the Board for execution/implementation, Stovec will allocate at least 2% of the average net profits of the Company made during the 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.

8. IMPLEMENTATION:

The Board shall ensure that the CSR activities are undertaken by the Company itself or through implementing agency/ies as specified in the Act and the CSR Rules.

The Company 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 CSR Rules.

The Company may also contribute to the Fund/s specified in Schedule VII of the Act and notified by the Government from time to time.

9. TREATMENT OF SURPLUS AND SET OFF OF EXCESS CONTRIBUTION:

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

Where Company spends CSR amount in excess of statutory requirement, such excess amount spent may be set off against the requirement to spend CSR amount up to immediate succeeding three financial years subject to the conditions as may be specified in the Act and/or CSR Rules.

The unspent amount of CSR shall be utilized or transferred in accordance with the provisions of the Act and/or CSR Rules.

10. MONITORING AND REPORTING OF CSR ACTIVITIES:

- (i) The CSR committee shall be responsible for monitoring the CSR activities of the Company. The Monitoring and Reporting Framework is annexed herewith as Annexure-1.
- (ii) The members of CSR Committee may delegate their powers to such other Directors/ Officers of the Company whom they think are capable of spending the CSR amounts in the activities/projects listed as CSR activities/projects.
- (iii) The review report on the CSR activities undertaken by the Company shall be placed before the Board for their review and it shall be approved by the Board in their meeting.

- (iv) The Directors Report shall include contents of CSR Policy and the same shall also be displayed on the Company's website, as per the particulars specified in the Annexure to Companies (Corporate Social Responsibility) Rules, 2014.
- (v) The annual report on CSR activities will be included in the Board's Report as per the Annexure to Companies (Corporate Social Responsibility) Rules, 2014, and the same shall be signed by the Managing Director/Director as well as Chairman of the CSR Committee.
- (vi) The CSR Committee or any other person so authorized by such committee can anytime inspect all the CSR activities and report the same to the Board of Directors for their information, record and further actions.

11. IMPACT ASSESSMENT:

- *Details of need and impact assessment, if applicable for the projects undertaken by the Company will be included in the Annual Action Plan.*
- *If the Company has an 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, 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 if applicable shall be placed before the Board and shall be annexed to the annual report on CSR.*
- *Impact assessment, if applicable may be booked as the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.*

12. GENERAL:

- (i) In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to the Managing Director of the Company. In all such matters, the interpretation & decision of the Managing Director shall be final. However, wherever Managing Director deems necessary he may place all such matter before the CSR Committee for their consideration and approval, wherever required.
- (ii) *Any amendment in the Companies Act, 2013 or rules made thereunder or through any circular, notification or clarification or requirement by any other laws shall be deemed to be incorporate in this policy from the date of such amendment, modification or clarification or any other effective date stated therein.*

- (iii) The Board of Directors of the Company reserves the right to review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

Note: -

<i>Version</i>	<i>Adopted /approved on</i>	<i>Effective from</i>
<i>V1</i>	<i>Approved by the Board at their meeting held on 12th August, 2014</i>	<i>12th August, 2014</i>
<i>V2</i>	<i>Approved by the Board at their meeting held on 9th November, 2021</i>	<i>9th November, 2021</i>

ANNEXURE-1

MONITORING AND REPORTING FRAMEWORK

CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities as undertaken under this policy. The Management/Managing Director will present the annual budgets and list of programs, projects, and activities to the CSR Committee for its approval. The Committee will in turn recommend this to the Board of Directors for its final approval. In compliance with the Act and to ensure funds spent on CSR programs are as per the approval, a comprehensive Monitoring and Reporting framework will be put in place. The monitoring and reporting mechanism will be divided into three distinct areas:

I. Program Monitoring:

II. Evaluation:

III. Reporting and Documentation:

I. Program Monitoring:

- a) The Program monitoring mechanism will ensure:
 - The CSR policy is implemented as per the Act and the Rules.
 - The CSR policy is implemented ensuring that the projects/programs are duly carried out as budgeted.
- b) CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans. This may include comprehensive documentation and regular interaction with implementation Partners.
- c) CSR spends may be audited in an accountable and transparent manner.
- d) Periodical reporting by the CSR committee as it may think fit and reviews by the Board.

II. Evaluation:

An evaluation plan will be put in place. The evaluation plan/mechanism will ensure:

- a) Expected outcomes, outputs and inputs will be clearly defined for each program as per stated timelines.
- b) There shall be clarity about the scope of the program and the need, before evaluations are undertaken.

III. Reporting and Documentation:

The CSR Committee will prepare the annual CSR report to be filed by the Company with Ministry of Corporate Affairs, on approval of the Board. This report will ensure:

- a) CSR projects and programs are being properly documented.
- b) An MIS is maintained on expenditure across sectors in alignment with the prescribed reporting format.
