

CORPORATE SOCIAL RESPONSIBILITY

POLICY OF

GUJARAT AMBUJA EXPORTS LIMITED

I. PREAMBLE:

The concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. Organizations have realized that Government alone will not be able to get success in its endeavor to uplift the downtrodden of Society. With the CSR, companies are able to develop their own social investment strategies and decide where to invest and implement programs, but the government has recommended particular areas of need, including eradicating hunger and poverty, maternal and child health, promoting gender equality and environmental sustainability etc. Companies should give preference to the local areas where they operate. When the provision for Corporate Social Responsibility (CSR) was introduced by Companies Act 2013, it was being said by the Government that the provision for Corporate Social Responsibility (CSR) will follow what is globally known as “Comply or Explain (COREX)”, which means the Companies will not be mandated to spend on Corporate Social Responsibility (CSR) and the Board Report will only give reasons for not spending.

For Gujarat Ambuja Exports Limited (GAEL) in the present context, CSR means not only investment of funds for social activities but also integration of business processes with social processes.

GAEL believes that, with its core business interests in various agro-processing segments and exports, the Company plays an important role in strengthening the fabric of society, by generating employment and business opportunities. GAEL is committed to continuously improving its social responsibilities as a good corporate citizen, to make positive impact on the society.

The Ministry of Corporate Affairs (MCA) has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 through notification dated January 22, 2021. Through the said amendment, MCA has

CSR Policy

brought major changes in the Companies (Corporate Social Responsibility) Rules, 2014 through the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

II. OBJECTIVE OF GAEL CSR POLICY IS:

- a. to lay down guidelines for sustainable development for the Society and supplement the role of the Government in enhancing welfare measures of the society *based on the immediate and long term social and environmental consequences of their activities.*
- b. to take up programme that benefit the communities where it operates and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- c. to serve the socially and economically weak, disadvantaged, underprivileged, & destitute sections of the Society regardless of age, class, color, culture, disability, ethnicity, family structure, gender, marital status, nationality origin, race or religion with intention to make the group or individual self- dependent and live life more meaningfully.
- d. to extend humanitarian services in the community to further enhance the quality of life like health facilities, education, basic infrastructure facilities to areas that have so far not been attended to.
- e. to generate, through its CSR initiatives, a community goodwill for GAEL and help reinforce a positive & socially responsible image of GAEL as a Corporate entity.

III. DEFINITIONS:

- 1) **“Act”** means Companies Act, 2013 including the Rules made thereunder (as amended from time to time Gujarat Ambuja Exports Limited.
- 2) **“Board”** means Board of Gujarat Ambuja Exports Limited

- 3) **“Company”** means Gujarat Ambuja Exports Limited and whenever the context requires, shall signify the Company acting through its Board.
- 4) **“CSR Annual Plan”** means annual plan detailing the CSR expenditure of the year.
- 5) **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
- 6) **“CSR Expenditure”** means all the CSR Expenditure of the Company as approved by the Board upon recommendation of CSR Committee including the following;
 - i. Contribution to CSR Projects which shall be implemented and/or executed by the Company;
 - ii. Any other contributions covered in areas and subject specified under Schedule VII of the Act.
- 7) **“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.
- 8) **“Financial Year”** means period beginning from 1st April of every year to 31st March of the succeeding year.
- 9) **“International Organisation”** means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply.
- 10) **“Net profit”** means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:-

- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
- (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act:

Provided that in case of a foreign company, net profit means the net profit of such company as per profit and loss account prepared in terms

- 11) **“Ongoing Project”** means a multi-year project undertaken by the 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.
- 12) **“Public Authority”** means ‘Public Authority’ as defined in clause (h) of Section 2 of the Right to Information Act, 2005 (22 of 2005).
- 13) **“Rules”** means the Companies (Corporate Social Responsibility) Rules, 2014, including any re-enactment, modifications or amendments thereof.

IV. CSR COMMITTEE:

According to Section 135 of the Act to inter alia carry out the following functions;

- a) To formulate and recommend Board, a CSR Policy which shall indicate the activities taken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013 and rules made thereunder;
- b) To review from time to time CSR Policy in the light of emergent situation and statutory framework;
- c) To recommend the amount of investment to be made in CSR activities;

- d) To monitor the implementation of CSR Policy and review overall performance in CSR programmes;

V. THRUST AREAS:

While the Company is eligible to undertake any activity as specified in Schedule VII to the Act, however the following are thrust areas where the Company will focus for undertaking CSR activities;

- Education
- Community Health
- Sustainable Livelihood
- Community Infrastructure

However, Company is not restricted to invest in above activities only and may spend its CSR expenditure in any of activities as specified in Schedule VII of the act.

VI. AREAS/ACTIVITIES NOT COVERED UNDER CSR:

Areas/activities specifically excluded from the scope of CSR activities:

1. Activities undertaken in pursuance of normal course of business of the Company
(However, if the Company is engaged in Research & Development activity of new vaccine, drugs and medical devices related to COVID-19 in normal course of business may be included for F.Y. 2020-2021, 2021-2022, 2022-23 subject to conditions that such Research & Development activity is carried out with institutes or organizations mentioned under Serial no. (IV)(ix) above and such details are mentioned separately in Annual Report on CSR included in Board's Report).
2. Any activity undertaken by the Company outside India
(Exception - For training of sports personnel representing State or UT at national or international level).

3. Contribution of any amount directly or indirectly to any Political Party under Section 182 of the Act.
4. Areas/activities that benefits only the Employees of the Company as defined in clause (k) of the Section 2 of the Code on Wages, 2019.
5. Activities supported by Company on sponsorship basis for taking market benefit of its product or services.
6. Activities carried to fulfill any statutory obligation under any law in India.

VII. IDENTIFICATION OF CSR PROJECTS:

1. CSR Projects need to be identified and planned for the approval of CSR Committee, with the estimated expenditure and phase wise implementation schedules.
2. The Company shall ensure that while identifying CSR Projects, preference shall be given to local area and areas around the Company and its units. However this shall not bar the Companies from pursuing its CSR in other areas.

VIII. MODALITIES OF EXECUTION AND IMPLEMENTATION SCHEDULE:

The CSRC will formulate and recommend to the Board, an annual action plan which will 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;
- (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 CSRC, based on the reasonable justification to that effect.

The CSRC shall carry out the following, for identification and implementation of activities:-

- 1) The CSRC will decide the priority of the activities to be undertaken under the CSR by grant of donation/Financial Assistance/ Sponsorship etc.
- 2) The CSRC may also interact with the CSR implementing Agencies for determining the activities to be undertaken.
- 3) Based on the total activities to be undertaken, the CSRC will recommend to the Board the quantum of budget for the year.
- 4) The CSSRC may interact with concerned State officials/Government Officials to confirm the areas for undertaking CSR activities and ensure to avoid duplicity of the job.
- 5) The CDSR will monitor and review the progress of activities undertaken/completed.
- 6) Identification of Programs: Identification of Programs at Corporate and plant level will be done by means of the following:
 - i. Need identification studies by professional institutions/agencies;
 - ii. Internal need assessment by cross functional team at local level;
 - iii. Receipt of proposals/requests from district administration/local govt. etc.;
 - iv. Discussion and request with local representatives / voluntary

organization.

Implementation

The Company may also undertake/implement the CSR programs itself of through;

- (a) Section 8 Company or registered public trust or registered society, registered under section 12A and 80G of the under Income Tax Act, 1961 established by Company singly or with any other company or
- (b) Section 8 Company or registered public trust or registered society established by Central Government (CG) and State Government or
- (c) Any entity established under the Act of Parliament / State legislature or
- (d) Section 8 Company or registered public trust or registered society, registered under section 12A and 80G of the under Income Tax Act, 1961 and having established track record of at-least 3 Years in similar activities.
- (e) Internal Organization for designing, monitoring and evaluation of CSR projects / programme or for capacity building of the personnel of the Company for CSR
- (f) Collaboration with other Companies for undertaking projects/programs/activities such that the CSR Committee of both the Companies can report separately on such projects/programs/activities.

IX. FUND ALLOCATION AND OTHERS:

A. Fund Allocation

1. The Company, in every financial year, shall endeavor to spend such feasible amount as CSR Expenditure, which shall not be restricted by the statutory limit of specified percentage of its average net profits of the immediately preceding three financial years. However, the aforementioned CSR Expenditure in any Financial Year shall be at-least 2% of the Company's average Net Profits for the three immediately preceding Financial Years.

2. The CSR shall prepare a CSR Annual Plan for the above which shall include:
 - a. Identified CSR Projects
 - b. CSR Expenditure
 - c. Implementation Schedules

3. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee.

B. EXPENDITURE:

- **Administrative Overheads:**

The Company shall ensure that administrative overheads doesn't exceed 5% of total CSR expenditure in one financial year.

- **Surplus CSR Amount:**

Any surplus arising out of CSR projects/programme/activities shall not form part of business profit of Company and

- a. shall be ploughed back into same project; or
- b. shall be transferred to Unspent CSR Account and spent in pursuance of CSR policy and action plan of the Company; or
- c. transfer to fund specified in Schedule VII of the Act within 6 months of expiry of Financial Year.

- **Excess Amount Spend:**

Any excess amount spent by the Company on CSR may be set off against the CSR requirement of immediately succeeding three financial years subject to below conditions:

- a. excess amount available for set off shall not include surplus of CSR activity; and
- b. the Board to pass a resolution to that effect

- CSR amount may be spent for creation or acquisition of assets which shall only be held by company established under Section 8 of the Act or registered public trust or registered society having charitable objects and CSR Registration Number or beneficiaries of said project in form of self-help groups, collectives, entities or a public authority.

X. MONITORING:

a) The Board shall satisfy that the funds disbursed for CSR have been utilized for the purpose and in the manner as approved by it and Chief Financial Officer / the person responsible for financial management will certify the same.

b) The Board shall monitor the implementation of ongoing project(s), if any, with the approved timelines and year wise allocation and is competent to make modifications, if any for smooth implementation of the project within the overall permissible time period.

The Board shall review the implementation of CSR activities from time to time.

c) The Board shall in its report include in its Annual Report on CSR Projects as per the format provided in the Annexures of the Rules.

d) The Company shall include a separate disclosure in the Annual Report in details about the Policy developed and on the implementation of CSR activities/project including physical and financial progress during the financial year.

XI. REVIEW AND AMENDMENT:

The above guidelines would form the framework around which the CSR activities would be undertaken. CSRC is authorised to make minor modifications to this Policy which also includes the authority to remove ambiguities, enhance clarity on the provisions of the Policy etc. CSR Plan may be revised / modified / amended by the CSRC at such intervals as it may deem fit. Any major modification to the Policy will require authorisation by the Board of the Company. Further, any subsequent amendment/modification in the Companies Act, 2013 read with Rules made thereunder and/or any other laws in this regard shall automatically apply to this Policy.
