

Corporate Social Responsibility Policy of

Chemspec Chemicals Limited

(hereinafter mentioned as “CCL”)

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Corporate Social Responsibility (CSR) Policy of CCL

This policy encompasses CCL's philosophy towards corporate social responsibility and lays down the guidelines and mechanism for undertaking socially relevant programs for sustainable development of the community at large and also to comply with all the local regulations in that regard, is titled as the 'CSR Policy of CCL'.

Policy Objectives

CCL has embarked upon the process of institutionalizing its commitment at being socially responsible with an aim of sustainable development of the society. The purpose of this policy is to define the CCL's vision, guiding principles, governance structures, strategy and programs for its corporate social responsibility efforts.

Scope

This policy is applicable to corporate social responsibility initiatives of CCL

Policy

• Preamble

With CCL's "Chemistry with care" strategy, CCL has made sustainability the mainstay of its existence, as defined in the purpose statement "Chemistry with care". For CCL, sustainability means balancing economic, environmental and social needs to find the best available solution which is essential to ensure a more sustainable future. In this regard, CCL is integrating sustainability more closely into all business processes and by making it the starting point for new business opportunities.

• CSR Vision

To contribute positively to the society and bring about sustainable change by leveraging on the available resources and existing networks.

• Guiding Principles

1. Sustainable and holistic community development
2. Creation of the Company's positive social image
3. Compliance with local regulations

• Governance Structure

CCL has put in place the following governance structure to ensure that CSR policy is implemented and monitored effectively. The roles and responsibilities are defined at each governance level.

Board of Directors

CCL's Board of Directors will be responsible for following activities:

- Approve CSR policy, causes that the company proposes to support, programs to be undertaken by CCL, modalities of operation and the budget for the activities.
- Ensure that the activities included in CSR Policy of CCL are undertaken by CCL, although primary responsibility lies with the CSR task force.

- Ensure that CCL spends, in every financial year, at least two per cent of the average net profits or such amount as may be determined from time to time of CCL made during the three immediately preceding financial years, in pursuance of this policy.
- To ensure that the Board's Report issued under clause (o) of sub-section (3) of section 134 shall include an annual report on CSR containing particulars specified in Annexure to the CSR Rules, as amended.
- To ensure that if CCL fails to spend such amount, specify the reasons for not spending the amount in its annual report mentioned above.

CSR Committee

The Board of Directors of CCL have formed a CSR Committee. This Committee along with the CSR team will be responsible for decision making with respect to CCL's CSR policy. This Committee will be responsible for driving CCL's CSR initiatives. This Committee will also give strategic direction, finalize and approve annual goals of the CSR programs selected, allocate budgets on a yearly basis and monitor progress.

The CSR Committee will be specifically responsible for the following:

- Recommend the CSR Policy to the Board for approval which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
- Recommending the amount of expenditure to be incurred on the CSR activities referred above to the Board for approval.
- Ensuring that the CSR Policy of CCL is monitored on a regular basis and is updated from time to time for any change or enhancement in scope and the same is recommended to the Board for approval.
- Defining the modalities and monitoring the progress of the activities being undertaken under the policy.
- Approving the design of the CSR activities and the budgets proposed by the CSR Committee together with the CSR team and recommend to the Board for approval.
- Design monitoring mechanism for the activities and the policy.
- Ensure monitoring of the CSR programs by CSR task force.
- The Head of the CSR Committee will be responsible for the overall implementation and reporting of the CSR projects as approved by the Board.

CSR Team:

The CSR team will comprise of employees of CCL who will recommend the CSR activities to the CSR Committee and support in planning and implementation of the CSR activities of CCL.

Following are the specific roles and responsibilities of the CSR team:

- Identify the projects in the areas as per the CSR Policy or as recommended by the CSR Committee.
- Ensure that the projects proposed are in line with Schedule VII of the Companies Act, 2013.
- Propose CSR programs to the CSR Committee for approval.
- Recommend programs, modality of operation and monitoring mechanism.
- Ensure availability of adequate resources.
- The CSR team will meet once in every quarter to discuss the progress of projects approved and implementation mode.
- Ensure that the CSR goals are achieved within the proposed timeframe and budget allocated, and will periodically report the progress of each project to the CSR Committee.
- Support the CSR Committee to ensure full compliance of the regulations.

• Key Stakeholders

The key stakeholders of the CSR programs will be primarily those communities, in which CCL has its business footprint. From these communities, the focus will be on children, youth and women.

Contributing positively to these stakeholders and improving their quality of life by providing sustainable solutions will be essential elements of CCL's CSR efforts. CCL will prefer to work with the most underprivileged section of the society.

CCL will also engage its employees; wherever and whenever possible, to achieve its CSR vision.

• Causes (thematic Areas) to support through CSR interventions

CCL undertook a detailed stakeholder engagement to understand the needs and expectation of its stakeholders from CCL's CSR interventions. Based on this, CCL has decided to support the following CSR causes as part of its CSR Policy:

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art setting up public libraries
- vi. promotion and development of traditional arts and handicrafts
- vii. Measures for the benefit of armed forces veterans, war widows and their dependents
- viii. Training to promote rural sports, nationally recognized sports, Paralympic and Olympic sports
- ix. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women
- x. Rural development projects

- xi. Any other activities in relation of the above and all other activities which forms part of CSR as per Schedule VII of the Act, 2013 (the “Act”) as amended from time to time. (Collectively referred to as “CSR Activities”)

CCL 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.

• **CSR Programs**

In all projects, CCL will strive to create shared value for CCL and the communities in which it operates.

Program development

Every program must develop a proposal including information such as project description and duration, measurable objectives, information about the partner organization including proof of legal status, and amount of funding or other resources required.

Program approval

The program proposals must be submitted to the CSR Committee for their consideration and evaluation and thereafter to the Board of CCL for their approval. The programs will be implemented after receiving approval from the CSR Committee. However, in case CCL needs to respond to an urgent need within their stakeholder community, the program may get implemented after obtaining the approval of the CSR team and the same will be placed before the next CSR Committee for ratification.

Program implementation

The total costs for all projects will be within the CSR budget as per the mandate or as approved by Board of Directors.

Program criteria

All CSR interventions will have a comprehensive practical approach and, will comply with the items specified in Schedule VII and Section 135 of the Companies Act, 2013 and the rules framed therein or as modified from time to time. CSR activities will be designed to fulfil criteria set by the CSR Committee.

CCL plans to undertake CSR activities mainly in the following areas:

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior

citizens and measures for reducing inequalities faced by socially and economically backward groups

- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art setting up public libraries
- vi. promotion and development of traditional arts and handicrafts
- vii. Measures for the benefit of armed forces veterans, war widows and their dependents
- viii. Training to promote rural sports, nationally recognized sports, Paralympic and Olympic sports
- ix. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women
- x. Rural development projects
- xi. Any other activities in relation of the above and all other activities which forms part of CSR as per Schedule VII of the Act, 2013 (the "Act") as amended from time to time. (Collectively referred to as "CSR Activities")

• **Budget**

CCL endeavour to spends, in every financial year, at least 2% of the average net profit or such amount as may be determined from time to time made during the three immediately preceding financial years on its CSR projects. Net profit shall mean profit before tax as per books of accounts as per the provisions of the Companies Act, 2013 and rules made thereunder.

• **Modalities of Implementation**

The CSR programs will be implemented by the grass root level implementation with an established track record with support from consultants and social enterprises, as may be required. It is being endeavoured to work with approved and recognised partners to ensure effective and efficient execution of the programs.

While availing services of consultants or any other organizations, CCL will seek proposals from various consultants and organizations and will then make a final decision based on criteria which are critical to the success of that particular CSR program.

• **Monitoring Mechanism**

CSR Committee shall meet as and when the need arises to review and guide the CSR activities of CCL.

The CSR team shall meet once a month to monitor the progress of CSR programs, CSR spending and review if any changes are required. During the half yearly meeting, the CSR team will also review the CSR policy to discuss if any changes are required in it. However, it may also meet at an early period in case of changes to a particular program or review of CSR policy is required.

At each of the program locations, the CSR programs will be implemented and monitored by the CSR Team. The program managers will maintain their own monitoring schedule, as appropriate, to collect the required inputs from organizations, implementation partners and beneficiaries to ensure effective implementation.

CCL may undertake an assessment, as and when needed, in order to evaluate the social impact of its CSR programs on the communities. This will also help CCL to obtain learnings which will help increase program efficiency and scalability.

• **Reporting & Communications**

CCL will incorporate the details of CSR activities, including physical and financial process in the annual report.. The CSR activities will also be reflected in the annual accounts under the head 'Expenditure under CSR Activities' and will be mentioned in the Director's report. CSR team will be sending quarterly reports to the CSR Committee who will present the same during Board level CSR Committee's quarterly meetings, if any.

The CSR policy of CCL will also be uploaded on the website.

• **Exclusion**

CCL will not contribute any amount directly or indirectly to any political party or religious organization as part of its CSR activities. The surplus arising out of CSR projects or programs or activities shall not form part of the business profit of CCL.

• **Exceptions & Deviations**

All exception and deviation to this policy shall be approved by CSR Committee.

• **Policy Owners**

The CSR Committee is the process owner of this policy.

• **Amendment**

Based on the recommendation of the CSR team and the CSR Committee, the Board of CCL can modify this policy unilaterally at any time to maintain compliance with local laws.

• **The Composition of CSR Committee**

The Corporate Social Responsibility Committee ('CSR Committee') of the Board of Directors of the Company comprises all the Directors on the Board of the Company as indicated below:

1. Mr. Jayant C. Vora – Chairman
2. Mr. Mitul J. Vora – Member
3. Mr. Rushabh J. Vora – Member

On conversion into public limited company and induction of Independent Directors (IDs) the CSR Committee was reconstituted on June 19, 2021, comprising of three members as follows;

1. Aditya Kapadia- Independent Director- Chairman
2. Rushabh Vora- Managing Director- Member
3. Mitul Vora- Non-Executive Director- Member

Adopted by the Board at its Meeting held on 04th December, 2015 and revised policy adopted at the Meeting held on July 14, 2021.