

Corporate Social Responsibility

1. Preamble

The definition and scope of corporate responsibility is quite vast. Terms like corporate responsibility, corporate social responsibility, sustainable development, corporate philanthropy, corporate citizenship, corporate consciousness, responsible business etc are used interchangeably. Now, the investors and shareholders are no longer the only stakeholders in the business. Business draws on resources both natural and social from the society and planet and provides products and services to the society. It forms an integral part of the society and is responsible and accountable to a wide range of stakeholders i.e., customers, employees, supply chain, nature, environment, regulatory bodies etc.

With the emergence of corporations and conglomerates, the pressure on business on corporate governance, ethics, values and disclosures have increased. Along with regulatory frameworks a number of voluntary frameworks and guidelines require businesses to disclose the manner in which the business is being conducted for example Global Reporting Initiative (GRI), ISO 26000, Carbon Disclosure Project (CDP), and Sustainability Indexes etc. In India, the Companies Act, 2013 mandates Corporate Social Responsibility (CSR) activities to be undertaken by companies meeting the criteria specified in the Act.

2. Regulatory Reference

- A. Section 135 of the Companies Act, 2013 ("the Act");
- B. Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2021 ("the Rules").

3. Definitions

- a. "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the activities specified in clauses (i) to (vi) of the Rules.
- b. "Administrative Overheads"- means the expenses incurred by the Company for 'general management and administration' of the 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 programme.
- c. "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;
- d. "Ongoing Project" means a multi-year project undertaken by a 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

4. Policy

- a. This policy shall be known as Corporate Social Responsibility Policy of the Company which is referred in this document as "the Policy" or "CSR Policy".
- b. The CSR Policy and Project approved by the Board shall be displayed on the website of the Company;

5. Approach and Strategy

Classic Industries and Exports Ltd (CIEL) as an organization is committed to incorporating policies, systems and approaches to achieve its positive impact growth objectives. Deeply inherent in our vision statement are the principles of sustainability. The CSR approach stems from our vision statement focusing on "continuously enhancing stakeholder value", which includes the larger society and environment in which the Company operates. The CSR philosophy of the Company rests on the principle of sustainability and self-reliance. It also embeds a dimension of philanthropy. At the core of Classic's responsibility belief is stakeholder engagement. Consequently, all CSR projects implemented are aligned with the stakeholder needs and the issues the organization has identified to support on philanthropy front.

6. CSR Committee

The Board of Directors has constituted the "Corporate Social Responsibility Committee" as per requirement of Section 135 of Companies Act, 2013 and rules related thereto.

The Company Secretary acts as the secretary of the Committee.

The Composition of the CSR Committee shall be displayed on the website of the Company. (CSR Committee) comprising of following Directors:

1. Mr. Onkar Kanwar, as Chairman of the Committee
2. Mr. Sunil Tandon , as Member of the Committee
3. Mr. Tapan Mitra , as Member of the Committee

7. Implementation

The CSR Committee shall submit periodical reports to the Board of Directors. The CSR projects are identified and approved by the CSR Committee.

The CSR initiatives which are linked to the immediate social and environmental context in which the Company operates are routed through Apollo Tyres Foundation (ATF) which is registered under Indian Trust Act 1882 or through any other Trust or entity as may be permissible under Companies Act, 2013 or rules

related thereto. The projects relate to environment or social issues within the identified communities or selected stakeholders for CIEL focus area.

During implementation through ATF, every entity who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from April 1, 2021.

Company may engage international organisations 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.

Company may also collaborate with other Companies for undertaking projects or programmes 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 programmes in accordance with these rules.

8. Scope of CSR Activities

A. The CSR Activities shall include the following:

- I. To carry out philanthropic activities for the welfare of society.
- II. To support the infrastructure for welfare of differently abled persons like handicapped, deaf, dumb and blind and old persons etc.
- III. To support the medical infrastructure and health initiative camps covering lifestyle diseases, ENT, maternity issues, woman reproductive health issues for under- privileged or any other class or category of persons, as the trust may deem fit, for welfare of the society.
- IV. To work in the area of eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by Central Government for the promotion of sanitation and making available safe drinking water.
- V. To work in the area of promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- VI. To work in the area of promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- VII. To work in the area of ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga.
- VIII. To work in the area of protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.

- IX. To work in the area of measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- X. To work in the area of training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
- XI. To contribution to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM Cares 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.
- XII. To make contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.
- XIII. To make contributions to public funded Universities; Indian Institute of Technology (IIT); National Laboratories and Autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and Other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- XIV. To work in the area of rural development projects.
- XV. To work in the area of slum area development.
- XVI. To work in the area of disaster management, including relief, rehabilitation and reconstruction activities.
- XVII. To undertake any other activities in furtherance of the aforesaid objectives, as the CSR Committee may deem fit.

B. The CSR Activities shall not include the following: -

- I. Activities undertaken in pursuance of normal course of business of the Company;
- II. 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;
- III. Activities that benefit only the employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019;
- IV. Contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- 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.

9. Annual Action Plan

The CSR Committee shall formulate and recommend to the Board, an annual action plan 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;
- 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:

The 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.

10. Contribution for CSR Activities

- a. The Board of the Company shall ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years, in pursuance of the Policy;
- b. If the Company fails to spend such amount the Board shall, in its report specify the reasons for not spending the amount and unless the unspent amount relates to any ongoing project, transfer such unspent amount to a fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year;
- c. Any amount remaining unspent, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of 30 days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of 3 financial years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the 3rd financial year;
- d. If the Company spends an amount in excess of the requirements provided under Section 135(5), such Company may set off such excess amount against the requirement to spend under Section 135 (5) up to immediate 3 financial years subject to (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any as specified in the Rules and (ii) the Board of the Company shall pass a resolution to that effect;
- e. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a 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 6 months of the expiry of the financial year.

- f. The contribution in CSR Activities shall only be made in India;
Explanation: if any contribution in CSR Activities is made outside India, the same shall not be considered in calculation of two percent limit as specified in clause (a) above
- g. The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked CSR activities; or prefer its stakeholders for designing the projects
- h. The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.

11. Projects & Program

Please refer to Annexure for CSR project & program.

12. Governance

CIEL provides ATF the funds to undertake the identified activities. ATF undertakes due diligence and identifies research and project implementation partners. Project implementation partner submits a proposal with a project plan with actions, deliverables, impact measure indicators and financials.

13. Monitoring

The project is commissioned, and a monthly and quarterly monitoring and review system is established. The projects are evaluated and monitored on regular basis on outcome and impact metrics. Further unannounced audits are also undertaken to ensure the delivery of projects. All CIEL projects are as per the Act requirements.

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.

14. Certification

The Board of the Company shall satisfy itself that the funds so disbursed have been utilised 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.

15. Reporting

The Company reports its CSR performance along with its annual performance as a combined report. It publishes a sustainability report along with specific documents on community performance. The information is available on public domain and on Company website.

16. CSR Budget and Utilization

CSR Committee will recommend the annual budgeted expenditure for each project to its consideration and approval and shall be utilized on approved projects in accordance with CSR policy

17. Impact Assessment

a) If the Company is having average CSR obligation of Rs. 10 crores or more in pursuance of subsection (5) of section 135 of the Act, in the 3 immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of Rs 1 crores or more, and which have been completed not less than 1 year before undertaking the impact study.

b) The Company to undertake impact assessment through an independent agency, of project having outlays of Rs 1 Crore or more. The list of independent agency for impact assessment shall be approved by the CSR Committee.

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

d) The expenditure of impact assessment is booked towards Corporate Social Responsibility for that financial year as per the Act. The expenditure doesn't exceed 5% of the total CSR expenditure for that financial year or Rs. 50 lakhs, whichever is less.

18. Amendments to the Policy

The Board of Directors may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there are any statutory changes necessitating the amendment in the policy.

Annexure

Projects & Program

Initiatives

Care for society is one of the core values at CIEL and all the CSR initiatives are designed to cater to the need of the community. The CSR initiatives have a clear roadmap that follows the overall vision of the function. The company's vision is to create value for its stakeholders by bringing about positive change in their lives through our intervention.

The CSR initiatives are implemented through the registered trust, Apollo Tyres Foundation (ATF). All the CSR initiatives of the organisation are aligned with National Goals and Sustainable Development Goals (SDGs).

The CSR initiatives are categorized under core thematic areas, details are given below:

- i. Solid Waste and Sanitation Management
- ii. Livelihood for underprivileged Women
- iii. Biodiversity Conservation

In addition to the above, there are few local initiatives around manufacturing locations which are designed considering the need and requirement of the local community. These are particularly in the area of water management.

Programmes undertaken:

Following are the initiatives undertaken by the company at Pune and Airapuram locations:

1. Solid Waste Management and Sanitation (SPARSH):

Aligning with National development agenda and contributing to "Swatch Bharat Abhiyan," CIAEL has launched SPARSH a solid waste management and safe sanitation initiative. ATF has been running various projects on solid waste management and safe sanitation with the objective to promote a healthy and sustainable lifestyle amongst the local communities. This initiative is linked with SDG 6: Clean Water & Sanitation, SDG 11: Sustainable Cities and Communities, SDG 12: Responsible Consumption and Production.

SPARSH stands for S – Segregate Waste; P – Practise Composting; A – Awareness Generation; R – Reduce, Reuse & Recycle; S – Safe Sanitation; H – Hygiene for All.

Clean My Village (CMV), Sanitation Management and End of Life Tyre Playgrounds (ELT) are four initiatives under this theme.

At Airapuram location under the SPARSH theme the company has developed three ELT playgrounds at Mazhuvannoor panchayat. The ELT play structure are developed with used waste tyres to promote recycling of waste.

2. Livelihood for underprivileged women

The organisation is committed towards working on the targets of Sustainable Development Goal (SDGs) SDG 1: Poverty, SDG 5-Gender Equality as it not only supports gender equality, but also helps in the upliftment of the underprivileged communities.

This initiative is also aligned with SDG8: Decent work and Economic Growth as it provides income generation opportunity to become self-reliant. To achieve this, the organisation has initiated a Livelihood generation programme, Navya for rural women. Programme Navya, targets to improve the situation of the women by providing them income generation opportunities at their doorsteps and sensitising them on gender rights to address the problems related to discrimination.

Women are trained in agriculture and non-agriculture activities. Trained women are further linked with financial institutions for credit support and market linkages are also established to promote the business of the women. Navya also provides linkages with various government schemes.

Non-farm training includes mat making, baking, paper bag making, paper pen making, liquid soap making, tailoring, spice packaging, noodles making, flour mill, food processing, beautician work, back yard poultry, goat rearing and others.

Through farm-based trainings women are trained in improved farming and scientific agriculture practices. Basic training related to seed selection, soil testing, organic compost making, organic vegetables farming practices, vegetable production, water saving techniques, tuber crop, paddy, medicinal plant cultivation, livestock management and others are imparted.

3. Biodiversity Conservation:

Under Biodiversity Conservation theme, the company is committed towards conserving the community parks. Under this, the company has taken an initiative to maintain the three butterfly gardens at Mazhuvannoor Panchayat, Airapuram Kerala. The company has also renovated and developed the Keli's Children Park and two other parks at Airapuram. Redevelopment of park includes renovation of the play structures, wall painting and installation of new signboards in the park.

Local Initiatives: In addition to the above core themes, within the radius of 25-30 kms of our manufacturing locations, various local initiatives are implemented which are based on local stakeholder requirement. Details of such initiatives are:

Access to purified drinking water: To provide access to purified drinking water to the community, the organisation has set up four RO drinking water plant at Gunat, Devachiwadi, Golegaon and Modhawasti villages of Shirur Taluka Pune.

At Airapuram location, one water purifier has been installed at Valayanchiragara Government LP school, Mazhuvannoor panchayat.