

CARBOLINE (INDIA) PRIVATE LIMITED
Corporate Social Responsibility Policy

[Pursuant to Section 135 of the Companies Act, 2013, read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014]

DOCUMENT NO	:	01/2022/CSR
DATE OF FIRST APPROVAL	:	28 March 2022
LAST AMENDED ON	:	-
CURRENT VERSION	:	Version 1

Approved by the Board during meeting held on 28 March 2022	:	Mr. Sandeep Sarda Mr. Grant Douglas Boonzaier Mr. Warren Lee Roberts
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CORPORATE SOCIAL RESPONSIBILITY POLICY

CARBOLINE (INDIA) PRIVATE LIMITED

1. PREAMBLE

The CSR policy of Carboline (India) Private Limited, shall be read in line with Section 135 of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, notifications as may be applicable and amended from time to time.

Our CSR aim is to make a positive impact on our people, environment, customers and the communities that we serve. Our CSR policy shall apply to all CSR projects/programs undertaken by the Company as per liberal interpretation of activities listed in Schedule VII of the Companies Act, 2013 within the geographical limits of India alone.

In addition, the Company may undertake such other activities and programs in line with the global CSR framework of the RPM Group.

2. CSR VISION & OBJECTIVE

Vision

The CSR Policy of the Company refers to its commitment as an organization beyond the core business objectives. The Company aspires to be a responsible corporate citizen and contribute towards equitable and inclusive growth, sustainable development with strategies, policies and actions aligned with wider social, economic and environmental concerns in mind.

Objective

- ❖ To set up the guiding principles for carrying out the CSR activities and projects as per the CSR policy
- ❖ To set up processes for promoting, investing, engaging, collaborating, implementing and monitoring the CSR activities to be undertaken by the Company
- ❖ Embrace responsibility for the Company's actions and encourage a positive impact through its activities to alleviate hunger, poverty and malnutrition; to protect the environment; and to support communities, stakeholders and society at large

3. DEFINITIONS

In the CSR Policy unless the context otherwise requires:

- (a) "**Act, 2013**" means the Companies Act, 2013 as may be amended from time to time.
- (b) "**Board of Directors**" means the current composition of the Board of Directors as may be changed from time to time.
- (c) "**CSR Rules, 2014**" means the Companies (Corporate Social Responsibility) Rules, 2014 as may be amended from time to time.

(c) "**Corporate Social Responsibility (CSR)**" means and includes but is not limited to:

- Projects or programs relating to activities specified in Schedule VII to the Act, 2013, as may be amended from time to time; or
- Projects or programs relating to activities undertaken by the Board of Directors of a company in pursuance of recommendations of the CSR Committee of the Board as per the CSR Policy of the Company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act, 2013.

(d) "**CSR Committee**" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act, 2013 read with the CSR Rules, 2014.

(e) "**CSR Partners**" means either a registered public trust or a registered society or a Company established under Section 8 of the Act, 2013 by the Company singly or along with any other Company.

(e) "**Net profit**" for the purpose of CSR compliance shall be calculated in accordance with the Section 198 of the Act, 2013.

(f) "**Rules**" means the Companies (Corporate Social Responsibility) Rules, 2014 including any other company rules framed under the Act, 2013 and as may be amended from time to time.

4. CSR FOCUS AREAS

4.1 The focus areas for the CSR programs/projects to be undertaken by the Company under this Policy shall be in the following areas:

- (a) **Education:** Promoting education, including special education and employment enhancing vocation skills especially among children and youth from under privileged communities, people with disabilities and livelihood enhancement projects
- (b) **Health and Wellness:** To promote healthcare including preventive health care and sanitation (including contribution to Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation), making available safe drinking water and to undertake other activities in relation to health, safety, including road safety and wellness
- (c) **Technology:** To promote higher education by providing opportunities to develop capabilities in academic institutions through industry-academia relationships, contribute to the technology incubators located within academic institutions which are approved by the Central Government
- (d) **Environment:** To undertake various projects / programs in relation to Renewable energy, environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, maintaining quality of soil, air and water (including contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga)
- (e) **Disaster Relief:** To contribute to disaster relief efforts in compliance with Schedule VII of the Companies Act, 2013
- (f) Rural Development Projects

(g) **Women empowerment and reducing inequalities:** 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

(h) Any other area(s) or items notified by the Government of India, Ministry of Corporate Affairs from time to time

4.2 The CSR Focus Areas mentioned above are broad-based and are intended to cover a wide range of activities in accordance with Schedule VII of Act, 2013. While deciding the program or project to be undertaken based on the focus areas indicated, the Company shall ensure that the provisions are interpreted liberally, and the essence thereof is strictly adhered to.

4.3 Every activity to be undertaken by the Company as part of the CSR programs/projects shall be approved by the CSR Committee (as defined herein) or by the Board of Directors where the amount to be spent towards CSR during a financial year does not exceed INR 50,00,000 (INR 5 Million). For the purpose of carrying out the CSR activities, preference shall be given to the local area and the areas around which the Company operates.

5. IMPLEMENTATION OF CSR PROGRAMS/PROJECTS

5.1 The Company shall carry out the CSR programs / projects in accordance with the terms of this Policy, either on its own, or through a registered trust or registered society or through a company under Section 8 of the Act, 2013 established by the Company and registered under Section 12A and Section 80G of the Income Tax Act, 1961, either singly or along with any other company.

5.2 The registered trust or registered society or through a company under Section 8 of the Act, 2013 established by the Company should also be registered with the Central Government by filing of the Form CSR-1 electronically with the Registrar of Companies.

5.3 The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or program in accordance with the Policy as well as for capacity building of their own personnel for CSR.

5.4 The Company may also collaborate with other companies to undertake projects, programs or CSR activities in such a manner that the CSR Committees of the respective companies are in a position to report separately on such projects or programs in accordance with the Policy and the applicable CSR regulations from time to time in force.

5.5 If the Company chooses to carry out the CSR Programs / projects through a registered trust or registered society or a section 8 company incorporated under the Act, 2013 which is established by a third party ('CSR partner'), guidelines mentioned hereunder are required to be followed in choosing such CSR partners.

6. GUIDELINES FOR CHOOSING A CSR PARTNER

6.1 CSR partner shall either be a registered trust or a registered society under the applicable laws or a company incorporated under Section 8 of the Act, 2013 with established track record of 3 years in undertaking activities in the focus areas in which the Company intends to carryout CSR programs / projects. The CSR partner shall also be registered under Section 12A and 80G of the Income Tax Act, 1961 and shall hold a CSR Registration Number as prescribed under the Act, 2013.

- 6.2 The Board of Directors or the trustees or the management committee members or governing body members of the CSR partner, as the case may be, or the members of the CSR partner or the CSR partner itself, shall not in any way be, directly or indirectly, connected with any political parties and the CSR partner should not be, directly or indirectly, promoted by political parties.
- 6.3 CSR partner shall not engage in religious or political activities, for the private benefit of the CSR partner, discriminate on the basis of race, colour, religion, sex, age, national origin, citizenship status, disability, sexual orientation or veteran status.
- 6.4 The Board of Directors or the trustees or the management committee members or governing body members of the CSR partner, as the case may be, or the members of the CSR partner should not be adjudicated as an insolvent or convicted by a Court of any offence involving moral turpitude.
- 6.5 CSR partner should not be or should not have been a party at any time to bankruptcy or insolvency or winding up proceedings or to proceedings involving a composition of creditors, or should not make or should not have at any time made an assignment for the benefit of creditors, custodian, receiver or any other person with like power should not have been appointed to take charge of or liquidate all or a part of its business, property or assets or no order should have been made or a resolution should have been passed for the winding-up or liquidation or any corporate proceedings for its liquidation, winding-up or dissolution.
- 6.6 CSR partner should have audited its accounts for each of the financial years from the date of its existence and the financial statements should reflect true and fair view of its affairs.
- 6.7 The Company shall conduct a due diligence on the CSR partner and satisfy itself of its credibility, compliance status and ability to carry out CSR programs / projects on behalf of the Company.
- 6.8 The CSR committee or the Board of Directors (where applicable) shall discuss the CSR Policy and the objectives of the Company in this regard with the proposed CSR partners.
- 6.9 The Company shall procure a proposal including a budget from the shortlisted CSR partner regarding the course of action that they intend to undertake, if chosen to implement a particular CSR program / project on behalf of the Company.
- 6.10 The Company shall, before executing the CSR programs /projects with CSR partners, ensure that the monitoring and reporting mechanisms on the progress of such programs / projects and utilization of the funds are made clear.

7. CSR FUND AND SPENDING

- 7.1 The Company shall monitor the CSR spend for each financial year, which shall not be less than 2% of the average net profits of the Company made during the three immediately preceding financial years as per the provisions stated in the Act, 2013.
- 7.2 The Board shall ensure that the administrative overheads shall not exceed 5% percent of total CSR expenditure of the Company for the financial year.

‘Administrative overheads’ shall mean the expenses incurred by the company for ‘general management and administration’ of the CSR functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular CSR program or project.

- 7.3 Any surplus arising out of the CSR programs / projects implemented by the Company shall not form part of business profits and shall be ploughed back into the same project or shall be transferred to the unspent CSR account and spent in pursuance of this 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.

‘Surplus’ means refers to income generated from the spend on CSR activities, such as interest income earned by the implementing agency on funds provided under CSR, revenue received from the CSR projects, disposal/sale of materials used in CSR projects, and other similar income sources. The surplus arising out of CSR activities shall be utilised only for CSR purposes.

- 7.4 In case the Company spends an amount in excess of requirement provided in the Act, 2013, such excess amount may be set-off against the requirement to spend for up to immediate succeeding three financial years subject to the conditions that:
- i. The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.
 - ii. The Board of Directors of the Company shall pass a resolution to that effect.
- 7.5 In the event Company fails to spend the amount earmarked for the CSR programs / projects in a financial year, the CSR Committee shall submit a report in writing to the Board of Directors of the Company specifying the reasons for not spending the amount which in turn shall be reported by the Board of Directors of the Company in the Board’s Report for that particular financial year and transfer the unspent amount in the manner prescribed under the Act, 2013.

8. CSR COMMITTEE

CSR Committee shall be constituted by the Board of Directors of the Company. If the CSR spend does not exceed INR 50,00,000 (INR 5 Million) during a particular financial year, the requirement to constitute the CSR Committee shall not be applicable and in such a scenario the functions of such committee shall be discharged by the Board of Directors.

The roles, responsibilities and functioning of the CSR Committee shall be as provided below:

- (a) **Constitution:** CSR Committee shall consist of minimum two (2) Directors of the Company as may be constituted by the Board of Directors of the Company.

In case of any change in the constitution of the CSR Committee, the Board of Directors of the Company will consider and approve such change in the constitution of the Committee and the same shall be deemed to be updated in the CSR Policy of the Company

- (b) **Minimum Quorum:** Two (2) Directors personally present or via video conferencing, shall form quorum for every meeting of the CSR Committee. Provisions relating to conducting Board meetings via video conferencing shall apply mutatis mutandis to the CSR Committee meetings

- (c) **Meetings:** The meetings of the CSR Committee shall be held once every calendar year. Meetings can be convened at such time, at such place and on such day, as the members of the CSR Committee may deem fit. The minutes recording the proceedings of the CSR Committee meetings shall be placed before the next Board meeting of the Company for approval.
- (d) **Notices:** Any Director or any other person authorized by the Board shall be responsible for circulation of the notice for the CSR committee meetings. Every notice convening the meeting of the CSR Committee shall be accompanied by an agenda.
- (e) **Membership:** Membership of the CSR Committee is restricted only to the Board of Directors of the Company. The CSR Committee may invite experts from various fields to attend its meetings from time to time and provide such expert views, comments, updates, information or clarification or for such other purpose as the CSR Committee deems necessary to conduct the business.
- (f) **Matters to be transacted:** CSR Committee as may be appropriate discuss the following matters at its meetings:
- i. Preparation of budget outlay for each of the CSR activities
 - ii. Implementation schedule for each of the CSR programs / projects
 - iii. Formation of CSR internal working group and allocation of responsibilities to carryout CSR programs/projects
 - iv. Report on the CSR programs / projects carried out from the date of last meeting till date with supporting documents
 - v. Discussion on the new proposals, if any; and
 - vi. Any other matter as the CSR Committee may deem fit.

9. ROLES AND RESPONSIBILITIES OF THE CSR COMMITTEE

CSR Committee shall:

- 9.1 Formulate and recommend the CSR Policy to the Board of Directors of the Company. Any amendments to be carried out to the CSR Policy shall be taken up by the Board only with the recommendation of the CSR Committee.
- 9.2 Recommend the amount of expenditure to be incurred by the Company in each financial year in relation to the CSR programs / projects to the Board of the Directors of the Company. Such expenditure shall be calculated in accordance with the provisions of the Act, 2013.
- 9.3 Identify and recommend CSR programs/projects to the Board of Directors of the Company which are covered under this Policy by providing a project proposal. The project proposal shall elaborate on the focus of CSR programs/projects need, modalities of execution, CSR Partner(s), budget estimate, implementation schedule and location where the CSR programs/projects are proposed to be implemented and impact of such CSR programs / projects on the target audience.
- 9.4 Allocate budget to each of the CSR programs/projects and the CSR Partners.
- 9.5 Undertake all necessary steps to implement the CSR programs/projects in accordance with the implementation schedule, as approved by the Board.
- 9.6 Monitor the CSR programs/projects in such manner as prescribed in this Policy.

- 9.7 Update the Board of Directors from time to time on the progress of the CSR programs/projects along with a report on the amount allocated for such activity, amount utilized, amount unspent, if any, additional funds required, if any and expenditure incurred.
- 9.8 Ensure that the CSR amount shall not be utilized on programs / projects that benefit only the employees and their families.
- 9.9 Formulate the annual action plan with respect to a particular financial year and recommend the same to the Board of Directors. The annual action plan shall include the following:
- i. List of CSR projects or program that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
 - ii. The manner of execution of such projects or program.
 - iii. The modalities of utilization of funds and implementation schedules for the projects or program.
 - iv. Monitoring and reporting mechanism for the projects or program.
 - v. 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.

Where the Company is not required to constitute the CSR Committee (if the spend in a particular financial year are below the thresholds), then in that case the functions of the Committee shall be discharged by the Board of Directors of the Company.

10. MONITORING MECHANISM

The administration of the CSR Policy and the execution of identified CSR projects, programs and activities shall be carried out under the overall superintendence of the CSR Committee Members as below:

- i. The investment in CSR activities should be based on the type and time involved in the identified CSR project and will be finalized at the outset.
- ii. CSR Committee shall procure from each of the CSR partners, separately for each of the CSR program / project, a status report detailing the progress of the program / project, utilization of the funds, reasons for deviation from the implementation schedule, if any, corrective measures taken in this regard, requirement of additional funds, if any, along with the reasons for such escalations as and when required by the CSR Committee.
- iii. Procure pictures, videos and stories from the CSR partners on the completed and ongoing CSR programs / projects.
- iv. The CSR committee/CSR internal working group shall provide timely updates which shall include a summary of programs implemented, funds allocated and utilization of the same at that point in time.

11. REPORTING

- 11.1 The Board of Directors of the Company shall provide the required CSR information in the Board's Report for the particular financial year in accordance with Act, 2013 and corresponding rules.
- 11.2 In addition to the above, the Board of Directors 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 person responsible for financial management shall certify to this effect.
- 11.3 The contents of CSR Policy, details of CSR Committee and CSR programs / projects undertaken shall be displayed on the Company's website, if any.

12. IMPACT ASSESSMENT

- 12.1 In the event that the average CSR obligation is INR 10 crores (INR 100 Million) or more in the three (3) immediately preceding financial years, the Company shall engage an independent agency to undertake an impact assessment with respect to those CSR projects with outlays of INR 1 crore (INR 10 Million) or more and in relation to CSR projects which have been completed not less than one year before undertaking the impact study.
- 12.2 The impact assessment reports (if applicable) shall be placed before the Board of Directors and shall be annexed to the annual report of CSR.
- 12.3 The expenditure incurred towards impact assessment may be booked under CSR for that financial year. However, such expenditure shall not exceed 5% of total CSR expenditure for that financial year or INR 50,00,000 (INR 5 Million), whichever is less.

13. SELF GOVERNANCE

The Company, its Board of Directors, employees, officers, CSR Committee members and its invitees:

- i. shall not directly or indirectly engage in lobbying of CSR programs / projects
- ii. shall not accept any kind of favours and gifts, in any form, from any prospective or potential CSR partners or beneficiaries as a result of consideration of the proposal to grant funds to such CSR partners or beneficiaries under this Policy.
- iii. shall disclose any potential or existing conflict of interest to the Company, which, may be existing or has come up during the project with the CSR partner

14. EXCLUSIONS TO CSR ACTIVITIES

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. The following activities shall not qualify as CSR activities:

- i. projects, programs or activities undertaken during the normal course of Company's business, subject to exceptions as mentioned in the Act/ rules.
- ii. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019)
- iii. expenses incurred by companies for the fulfilment of any act (other than the Act), statute or regulations (such as Labour Laws, Land Acquisition Act etc.).
- iv. activities undertaken by the company outside India (Except for training of Indian sports personnel at the Union, State, National or International level).
- v. any direct or indirect contribution to any political party; and
- vi. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.

15. POLICY REVIEW AND AMENDMENTS

The CSR Committee shall annually review the CSR Policy and make suitable changes as may be required and submit the same for the approval of the Board of Directors of the Company.

The Company may also carry out the purposes of this CSR policy in accordance with any amended position of law from time to time notwithstanding that such amended position is not reflected in this policy.