

DHAMPUR SUGAR MILLS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

Dhampur sugar firmly believes and always lives the values of Corporate and Social Responsibility and pledges to sustain its effort towards being responsible and accountable for its business. The Policy displays the Company and its employee's commitment to the community we work with and the environment from which we extract resources. We will ensure that our CSR initiatives integrate social and environmental considerations into our businesses apply to all our operations, is incorporated into our governance, management, business strategy, and daily decisions and actions.

Our vision is to actively contribute to the social and economic development of the communities in which it operates. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

OBJECTIVE

This policy, which encompasses the company's philosophy for delivering its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The policy 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) Amendment Rules, 2021, notified by the Ministry of Corporate Affairs vide Notification dated 22nd January 2021. This policy shall apply to all CSR initiatives and activities taken up at the various locations of the Company, for the benefit of different segments of the society.

GUIDING PRINCIPLES

1. Striving towards improving accessibility to education amongst underprivileged communities.
2. Promoting Education
3. Work for providing solutions to better and sustained livelihood, infrastructure development, healthcare, sanitation, and hygiene and limiting/eradicating prevalent social issues like hunger, poverty, and malnutrition in our community.
4. Taking necessary steps for ensuring environmental sustainability.
5. Agriculture development and better farmer focus.
6. Efforts for reducing social and economic inequality including gender in equality.
7. Promoting Sports through various events.
8. Regular monitoring and implementation of this policy, outcomes of the initiatives and publicly report on the progress in a transparent and effective manner.
9. Continually review of the CSR policy, business practices and governance to encourage evolution.

COMPANY'S FOCUS AREAS/ACTIVITIES

The Company shall identify projects / programmes which will fall in any one or more of the following areas /sectors for its CSR spending:

- (i) Eradicating hunger, poverty, and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of 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 centres 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, 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.
- (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; promotion and development of traditional art and handicrafts.
- (vi) 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.
- (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports, and Olympic sports.
- (viii) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the Central Govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
- (ix) 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.
- (x) Rural development projects.
- (xi) Slum area development.
- (xii) Disaster management, including relief, rehabilitation, and reconstruction activities.
- (xiii) Covid-19 related expenses that qualify as CSR such as contribution to PM CARES FUND, Contribution to State Disaster Management Authority to combat COVID 19, Creation of health infrastructure for covid care, establishment of medical oxygen generation and storage plants, Manufacturing and supply of oxygen concentrators, ventilators, cylinders, and other medical equipment for countering Covid-19, Setting up of a makeshift hospital or temporary Covid care facility, Funds spent on various activities related to COVID-19 vaccination awareness campaigns/programmes.
- (xiv) The CSR projects or programs or activities undertaken by the Company as per the Company's CSR Policy in India only shall amount to CSR Expenditure in accordance with the provisions of the Act. The Company will prefer to take up projects for spending the amount earmarked for CSR at local areas and areas where the Company operates. All expenses and contributions for CSR activities will be made after approval from the Chairman of the CSR committee, which would then be placed before the forthcoming CSR committee for noting and record. The

Chairman will ensure that the expenses/contribution will be in full compliance of the CSR Policy.

CSR IMPLEMENTATION

The Company shall carry out the CSR activities:

- a. Taking up the activities as detailed in its focus area directly and/or
- b. Through a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- c. Through a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- d. Through any entity established under an Act of Parliament or a State legislature; or
- e. Through a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

PROGRAMME DURATION

The time of implementation of the programme will depend on its nature, extent of coverage and the impact of the programme.

The Company will follow a project-based accountability approach to stress on the long-term sustainability of its CSR projects. Based on the tenure of the identified projects, they will be qualified as:

- i. Short Term - upto 1 year
- ii. Long term / Ongoing project

CSR EXPENDITURE

The Company shall spend at least 2% of the average net profits of the Company made during the three immediately preceding financial years.

The administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.

Any Surplus arising out of the CSR activity shall not be a part of the business profit of the Company. Such surplus shall be used on the followings within a period of 6 months of the expiry of the financial year:

- Ploughed back into the same project.
- Transferred to the Unspent CSR Account; and
- Spent in pursuance of the CSR policy and the annual action plan of the Company
- Transfer such surplus amount to fund specified under Schedule VII of the Act.

Any excess amount spent on CSR may be set off against the CSR expenditure to be incurred in immediate succeeding three financial years in accordance with the provisions of Section 135 of the Act and CSR Rules framed thereunder.

Unspent amount of CSR, if any, are to be transferred in terms of section 135(5) & (6) of the Act, to any fund included in schedule VII of the Act, until a specific fund is prescribed.

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by -

- (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or
- (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- (c) a public authority

ROLE OF CSR COMMITTEE

The role of CSR Committee is:

- a. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of Section 135 of the Companies Act 2013.
- b. To recommend the amount of expenditure to be incurred on the specified activities in a financial year.
- c. To monitor the Corporate Social Responsibility Policy of the company from time to time.
- d. To recommend the Board on the guiding principles for selection, implementation, and monitoring of CSR activities.
- e. To formulate and recommend to the Board, an Annual CSR Action Plan in pursuance of its CSR policy.
- f. To recommend the Board to alter the Annual CSR Action Plan at any time during the financial year based on the reasonable justification to that effect.
- g. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

ROLE OF BOARD OF DIRECTORS

- a. 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.
- b. The Board of Directors shall endeavour that the Company spends 2% of the average pre-tax net profits of the Company made during the 3 immediately preceding financial years in pursuance of its CSR Policy.
- c. 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 their website, if any, for public access.
- d. The Board shall ensure that the CSR activities are undertaken by the Company itself or through a registered and eligible Implementation Agency.
- e. 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. f. 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.
- f. 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.
- g. The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

- h. Where the Company spends an amount in excess of requirement, such excess amount may be set off by the Board against the requirement to spend 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 the Company shall pass a resolution to that effect.

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: -

- (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) contribution of any amount directly or indirectly to any political party.
- (iv) activities benefitting employees of the Company.
- (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.

CSR PROGRAMMES

CSR programmes will be undertaken at various locations i.e., Corporate office, units, and other business places of the Company in India to the best possible extent within the defined ambit of the identified Project/ Program. The time/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme. Identification of projects / programmes at various locations will be done by means of the following:

- (a) Need identification Studies by the Senior Management/ professional institutions/agencies.
- (b) Internal need assessment by cross-functional team at the local level.
- (c) Receipt of proposals/requests from Charitable institutions and NGO.

MONITORING AND EVALUATION

- a. To ensure effective implementation of the CSR programmes undertaken at various locations, a monitoring and evaluation mechanism will be put in place.
- b. The progress of CSR programmes under implementation at various locations will be reported to corporate office on a periodical basis.
- c. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and results achieved on a regular basis.
- d. Project locations will try to obtain feedback from beneficiaries about the programmes implemented at the area.
- e. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.
- f. CSR initiatives of the Company will be reported in the Annual Report & the Board's Report in compliance with Section 135 of the Act and rules made thereunder.

IMPACT ASSESSMENT

- a. Details of need and impact assessment, if applicable for the projects undertaken by the Company will be included in the Annual Action Plan.
- b. 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.
- c. The impact assessment reports if applicable shall be placed before the Board and shall be annexed to the annual report on CSR.
- d. 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.

CAPITAL ASSET

The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by –

- a. A company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number.
- b. Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c. A public authority Provided that any capital asset created by the Company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with this requirement, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

GENERAL

In case of any doubt with regards to any provision of the policy and in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from the Government from time to time. The CSR Committee reserves the right to modify, add, or amend any of provisions of this Policy subject to approval of the Board.

AMENDMENT

The Board may amend, alter, revise, or modify any or all the clauses of this Policy on the recommendation of CSR Committee and as per provisions of the Companies Act, 2013 and rules made thereunder.