

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

1. PREFACE

The Corporate Social Responsibility policy of Cochin Minerals & Rutile Ltd. (the “Company”/”CMRL”) revolves around its firm belief in the principles of symbiotic relationship with the local communities, recognizing that the ultimate purpose of business is to serve human needs and, therefore, CMRL actively contribute to the social and economic development of the communities in which the company operate. This means investing a part of the company’s profits beyond its business, for the larger good of the society. In fact, even before Corporate Social Responsibility (CSR) found a place in corporate lexicon, it was already textured into CMRL value systems and has been contributing towards furthering social and environmental causes.

2. CSR MISSION

1. Ensuring socio-economic development of the community through different participatory and need- based initiatives in the best interest of the poor and deprived sections of the society so as to help them to become **SELF-RELIANT** and build a better tomorrow for themselves.
2. Ensuring environmental sustainability through ecological conservation and regeneration, protection & re growth of endangered plant species, and promoting biodiversity.

3. CSR OBJECTIVES

1. Create meaningful and effective strategies for engaging all stakeholders.
2. Identify appropriate CSR projects in consultation with local communities.
3. Partner with trusts, foundations, NGOs and other appropriate entities, if need be.
4. Control or prevent pollution, recycle & reduce waste and manage natural resources in a sustainable way.
5. Ensure efficient use of energy and environmental friendly technologies.

4. APPLICABILITY OF CONSTITUTION OF CSR COMMITTEE

Every company having:

- a. Net worth of rupees five hundred crore or more; or
- b. Turnover of rupees one thousand crore or more or ;
- c. A net profit of rupees five crore or more
--- during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors, out of which at least one director shall be an independent director.

However, the Company is not required to constitute the aforesaid committee in case the amount does not exceed fifty lakh rupees and in such cases in such cases, functions of such committee be discharged by the Board of Directors.

5. ROLE/FUNCTIONS OF CSR COMMITTEE/BOARD, AS THE CASE MAY BE

In line with the provisions of Section 135 of the Companies Act 2013, the Corporate Social Responsibility committee shall consist of:

- a. Three or more Directors;
- b. out of which at least one director shall be an independent director.

to the Committee shall *inter alia* carry out the following functions:

1. To formulate and recommend to the board an appropriate CSR policy, indicating the activities to be undertaken by the company in areas or subject, specified in Schedule VII.
2. To recommend the amount of expenditure to be incurred on the said activities.
3. To monitor the CSR policy from time to time and recommend any changes, if required.
4. Review of the CSR projects /initiatives from time to time and make any alteration in annual action plan, if any.

The CSR Committee shall decide on the locations for CSR activities and 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;
- (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.

The Board shall have the following responsibilities:

- The Board shall ensure legal and regulatory compliance from a CSR viewpoint.
- The Board shall ensure reporting, communication, and appropriate disclosures to stakeholders on the CSR projects/initiatives.
- The Board shall ensure that the surplus arising of the CSR projects or programs, or activities do not form part of the business profit of the Company.
- The Board shall satisfy itself that the CSR funds disbursed are in alignment to the CSR Policy of the Company and have been utilized for the purposes and in the manner approved by it. The CFO, or in his absence, the appropriate authority responsible for financial management in the Company shall certify the same to the effect.
- The Board shall also ensure appropriate disclosures pursuant to the Act and amendments thereof in the Annual Reports and Company's website in prescribed formats.
- In case of on-going project, as defined under Rule 2(1) (i) of the Rules, the Board of a Company shall monitor the implementation of the project with reference to the approved

timelines and year wise allocation and shall be competent to make modification, if any, for smooth implementation of the project within the overall permissible time period.

6. CSR PROJECTS, PROGRAMS AND ACTIVITIES.

Activities

The CSR activities we pursue will be in line with our stated Vision and Mission, focused not just around our plants and offices, but also in other geographies based on the needs of the communities.

The **four focus areas** where special Community Development programmes would be run are:

1. Eradicating hunger, poverty and malnutrition

- Provision of food, nutrition supplement, clothes etc. for the poor, children and other deprived sections of the society.
- Supporting nutrition in anganwadi centres and building capacities of anganwadi workers to this effect.
- Provision of shelter for homeless.
- Promoting sanitation, making available safe drinking water

2. Promoting Health care including Preventive Health care through awareness programmes, health check-ups, provision of medicine & treatment facilities, providing pre natal & post natal healthcare facilities, prevention of female foeticide through awareness creation, program for preventing diseases and building immunity.

3. Ensuring environmental sustainability and ecological balance through :

- Plantation drives in schools, villages, our manufacturing units & offices/business premises and other areas in general;

- Reviving endangered plants, promoting agro-forestry;
 - Protection of flora & fauna;
 - conservation of natural resources
 - Maintaining quality of soil, air & water.
 - Adoption of wastelands to cultivate plants;
 - Promoting biodiversity;
 - Animal welfare and veterinary services.
 - Technical support and Knowhow for improving farming and building capacities of small farmers.
 - Promoting alternate energy resources.
4. **Employment and livelihood** enhancing vocational skills and projects including tailoring, beautician, mehendi application, bee keeping, food processing and preservation, vermi-composting and other Life Skill Training and livelihood enhancement projects.

In addition, the Company has identified the following areas for Community Development interventions:

5. **Promotion of education** especially among children, women, elderly and the differently abled including:
- Non-formal education programmes.
 - Supporting schools with infrastructure like benches, toilets, potable water, fans etc.
 - Supporting other educational institutions.
 - Improving educational facilities in general.
 - Supporting children for higher education.
6. **Promoting gender equality and empowering women** including:
- Adult literacy for women.
 - Promoting and providing credit support to women's self-help and joint liability groups.
 - Training in vocations pursued by women.
 - Setting up homes for women & orphans;

- Setting up old-age homes & other facilities for senior citizens
 - Setting up hostels for working and student women, day care centers for kids of working women
7. **Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government.**
8. **Rural Development Projects.**
9. **Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports**
- Infrastructure developments like building proper playing fields, grounds, etc or an arena which would help the potential players/ sportsperson to take training lessons and practice properly, living area for their stay, instilling discipline and teamwork while nurturing their sports and academic abilities;
 - Identifying the athletes and other potential players and providing them with the access to health building, coaching, exercising, etc at the base level to make them eligible and competent to perform. Training shall be purely related to the training of the students/athletes which ultimately leads to the promotion of the sports.
 - Running of Sports Academy;
10. **Grant Scholarships** – To offer either directly or indirectly offer financial support to the athletes like offering financial assistance to the sports academy directly or the athletes.

Other Activities

- Welfare for differently disabled persons
- Setting up public libraries
- “Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; promotion and development of traditional arts and handicrafts”

7. CSR Funds

The corpus for the purpose of carrying on the aforesaid activities would include the followings:

- 2% of the average Net Profit made by the Company during the immediately preceding three Financial Years.
- any income arising there from.
- surplus arising out of CSR activities carried out by the Company and such surplus will not be part of business profit of the Company.

8. IMPLEMENTATION/ MANAGEMENT

The Board of Directors of the Company may decide to undertake and execute CSR projects/activities, considering the provisions of the Companies Act 2013 and the income tax provisions:

- (a) Directly utilizing Company staff and resources, or;
- (b) A Company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 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) 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) Any entity established under an Act of Parliament or a State legislature; or
- (e) A Company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The afore-mentioned entities from clause (b) to (e) shall possess a CSR Registration Number.

- (f) The 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
- (g) The 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 the Rules.

9. CSR EXPENDITURE

- a. The Company shall ensure that at least 2% of average net profit before tax from the immediately three preceding financial years is spent on CSR initiatives undertaken by it. The overall amount to be committed to CSR activities will be approved by the Board through its Annual Action Plan carrying list of CSR projects or programs.
- b. The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year;

10. CREATION/ACQUISITION OF CAPITAL ASSET

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 Companies Act, 2013, 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:

11. ADMINISTRATIVE OVERHEADS

Administrative overheads are the expenses incurred by the Company for general management and administration of CSR functions. However, the expenses which are directly incurred for the designing, implementation, monitoring, shall not be included in the administrative overheads.

Administrative overheads comprise of items such as employee costs, utilities, office supplies, legal expenses etc. However, expenses which are attributed to the project implementation shall be included in project cost only.

The maximum permissible limit for administrative overheads is five per cent of the total CSR expenditure of the Company for the financial year.

12. EXCESS CSR SPENDING IF ANY, DURING ANY FINANCIAL YEAR

If the Company spends an amount in excess of the requirements under section 135 of the Act, the Company may set off such excess amount against the requirement to spend under section 135(5) for a period of three succeeding 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, surplus being the income generated from the spend on CSR activities such as interest income earned on CSR funds, revenue received from CSR projects, disposals/sale of materials used in CSR projects or other similar income sources.
- ii. the Board of the Company shall pass a resolution to that effect.

13. USE OF SURPLUS FUNDS

Any surplus generated from CSR activities shall not form part of the business profit of the Company and shall be treated as follows:

- i. ploughed back into the same CSR project;
- ii. transferred to a designated Unspent CSR Account and spent in pursuance of CSR Policy and Annual Action Plan of the Company.

- iii. Transfer to Schedule VII Fund within a period of six months of the expiry of the financial year.

14. MONITORING & REVIEW

The Company's CSR activities will be driven by a dedicated CSR team under the guidance and support of senior functionaries. The CSR Committee and CSR team under the direction of the Board would play a significant role in ensuring that the CSR policy is embedded in the Company's operations and the CSR initiatives are in line with the policy.

The CSR team will provide regular progress report to the CSR Committee/Board, as the case may be. This report would indicate:

1. Achievement since last progress report / during the last quarter in terms of coverage compared to the target and reasons for variance.
2. Achievement of the year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.
3. Actual year-to-date spends compared to the budget and reasons for variance.
4. In respect of activities undertaken through outside Trust/Society/NGO's etc. there will be mechanism of monthly reporting of progress on each such activities and the amount incurred thereon.

The Board shall seek a short progress report from the CSR Committee on a quarterly basis.

15. DISCLOSURE

Any unspent amount shall be reported by the Board under clause (o) of subsection (3) of section 134 in its report specifying the reasons for not spending the amount and transfer the unspent CSR amount as per provisions of section 135(5) and 135(6) of the Act.

Appropriate disclosures and reporting on all CSR activities and assessments done by the Company will be provided as part of the Directors' Report and website of the Company in

the prescribed formats under the provisions of the Act. The Annual Report of the Company shall include a report on CSR, incorporating the particulars specified in the Annexure I or Annexure II of the CSR rules.

16. REVIEW

The policy may be reviewed on a periodical basis so as to align the policy with the changes in the regulatory requirements.