

NAVIN FLUORINE INTERNATIONAL LTD.

**Corporate Social Responsibility
(CSR)
Policy**

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1. CONCEPT

1.1 CSR Philosophy

'MORE THAN AN OBLIGATION, MORE THAN A DUTY'

Fulfilling Corporate Social Responsibility is a way of life at Navin Fluorine International Limited.

The Company, which was a part of Arvind Mafatlal Group and now is a part of Padmanabh Mafatlal Group, has been implementing a range of CSR activities over the last fifty years, in areas like poverty alleviation, healthcare, education, women's upliftment in rural India and environment protection.

1.2 Brief Snapshot of activities undertaken by the Group

Late Shri Arvind Mafatlal was a great philanthropist. Shri Sadguru Seva Sangh Trust was founded in 1968. Over the years, the Trust was guided and nurtured by the late Shri Arvind Mafatlal and even today, the Trust is supported under the aegis of Padmanabh Mafatlal Group. The Trust is aimed at providing food to the hungry, clothing support to the downtrodden and the gift of sight to the blind.

Whether it is health care, education, agriculture, dairy or women empowerment, Shri Sadguru Seva Sangh Trust has contributed towards an overall development of entire areas surrounding the districts of Chitrakoot and Anandpur in Madhya Pradesh. Essential Health services in the field of General Medicine, Gastroenterology, Obstetrics, Gynaecology and Paediatrics have been made available. The Trust has performed a record 14 lakh (1.4 million) eye surgeries under innumerable eye camps through Shri Sadguru Netra Chikitsalaya which is located at Chitrakoot and Anandpur in Madhya Pradesh.

We wish every life to be empowered and every deed to have a meaningful impact on society.

1.3 Short Title and Applicability

This policy, which encompasses the Company's philosophy for describing its responsibility as a corporate citizen, and lays down the guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan; is titled as **Navin Fluorine International Limited – Corporate Social Responsibility (CSR) Policy.**

This policy shall apply to all CSR initiatives and activities taken up at the various locations, as decided by the CSR Committee and / or the Board of Navin Fluorine International Limited (NFIL) for the benefit of various segments of the society.

The Policy shall be further governed by the provisions of the Companies Act, 2013, the rules framed thereunder by the Ministry of Corporate Affairs i.e., the Companies (Corporate Social Responsibility Policy) Rules, 2014 and other statutory provisions governing the matter.

2. SCOPE

2.1 Areas / Localities to be covered

The Company shall give preference to the local area and the areas around it where it operates, for spending the amount earmarked for CSR activities. On need basis, the CSR activities could be extended to any area of the Country.

2.2 Activities

The Company shall undertake CSR projects or programs which fall within the purview of the activities specified in Schedule VII of the Companies Act, 2013, as may be amended from time to time. The list of the same is as under:

- i) eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contribution to the Swach 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 vocational 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 arts and handicrafts;
- vi) measures for the benefit of armed force veterans, war widows and their dependents;
- vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic Sports;
- viii) contribution to Prime Ministers 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 Government, for socio economic development and relief and welfare of the scheduled castes, tribes, other backward classes, minorities and women

ix)

- a. 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; and
- b. Contributions to public funded Universities; Indian Institute of Technology (IITs), 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).

x) Rural Development Projects.

xi) slum area development.

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

xii) disaster management, including relief, rehabilitation and reconstruction activities.

The CSR Committee and the Board of Directors shall be authorized to consider any other CSR activities which will be permissible under the provisions of the Companies Act, 2013 or Rules framed thereunder from time to time, including any modifications thereto.

The following CSR projects or programs or activities are not considered as CSR activities pursuant to the provisions of the Companies Act, 2013:

- 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 under section 182 of the Companies Act, 2013;
- iv. activities benefitting employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019;
- v. activities supported by the Company 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.

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

- i. 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 of the CSR rules; or
- ii. beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- iii. a public authority.

3. GUIDING PRINCIPLES FOR SELECTION OF CSR ACTIVITIES AND ANNUAL ACTION PLAN

3.1 Resources / Fund allocation

For achieving its CSR objectives through implementation of meaningful and sustainable CSR programs, the Company will allocate / earmark, in every financial year, at least 2% (two per cent) of the average net profits of the Company made during the three immediate preceding financial years, as its CSR Budget for the year. The average net profit shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.

Any surplus arising out of the CSR activities shall not form part of the business profit of the 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 six months of the expiry of the financial year.

Any amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by the Company in pursuance of this Policy, shall be transferred by the Company within a period of thirty 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 this Policy within a period of three 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 thirty days from the date of completion of the third financial year.

Where the Company spends an amount in excess of requirement provided under Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under section 135(5) 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, in pursuance of the CSR Rules.
- (ii) the Board of Directors shall pass a resolution to that effect.

3.2 Identification Process

Identification of programs at Corporate and Unit Level will be done by means of the following:

- i) Need identification studies by external agencies / institutions.
- ii) Internal need assessment by cross-functional team.
- iii) Receipt of proposals/requests from District Administration/local Govt. etc.
- iv) Discussions and request with local representatives/Civic bodies/Citizen's forums/voluntary organizations.
- v) Discretion of the CSR Committee and / or the Board of Directors.

3.3 Approval Process

CSR programs as may be identified by the corporate office / manufacturing units will be required to be put up to the CSR Committee with recommendations from the proposer at the corporate / unit level.

3.4 Annual Action Plan

The CSR Committee will, in pursuance of the CSR policy, formulate and recommend to the Board, an annual action plan 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;

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

4. GUIDING PRINCIPLES FOR EXECUTION OF CSR ACTIVITIES

4.1 Modalities of Execution

CSR activities should be undertaken by the Company in accordance with CSR Action Plan, which, as stated above, will be annually recommended by the CSR Committee and approved by the Board.

The CSR activities may be undertaken and / or implemented by the Company itself or through -

- (a) 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

(b) 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

(c) any entity established under an Act of Parliament or a State legislature; or

(d) 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.

Provided that any such implementation agency is registered in accordance with the provisions of the CSR Rules, if required.

The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per this policy as well as for capacity building of its own personnel for CSR.

The Company may also collaborate with other companies for undertaking projects or programs 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 programs in accordance with the CSR rules.

4.2 Implementation

The time period / duration over which a particular project or program or activity will be spread, will depend on its nature, extent of coverage and the intended impact of the same.

The projects or programs or activities which involve considerable financial commitment and are undertaken on a timeframe of 2-5 years, will be considered as '*flagship programs*' and will be accorded enhanced significance.

In case of an 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. Here, the term “Ongoing Project” means a multi-year project undertaken by the 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.

5 GUIDING PRINCIPLES FOR MONITORING CSR ACTIVITIES

To ensure effective implementation of the CSR activities undertaken, a monitoring mechanism will be put in place by the Corporate HR / Unit HR head. The same will be in accordance with CSR Action Plan, which, as stated above, will be annually recommended by the CSR Committee and approved by the Board.

The CSR Committee will receive periodic updates on progress reports of CSR activities of the Company.

The Board of Directors 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 that effect.

In case of ongoing project, the Board of Directors 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.

6 IMPACT ASSESSMENT

The HR department at the Corporate Office will conduct impact studies on a periodic basis, by itself or through independent professional third parties / professional institutions, especially on the strategic and high value programs.

The same will be in accordance with CSR Action Plan, which, as stated above, will be annually recommended by the CSR Committee and approved by the Board.

The monitoring team will also try to obtain feedback from beneficiaries about the activities.

Appropriate documentation of the CSR Policy, CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

If statutorily applicable, impact assessment will be undertaken in accordance with CSR rules.

7 GENERAL

The composition of the CSR Committee, this Policy and Projects approved by the Board of Directors shall mandatorily disclose on the website of the Company. Further, The Board's Report shall include an annual report on CSR containing particulars as prescribed statutorily.

In case of any doubt or difficulty with regard to any provision of this policy or implementation of any CSR activity and also in respect of matters not covered herein, a reference be made to CSR Committee. In all such matters, the interpretation and decision of the CSR Committee shall be final.

In case of any inconsistency in this CSR Policy and the Act read with the CSR Rules, the provisions of the Act and the CSR Rules would prevail.

The Board of Directors of the Company based on recommendation of the CSR Committee, may review and alter or amend any of the provisions of this Policy from time to time. Any or all provisions of this Policy would be subject to the revision/amendment in accordance with the Companies Act, 2013 and Rules made thereunder, Schedule VII, Notifications etc. on the subject as may be issued by Ministry of Corporate Affairs, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.