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STOVEC

STOVEC INDUSTRIES LIMITED

Corporate Social Responsibility Policy

CORPORATE SOCIAL RESPONSIBILITY PHILOSOPHY

“Corporate Social Responsibility (CSR) is a continuing commitment by Business community to contribute to the Socio-economic development of a Country. The concept of Corporate Social Responsibility (CSR) has gained prominence from all avenues. As a responsible Corporate Citizen, Stovec believes that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, customers and society in which it operates and accordingly Stovec has formulated this CSR Policy.

1. SHORT TITLE & APPLICABILITY:

- This policy, which encompasses the Company’s philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful programme for welfare & sustainable development of the community at large, is titled as the **“Stovec Industries Limited - Corporate Social Responsibility Policy”**.
- This policy shall apply to all CSR initiatives and activities taken up by the Company in pursuance of this policy.

2. CSR COMMITTEE

Constitution of the CSR committee: As per the requirement of Section 135 of the Companies Act, 2013, the CSR Committee has been formed by the Board of Directors in its meeting held on May 13, 2014.

The CSR committee will be responsible for:

- Formulating the CSR policy in compliance to Section 135 of the Companies Act 2013;
- Identifying activities to be undertaken as per Schedule VII of the Companies Act 2013;
- Recommending to the Board the CSR expenditure to be incurred;
- Recommending to Board, modifications to the CSR policy as and when required;
- Regularly monitoring the implementation of the CSR policy.

The Board of Stovec will be responsible for:

- Approving the CSR policy as formulated by the CSR Committee;
- Ensuring that in each financial year the Company spends at least 2% of the average net profit (to be calculated as per section 198 of the Companies Act, 2013) made during the three immediate preceding financial years excluding profits arising from overseas branches
- Ensuring that in every financial year funds committed by the Company for CSR activities are utilized effectively and to regularly monitoring implementation.

- Disclosing in its Annual Report the names of CSR Committee members, the content of the CSR policy and ensure annual reporting of its CSR activities on the Company's website.
- Ensuring annual reporting of CSR activities to the Ministry of Corporate Affairs, Government of India, as per the prescribed format.

3. CSR VISION STATEMENT & OBJECTIVE:

In alignment with vision of the Company, Stovec Industries Limited, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as *Socially Responsible Corporate*, with environmental concern.

The objective of the Stovec Industries Limited CSR Policy is to:

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- Demonstrate commitment to the common good through responsible business practices and good governance.
- To directly or indirectly take up the programmes that benefits the Society at large and communities in and around its work center over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- Support Governments' development agenda to ensure sustainable change.

4. CSR PROJECTS, PROGRAMS AND ACTIVITIES

In accordance with this CSR Policy and the specified activities under the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendment(s) thereof, the CSR activities of the Company will have the following thrust areas:

- Skill Development for sustainable income generation & Livelihood for marginalized population
- Literacy / Education
- Basic Infrastructure facilities like Safe Drinking Water, Health care & Sanitation
- Protection and safeguard of environment and maintenance of ecological balance.
- To respond to emergency situations/disasters/Other national cause by providing Contribution to State Funds for such cause
- Socio- economic development, relief and welfare of Children, Women and those who are Physically and Mentally challenged.

These will be undertaken in collaboration with State Governments, district administrations, local administrations as well as Central Government, Departments/Agencies, NGOs, Self Help Groups etc.

5. FUNDING FOR CSR ACTIVITIES

For achieving its CSR objectives as mentioned above and such other programmes (As per Schedule VII of the Companies Act, 2013, as amended from time to time) as the CSR Committee may decide from time to time and recommend to the Board for execution/implementation, Stovec will allocate at least 2% of the average net profits of the Company made during the three immediately preceding financial years, as its Annual CSR Budget.

6. SURPLUS OF CSR PROJECTS

The surplus, if any, arising out of the CSR Projects or Programs or activities shall not form part of the business profits of the Company.

7. IMPLEMENTATION

The Company will implement its CSR programs **through registered trust, society or otherwise and Government Funds.**

- A. The Board of Directors of the Company may decide to undertake CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the Company or its holding or subsidiary or associate company under Section 8 of the Companies Act or otherwise. Provided that:

- i. If such trust, society or company is not established by the Company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
 - ii. The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- B.** 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 Companies (Corporate Social Responsibility Policy) Rules, 2014.
- C.** The Company may also contribute to the recognized fund established by Central / State Government.

8. MONITORING AND REPORTING OF CSR ACTIVITIES

- i. The CSR committee shall be responsible for monitoring the CSR activities of the Company. The Monitoring and Reporting Framework is annexed herewith as Annexure-1.
- ii. The members of CSR Committee may delegate their powers to such other Directors/ Officers of the Company whom they think are capable of spending the CSR amounts in the activities/projects listed as CSR activities/projects.

- iii. The review report on the CSR activities undertaken by the Company shall be placed on half yearly basis before the Board of Directors for their review and yearly report shall be approved by the Board of Directors in their meeting.
- iv. The Directors Report shall include contents of CSR Policy and the same shall also be displayed on the Company's website, as per the particulars specified in the Annexure to Companies (Corporate Social Responsibility Policy) Rules, 2014.
- v. The annual report on CSR activities will be included in the Board's Report as per the Annexure to Companies (Corporate Social Responsibility Policy) Rules, 2014, and the same shall be signed by the Managing Director/Director as well as Chairman of the CSR Committee.
- vi. The CSR Committee or any other person so authorized by such committee can anytime inspect all the CSR activities and report the same to the Board of Directors for their information, record and further actions.

9. GENERAL

- i. In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to the Managing Director of the

Company. In all such matters, the interpretation & decision of the Managing Director shall be final. However, wherever Managing Director deems necessary he may place all such matter before the CSR Committee for their consideration and approval, wherever required.

- ii. 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 by Government, from time to time.

- iii. The Board of Directors of the Company reserves the right to review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

MONITORING AND REPORTING FRAMEWORK

CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities as undertaken under this policy. The Management/Managing Director will present the annual budgets and list of programme, projects, and activities to the CSR Committee for its approval. The Committee will in turn recommend this to the Board of Directors for its final approval. In compliance with the act and to ensure funds spent on CSR programmes are as per the approval, a comprehensive Monitoring and Reporting framework will be put in place. The monitoring and reporting mechanism will be divided into three distinct areas:

I. Programme Monitoring:

II. Evaluation:

III. Reporting and Documentation:

I. Programme Monitoring:

a) The Programme monitoring mechanism will ensure:

- The CSR policy is implemented as per the Act and the Rules.
- The CSR policy is implemented ensuring that the projects/programmes are duly carried out as budgeted.

- b) CSR spends will be closely monitored and funds shall be released against verified utilizations as per the approved work plans. This may include comprehensive documentation and regular interaction with implementation Partners.
- c) CSR spends will be audited in an accountable and transparent manner.
- d) Half yearly reporting by the CSR committee and reviews by the Board.

II. Evaluation:

- a) A evaluation plan will be put in place. The evaluation plan/mechanism will ensure:
- b) Expected outcomes, outputs and inputs will be clearly defined for each programme as per stated timelines.
- c) There shall be clarity about the scope of the programme and the need, before evaluations are undertaken.

III. Reporting and Documentation:

The CSR Committee will prepare the annual CSR report to be filed by the Company with Ministry of Corporate Affairs, on approval of the Board. This report will ensure:

- a) CSR projects and programmes are being properly documented.
- b) An MIS is maintained on expenditure across sectors in alignment with the prescribed reporting format.