

FACT CSR Policy (under the Companies Act, 2013)

(Adopted by the Board at the Meeting held on 10.08.2023)

1. INTRODUCTION:

The Fertilisers and Chemicals Travancore Limited (FACT) recognizes its responsibility as a corporate citizen to contribute towards the sustainable development of society. This CSR policy is formulated in accordance with the requirements of Section 135 of the Companies Act, 2013, and the Companies (Corporate Social Responsibility Policy) Rules, 2014. It outlines FACT's approach to CSR that will make a positive impact on the communities and environment in which it operates.

Words and expressions used in this policy shall have the same meaning as provided in the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

2. CSR VISION AND MISSION

Vision

To support responsible and sustainable initiatives, to enhance the quality of life and economic well-being of communities around the operations of the Company.

Mission

Facilitate collaborative development to enhance economic, environmental and social performance of the communities the Company engages with.

3. OBJECTIVE

The objective of FACT's CSR is to undertake CSR activities/projects as per Section 135 of Companies Act 2013, the rules thereunder and the DPE Guidelines issued by the Govt. of India, which shall be relatable to Schedule VII of the Companies Act, 2013 (the Schedule VII as on date is attached as Annexure - I to this policy).

4. LOCAL AREA

As far as CSR activities of the Company is concerned, "Local Area" is defined as the geographical area within the State of Kerala and the States where the Company operates i.e., in and around the areas adjoining FACT plants and marketing territories. FACT may also undertake activities outside Local area i.e. in other states within the country. However, FACT is committed to allocate at least 60% of the CSR Budget for its activities in the local area.

5. MECHANISM FOR IMPLEMENTATION

The CSR will be implemented in a 3 Tier mechanism

5.1 The Board of Directors (Tier- I)

The Board of Directors of FACT shall be the approving authority of CSR activities and shall have an oversight function over the CSR Committee for ensuring compliance with the CSR provisions of the Companies Act, 2013 and other applicable regulations and guidelines.

5.2 CSR Committee of the Board (Tier - II)

The CSR Committee shall be constituted by the Board of Directors in pursuance of Section 135 of the Companies Act, 2013 and the rules made thereunder. CSR Committee shall consist of three or more Directors out of which at least one shall be an independent director.

The role of CSR Committee shall include:

- i. To formulate and recommend to the Board, the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and to prepare the Annual Action Plan.
- ii. To recommend the amount of budgeted expenditure to be incurred on the activities referred to in Clause (1) above.
- iii. To monitor compliance with the Corporate Social Responsibility Policy of the Company and to recommend modification, addition, or amendment of the Policy to the Board.
- iv. To monitor implementation of CSR activities.

5.3 CSR Council (CSR Below Board Level Committee) (Tier – III)

The CSR Council shall consist of members nominated by the Chairman and Managing Director of the Company from time to time.

The CSR Council shall meet as and when required for the smooth implementation of the CSR Projects.

The role of CSR Council shall be as follows:

- i. To prepare inputs for Annual Action Plan
- ii. To receive proposals, process them and present to the CSR Committee.
- iii. To identify suitable CSR projects for recommendation by the CSR Committee
- iv. To recommend the modalities of utilisation of funds and implementation schedules for the projects or programmes

- v. To appraise the CSR Committee of the developments in the CSR Rules and government Guidelines.

6. EXPENDITURE TO BE INCURRED ON THE CSR ACTIVITIES

- 6.1 In accordance with Section 135(5) of the Act and rules made thereunder. FACT is committed to spend in every financial year at least 2% of its average net profits made during the three immediately preceding financial years. FACT shall ensure that all CSR activities are over and above the normal course of business and are in line with Schedule VII (as amended from time to time) of the Companies Act, 2013.
- 6.2 If Company spends an amount in excess of requirement of 2% CSR expenditure, such excess amount may be set off against the requirement to spend under subsection (5) of section 135 up to immediate succeeding three financial years, with the approval of the Board of the company;
- 6.3 Any surplus arising out of the CSR activities shall not form part of the business profit of a 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.
- 6.4 The company may spend up to 5% towards administrative overhead, which may include the expenses, incurred by the company for general management and administration of the Corporate Social Responsibility functions in the Company.
- 6.5 In adherence of the Govt./Dept. of Fertilizers instructions, Company may earmark a certain quantum, as may be advised for participation in common CSR programmes undertaken collectively by fertilizer PSUs.
- 6.6 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.

7. ANNUAL ACTION PLAN

7.1 The CSR Committee shall formulate and recommend to the Board, an Annual Action Plan on the basis of identified CSR activities/projects. The CSR Annual Action Plan may be modified at any time during the Financial Year, based on reasonable justification to that effect.

7.2 A fund limited to 10% of the total CSR budget of each year will be sanctioned as Minor Projects which are urgent in nature and worth Rs.10 lakh or less. These projects will be implemented with the approval of the Chairman & Managing Director, based on the recommendation of the CSR Council. All other projects shall be treated as major projects.

8. IDENTIFICATION

CSR projects must be relatable to Schedule VII of the Companies Act, 2013 and will be identified on any of the following basis:

- a) Need identification studies by the Company, professional institutions or agencies;
- b) Receipt of proposals or requests from District Administration, local bodies, citizen's forums, etc.; or
- c) Requests from local representative/Civic bodies/Citizen forums /voluntary organizations, Registered Trusts or Societies;
- d) Any other project identified by FACT for CSR activities.

9. SELECTION

9.1 The CSR Committee will identify suitable projects aligned with the focus areas based on assessment of community needs and stakeholder consultations.

9.2 Selection of CSR Projects shall be made, as far as possible, by giving due consideration to the suitability of each project to meet the objective of FACT CSR Policy.

10. EXECUTION / IMPLEMENTATION

10.1 CSR activities shall be undertaken by FACT itself or through any of the following entities which have registered itself with Central Government/Ministry of Company Affairs to undertake CSR activities:

- i. 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(43 of 1961), established by FACT either singly or along with any other company, or
 - ii. 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
 - iii. Any entity established under an Act of Parliament or a State legislature; or
 - iv. 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.
- 10.2 FACT 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 these rules.
- 10.3 The Chairman and Managing Director shall have to power to implement the Board approved CSR Projects and wherever found necessary, during the implementation of the projects, to reallocate among the projects, and put up to the CSR Committee and Board for information.

11. IMPACT ASSESSMENT

If the average CSR obligation in the three immediately preceding financial years, is Rupees Ten Crore or more in pursuance of subsection (5) of section 135 of the Act, FACT shall undertake impact assessment, through an independent agency, of 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.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

FACT may book expenditure on Impact Assessment towards Corporate Social Responsibility for that financial year, which shall not exceed 2% of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher or such other limits as may be fixed from time to time by the Act and the Rules.

12. UNSPENT CSR ACCOUNT

Any amount remaining unspent pursuant to any ongoing project, undertaken in pursuance of CSR Policy shall be transferred to the unspent CSR Account within a period of thirty days from the end of the financial year

The amount transferred to the unspent CSR account shall be spent by the Company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer.

Any surplus amount from CSR Project which is discontinued or completed and has to be spent towards the CSR expenditure as per the Act, shall also be credited to this account.

If the Company fails to spend the amount for ongoing projects within a period of three financial years, the amount shall be transferred to a Fund specified in the Act and rules made there under, within a period of thirty days from the date of completion of the third financial year.

13. EXCLUDED ACTIVITIES

The following shall not be included in CSR the activities:

- Activities undertaken in pursuance of normal course of business.
- 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;
- contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- The CSR projects or programs or activities that benefit only the employees of FACT and their families
- activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- activities carried out for fulfilment of any other statutory obligations under any law in force in India;

14. WEBSITE DISCLOSURES

The composition of the CSR Committee, and CSR Policy and Projects approved by the Board shall be displayed on the website of the Company.

15. CONCLUSION

The Board of Directors may modify, add, or amend any of provisions of this Policy and make appropriate changes or amendments to the Policy, as may be required from time to time.

Schedule VII
(See section 135)

Activities which may be included by companies in their Corporate Social Responsibility, Policies Activities relating to: -

- (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 recognised sports, Paralympic sports and Olympic sports
- (viii) Contribution to the Prime Minister's National Relief Fund a [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) (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 Defence 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.