



## **FIEM INDUSTRIES LIMITED**

### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

**Pursuant to section 135 of Companies Act and  
Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended**

## **CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR Policy)**

### **1. BACKGROUND:**

“Corporate Social Responsibility Policy” or “CSR Policy”, is framed in accordance with the provisions of Section 135 of the Companies Act, 2013 (“the Act”) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”) as amended from time to time and shall also be subject to any circular, notification, amendment and clarifications etc. issued by Ministry of Corporate Affairs, Government of India from time to time (collectively called CSR Provisions).

Section 135 of the Act read with CSR Rules provide the governing legal framework for the CSR to be followed by the Indian companies. CSR Provisions had become applicable on Fiem Industries Limited (Company) since notification of section 135. Accordingly, Company framed, approved and implemented the CSR Policy in the year 2014 itself.

From time to time various amendments made in CSR Provisions. Vide Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, notification dated 22<sup>nd</sup> January, 2021 major changes effected in CSR Rules and section 135 of the Act was also amended.

With above background, this revised CSR Policy is approved by the Board in their meeting held on June 30, 2021.

### **2. OBJECTIVES OF CSR POLICY:**

The CSR Policy, revised in alignment of the amended CSR Provisions, comprises the approach and direction given by the Board of the Company, taking into account the recommendations of CSR Committee, and includes guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the annual action plan, among other policy aspects.

### **3. COMPANY’S CSR PHILOSOPHY:**

*As a responsible corporate citizen, the CSR at Fiem Industries Limited is our commitment towards serving the humanity, by adhering the philosophy of Caring, Sharing & Growing and channelizing our efforts to giving back to the society through Economic, Environmental and Social performance.*

*Company is committed to improve the lives of the communities in which it operates, as well as other areas within the geographical limits of India. Company’s CSR initiatives will be within the areas listed in Schedule VII of the Act, performed for the welfare and benefit of marginalized, vulnerable, disadvantaged, underserved people, with special focus on healthcare for needy, education to children, women empowerment, environment protection and disaster relief; among others.*

#### **4. DEFINITIONS:**

**4.1 Corporate Social Responsibility (CSR):** CSR means the activities undertaken by a 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 under section 182 of the Act;
- iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- 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;

**4.2 CSR Policy:** Rule 2(1)(f) of amended Rules states that "CSR Policy" means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding Principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

**4.3 Ongoing Project:** means a multi-year project undertaken by a 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;

**4.4 CSR Committee:** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

**4.5 Local Area:** Proviso to section 135(5) of the Act states that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

The term Local Area has not been defined in the Act. For the purpose of Company's CSR activities, Local Area shall include:

- i. Districts, where Company has its factories or offices;
- ii. The other district or nearby area of other state, whose geographical location is not very far from Company's factories or offices. The term Local Area must be seen in a broad sense of understanding. As an example, Delhi is considered as Local Area because the Company is having offices in Delhi and Company's 2 factories in Sonipat district is near to Delhi border. Further, if proposed CSR activities/projects fits to be performed in other than Local Area, then preference would be given to take up the project in that area, which can be anywhere in India. Company will endeavour to undertake the CSR programme in Aspirational Districts as well.

**Words and expressions used herein and not defined, but defined in the Act and CSR Rules shall have the same meanings respectively assigned to them in the Act and CSR Rules.**

#### **5. CSR ACTIVITIES UNDER SCHEDULE VII OF THE ACT:**

The Company shall undertake and execute the CSR activities ("CSR projects/ Programs") in the areas listed under Schedule VII of the Act, which are as under:

No	Area and Subjects of CSR
1	<ul style="list-style-type: none"> <li>• Eradicating hunger,</li> <li>• Poverty and malnutrition,</li> <li>• "Promoting health care 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.</li> </ul>
2	<ul style="list-style-type: none"> <li>• Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.</li> </ul>
3	<ul style="list-style-type: none"> <li>• Promoting gender equality,</li> <li>• Empowering women,</li> <li>• Setting up homes and hostels for women and orphans;</li> <li>• Setting up old age homes,</li> <li>• Day care centres and such other facilities for senior citizens and</li> <li>• Measures for reducing inequalities faced by socially and economically backward groups.</li> </ul>
4	<ul style="list-style-type: none"> <li>• Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry,</li> <li>• Conservation of natural resources and</li> <li>• 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.</li> </ul>
5	<ul style="list-style-type: none"> <li>• Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art;</li> </ul>

	<ul style="list-style-type: none"> <li>• Setting up public libraries;</li> <li>• Promotion and development of traditional art and handicrafts;</li> </ul>
<b>6</b>	<ul style="list-style-type: none"> <li>• Measures for the benefit of armed forces veterans, war widows and their dependents,</li> <li>• Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;</li> </ul>
<b>7</b>	<ul style="list-style-type: none"> <li>• Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports</li> </ul>
<b>8</b>	<ul style="list-style-type: none"> <li>• Contribution to the prime minister's national relief fund or</li> <li>• Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or</li> <li>• 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;</li> </ul>
<b>9</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Contributions to public funded Universities;</li> <li>• Indian Institute of Technology (IITs);</li> <li>• National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE);</li> <li>• Department of Biotechnology (DBT);</li> <li>• Department of Science and Technology (DST);</li> <li>• Department of Pharmaceuticals;</li> <li>• Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH);</li> <li>• Ministry of Electronics and Information Technology and other bodies, namely</li> <li>• Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR);</li> <li>• Indian Council of Medical Research (ICMR) and</li> <li>• Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).</li> </ul>
<b>10</b>	<ul style="list-style-type: none"> <li>• Rural development projects</li> </ul>
<b>11</b>	<ul style="list-style-type: none"> <li>• Slum area development.</li> </ul> <p><b>Explanation:</b> 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.</p>
<b>12</b>	<ul style="list-style-type: none"> <li>• Disaster management, including relief, rehabilitation and reconstruction activities.</li> </ul>

Any subsequent amendment in Schedule VII of the Act will deemed to be given effect in above list.

## **6. GUIDING PRINCIPLES FOR CSR ACTIVITIES OF THE COMPANY:**

Considering the activities listed in Schedule VII as broad indicator of the scope of CSR area, following are the focus areas of intervention identified by the Company under its CSR objectives to be undertaken through project mode, directly by Company / Fiem Foundation or in partnership with outside agencies / implementation partner:

### **6.1 Promoting Health Care Including Preventive Health Care and Sanitation:**

'Healthcare' would remain one of key area of intervention and way of serving the humanity. The underlying reason for selecting this area is that in India affordable medical treatment to the poor and needy is not available and when disease is like cancer or other life threatening, poor suffer a lot and at times not able to bear the burden of treatment. Therefore, we want to stand with needy patients, when they need the support of society at most. The following activities can be undertaken:

- Preventive healthcare initiatives,
- Financial aid to needy patients,
- Organizing health camps for eye, dental and other disease,
- Equipment & artificial limbs etc. support to disabled,
- Donating ambulance, medical equipment and other infrastructure support to govt. / charitable dispensaries/ hospitals / NGOs and similar activities,
- Supporting the govt. / administration during pandemics like COVID and helping the public directly by all possible means.

### **6.2 Women empowerment:**

- Women empowerment projects, skill development, educational help etc.,
- Sanitary-pad and like projects,
- Promoting gender equality.

### **6.3 Eradicating hunger, poverty and malnutrition:**

- Providing food & clothes etc. to poor & road side stranded people,
- Food distribution and support in pandemic and natural calamities.

### **6.4 Supporting homes and hostels for women and orphans, old age homes, day care centers and such other facilities for senior citizens:**

- Providing financial and other support to homes and hostels for women and orphans, old age homes, day care centers and such other facilities for senior citizens etc.

### **6.5 Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement.**

- Financial aid to needy students etc.,
- Supporting the govt./charitable schools / NGO run schools with necessary equipment and infrastructure needs, mid-day meals etc.

**6.6 Environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water:**

- Tree plantation programme, preferably in Local Areas,
- Awareness towards environmental sustainability, water and natural resources conservation.

**6.7 Promote rural sports, rural development projects, drinking water availability in rural areas, supporting schools situated in rural areas, improving sanitation-toilet construction.**

- Supporting and encouraging rural sports by providing necessary aid and resources.
- Undertaking rural development projects and improving sanitation.

**6.8 Contribute in eligible funds like PM CARE Fund.**

**6.9 Relief, rehabilitation and reconstruction activities in disaster management, natural calamities in any part of the country.**

- Undertaking relief, rehabilitation and reconstruction measures in pandemics and natural calamities in close co-ordination with local authorities.

The above list is inclusive based on guiding principles and not exhaustive. CSR Committee is authorized to consider additional activities within Schedule VII of the Act, as may be amended from time to time.

**7. CSR EXPENDITURE:**

- The Board shall ensure that in each financial year the Company spends as CSR at least 2% of the average net profit made during the three immediately preceding financial years.
- The Board 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 the effect.
- The Board shall ensure that 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 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.
- Where Company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement

to spend under sub-section (5) of section 135 up to immediate succeeding 3 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.

## **8. GOVERNANCE FRAMEWORK:**

The CSR Governance Framework of the Company is represented as under:



### **8.1 Board of Directors:**

The Board of Directors of the Company is responsible for:

- i. Constitution of the CSR Committee as per the Act;
- ii. Approval of CSR Policy as recommended by the CSR Committee;
- iii. Ensure that activities as included in CSR Policy are undertaken by the Company.
- iv. Ensure that in each financial year the Company spends at least 2% of the average net profit made during the three immediate preceding financial years;
- v. The Board 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 the effect.
- vi. In case of ongoing project, the Board 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.

- vii. The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the company for the financial year
- viii. Composition of the CSR Committee, CSR Policy and Projects approved by the Board, will be disclosed on website of the Company.
- ix. Reviewing and amending the Annual Action Plan, during the course of the financial year based on reasonable justification to that effect;
- x. Reporting the Annual Report on CSR in prescribed format.

### **8.2 CSR Committee:**

The CSR Committee will be responsible for:

- i. Formulating and recommending to for the Board approval the CSR Policy in compliance with the Act indicating activities to be undertaken by the Company, Recommending to the Board, modifications to the CSR Policy as and when required;
- ii. Identifying Projects / Programs to be undertaken as per Schedule VII of the Act;
- iii. Recommending to the Board the expenditure to be incurred on CSR activities to be undertaken;
- iv. Regularly monitoring the implementation of the CSR Policy and CSR projects / programme;
- v. Identifying the partners such as NGOs, business partners etc. for effective implementation of the CSR projects / programme;
- vi. Reporting to the Board on the progress of the various CSR Projects / Programs and spends on a regular basis;
- vii. For every financial year, CSR Committee shall formulate and recommend to the Board, an Annual Action Plan in pursuance of its CSR Policy.

### **8.3 Chief Financial Officer (CFO):**

The CFO of the Company or the person responsible for Financial Management affairs of the Company shall certify on a periodic basis that the funds disbursed for CSR Projects / programme have been utilized for the purpose in the manner approved by the Board.

### **8.4 CSR Nodal Officer:**

The Company Secretary will act as CSR Nodal Officer.

### **8.5 CSR Working Group:**

- i. The CSR Working Group will comprise of employees of the Company joining on voluntary basis to work on one or more projects, outside volunteers (if any),

- ii. The CSR Working Group will undertake / help / oversee the execution and implementation of the CSR Projects. Undertake measures to facilitate and enhance employee engagement in CSR activities.

## **9. ANNUAL ACTION PLAN :**

The Annual Action Plan will be formulated by CSR Committee for every financial year and will be recommended to the Board. The Annual Action Plan shall include the following information:

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- The manner of execution of such projects or programmes (i.e. directly by Company, Fiem Foundation, or engaging outside partner / implementation agency)
- The modalities of utilisation of funds and implementation schedules for the projects or programmes;
- Monitoring and reporting mechanism for the projects or programmes;
- Details of need and impact assessment, if any, for the projects undertaken by the Company:

The Board shall approve the Annual Action Plan. Further, the Board may alter such Plan at any time during the financial year, as per the recommendation of CSR Committee, based on the reasonable justification to that effect.

## **10. CSR EXECUTION AND IMPLEMENTATION:**

- As permitted under Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company had set up a trust namely '**Fiem Foundation**' exclusively for undertaking CSR activities and transfers part of CSR fund in the corpus of the Trust for more planned utilization in the CSR programs over a long period.
- The CSR activities, programs, projects under the framework of this Policy will be undertaken and implemented **directly by the Company and Fiem Foundation** or will be executed and implemented by engaging implementation agency on project to project basis.
- Further, Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committee of Company is in a position to report separately on such projects or programmes in accordance with the CSR Rules.

- The Company may also collaborate with the government, business associates, vendors, customers, institutions and communities to achieve a significant impact of the social projects, if the nature and scale of the project demand such collaboration. Like Company has collaborated with AIIMS, New Delhi under its health care project to provide financial aid to poor and needy patients.
- As and when required, Company / Fiem Foundation may engage one or more implementation agencies for specific project in true spirit of “togetherness” for effective implementation and maximize the impact of the CSR project. This model would generally include that Company/ Fiem Foundation will provide financial and other resources and the implementation agencies will use their domain expertise and execution capabilities in the project / programme.

**In case Company / Fiem Foundation decide to engage outside implementation agency, then it can be any of the following:**

- a) 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;
- b) Any entity established under an Act of Parliament or a State legislature (e.g. AIIMS);
- c) 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 (NGO).

**Considering above while engaging any NGO as Implementation Partner, the following Documents would be required from NGO:**

Document	Name / Description of Document
1	Trust / Society Registration Certificate
2.	Trust Deed Copy – (Registered Trust Deed)
3	PAN of Trust / Society
4	12A Certificate under Income Tax Act
5	80G Certificate under Income Tax Act
6	Form CSR-1 (Registration with Ministry of Corporate Affairs) – Mandatory from 01/04/2021
7	Cancelled Cheque (for Bank Account details)

8	Present Governing Body Members List : Name, Father Name, Address
9	At least 3 Years – Track Record of working in the similar field, in which proposed Project is to be undertaken.
10	Project Report (if applicable)
11	MoU with Fiem Foundation / Fiem Industries Limited
12	Any Other document, required as per Project

### **11. REVISIONS/ AMENDMENTS:**

- 1) Policy is framed under provisions of Section 135 of the Companies Act, 2013 (“the Act”) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”) as amended from time to time.
  - 2) In case, any subsequent changes in the Companies Act, 2013 or any other applicable rules or regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy with effect from their enforcement and the Policy would be modified in due course to make it consistent with the amended laws.
  - 3) This Policy may be reviewed as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Company. Any changes or modification on the Policy would be approved by the Board.
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