



Somany Ceramics Limited

Corporate Social Responsibility Policy

Original Effective Date: 16th October, 2014
(last updated: 16th June, 2021)

Corporate Social Responsibility ('CSR') Policy of Somany Ceramics Limited ('SCL') shall be directed towards inclusive development that creates value for society and caters to the needs of the people in the communities, giving preference to the local areas around our business operations. SCL shall continue to relentlessly strive in their endeavor of nation building, sustainable development, accelerated inclusive growth and social equity through its CSR initiatives. The CSR initiatives will be focused to enable the citizen to enjoy the benefits of science led innovations. The targeted beneficiaries of CSR activities undertaken by SCL shall be for marginalized, disadvantaged, poor or deprived sections of the communities.

Composition of CSR Committee

In compliance with the provisions of Section 135 of the Companies Act, 2013, a CSR Committee has been constituted by the Board. CSR Committee at all times comprise a minimum of 3 directors out of which at least 1 director would be an Independent Director as per the requirement of the Act.

Terms of reference of the CSR Committee

1. Recommend to the Board, a CSR Policy (and modifications thereto from time to time) which shall provide approach and guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company or Foundation established by the Company or such other entities, as well as formulation of the annual action plan.
2. Formulate and recommend annual action plan, and any modifications thereof, to the Board.
3. Approve specific projects, either new or ongoing, in pursuance of the Areas of Interest outlined in this Policy, either for undertaking such projects by the Company itself, directly or through its Foundation or such other CSR entities.
4. Recommend to the Board, the amount of expenditure to be incurred on the CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts.
5. Review the progress of CSR initiatives undertaken by the Company.

6. Monitor the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects referred to above.
7. Review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report.
8. Review and recommend to the Board, the impact assessment report, if applicable obtained by the Company from time to time.
9. Undertake such activities and carry out such functions as may be provided under Section 135 of the Act and the Rules.

The Committee shall meet as frequently as desired for the aforesaid purposes.

Selection of CSR Projects

CSR became mandatory under the Companies Act, 2013 since 2014. However, the Company had been pursuing CSR initiatives even before it was mandated by law. The Company is committed to transforming health, education, sanitation & making available safe drinking water and social sector ecosystems through high impact solutions, thought leadership and partnerships.

The CSR Project may be selected by the CSR Committee, either based on its own discretion or based on recommendations by any stakeholder or Director(s). The CSR Committee, while formulating the Annual Action Plan and recommending to the Board, will accord priority to the local areas and areas around it where the company operates and CSR activities as specified below.

The Company shall endeavor to spend in every financial year, atleast 2% of the average net profits made during the three immediately preceding financial years. In case the Company fails to spend such amount or spends in excess, the unspent amount or the excess amount respectively, shall be dealt with in accordance with the Act and Rules and requisite explanation shall be provided in the Board's Report. Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be dealt with in accordance with the Act and Rules.

CSR Activities

- 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;
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 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;

- 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;
- 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;
- 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;
- training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- contribution to the Prime Minister's 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, the Scheduled Tribes, other backward classes, minorities and women;
- contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- rural infrastructure development like setting up of Distance Education Centers, Rural BPOs, Community Centers, Skill Development Centers, Adoption of Primary Health Centers, Village Roads, Street Lights, Watershed Development activities, Revival of Water bodies, Irrigation and Water Storage Structures, etc.;
- supporting and supplementing Government programmes and initiatives undertaken in relation thereto;
- Slum area development;
- disaster management, including relief, rehabilitation and reconstruction activities.
- any other activities as specified in the Schedule VII or such other activity/ies as may be amended/notified from time to time under the Companies Act, 2013 or any other laws, statutes and regulations as may be applicable, in line with the emerging societal circumstances and in consideration of changing national priorities of the Government.

Governance Mechanism

SCL follows structured governance procedures to monitor its CSR activities. The CSR Policy of the Company is governed by the Board of Directors of the Company. The Board has constituted a CSR Committee having optimum combination of Directors to regular monitoring on the programmes/projects through the senior management team or teams of the CSR entities or implementing agencies responsible for implementing these programmes/projects.

The implementing agencies, including CSR entities, shall keep the Company informed about any information or circumstances that will affect the ability of the agency to carry out the CSR project or programme. Where the CSR amount spent results or resulted in creation or acquisition of capital asset, the Company shall confirm to the CSR Committee about the entity holding the capital asset in accordance with the Rules.

The representatives of the Company and/or CSR entities shall carry out site visits/ field visits on a periodic basis. The Company shall carry out impact assessment by engaging independent agency either directly or through CSR entities, in accordance with the Act and Rules.

The CSR Committee shall review the progress reports received from the Company and implementing agencies. The CSR Committee shall also monitor the utilization of the funds disbursed for the purposes and in the manner approved by the Board.

The outcome of impact assessment, as and when undertaken, and progress reports submitted, will be taken into consideration while engaging the implementation agencies for subsequent CSR projects and programmes and while finalizing the annual action plan for the subsequent year.

Our Modalities of Execution of such Projects

1. SCL shall identify various developmental projects to participate and implement it through its Trust/Foundation.
2. Trust/Foundation shall work closely with the CSR Committee of SCL for execution of the projects.
3. SCL shall initiate Public-Private-Community Participation Programmes, if needed.
4. Partners of SCL in development activities are NGOs, Farmer Producer Organisations, State Universities, Government bodies, District Authorities, Village Panchayats and the people at the bottom of the pyramid.
5. CSR projects of SCL shall be in the form of Projects/Programmes.

Reporting and Disclosure of the Policy

The CSR Committee shall report to the Board of the Company. The Composition of the CSR Committee, CSR projects approved by the Board. The Policy shall be disclosed on the website of the Company i.e. www.somanyceramics.com

Amendments

Amendments to the CSR Policy, if any, shall be considered by the Board of the Company, based on the recommendations of the CSR Committee. This Policy has been made as per the provisions of the Companies Act, 2013 and the Rules made thereunder ('Applicable

law'). Any amendments in the Applicable Law, including any clarifications/ circulars of relevant regulator, if mandatory, shall be read with this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

Management Commitment

SCL Board of Directors, Management and all of the Company's employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.
