



**GACL-NALCO ALKALIES & CHEMICALS PRIVATE LIMITED**

**CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**  
**(as amended on 22.07.2021)<sup>i</sup>**

**GACL-NALCO ALKALIES & CHEMICALS PRIVATE LIMITED**  
**GACL CORPORATE BUILDING, P.O. PETROCHEMICALS - 391 346**  
**DIST. : VADODARA**

**CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY**

**INDEX**

CH.	TITLE	PAGE NO.
<b>1.</b>	<b>SECTION – 1 : CONCEPT :</b>	
	<b>SHORT TITLE &amp; APPLICABILITY</b>	
1.1	Short title	3
1.2	Definitions	3 - 5
1.3	CSR Vision Statement & Objective	6
<b>2.</b>	<b>SECTION – 2 : RESOURCES :</b>	
2.1	Budget	6
2.2	Spending	6
<b>3.</b>	<b>SECTION – 3 : PLANNING :</b>	
3.1	Identification of Thrust Areas	7
3.2	Strategic Initiatives	7 - 8
<b>4.</b>	<b>SECTION 4 - IMPLEMENTATION :</b>	
4.1	Geographical Coverage/Area of CSR activities	8
4.2	Project Identification	8
4.3	Executing Agency/Partner	9 - 10
4.4	Monitoring & Evaluation	10 - 11
4.5	Documentation	11
<b>5.</b>	<b>SECTION - 5 : AUTHORITY, RESPONSIBILITY &amp; ACCOUNTABILITY :</b>	
5.1	Powers for Approval	11 - 12
5.2	Responsibility	12 - 13
<b>6.</b>	<b>SECTION – 6 : GENERAL :</b>	
		13 - 14

## SECTION - 1: CONCEPT

<b>1.</b>	<b>SHORT TITLE &amp; APPLICABILITY :</b>		
	<b>Backdrop :</b>		
	<p>The CSR policy is formulated in terms of provisions of Section 135 read with Schedule VII to the Companies Act, 2013 and the Companies (Corporate Social Responsibility Rules), 2014 (“CSR Rules”) which prescribes the requirements as to what should be the legal and structured framework for doing the CSR activities.</p> <p>The CSR Policy of the Company, in the backdrop of such prescribed requirements, is enunciated in the foregoing paragraphs:</p>		
	<b>1.1.</b>	<b>SHORT TITLE :</b>	
	1.1.1	<p>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 relevant programs for the welfare &amp; the sustainable development of the community at large. The Policy is titled as the “<b>GNAL CSR Policy</b>”.</p>	
	1.1.2	<p>This Policy shall apply to all CSR initiatives and the activities taken up at various surrounding / periphery areas of Plant/s / Business location/s of GNAL, for the benefit of different segments of the society.</p>	
	<b>1.2.</b>	<b>DEFINITIONS :</b>	
		<p><b>Act :</b></p> <p>Act shall mean the Companies Act, 2013 including with reference to Section 135 and shall include any amendments thereto or reenactments thereof.</p> <p><b>Administrative Overheads:</b></p> <p>“Administrative overheads” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.</p>	

		<p><b>CSR :</b></p> <p>“Corporate Social Responsibility (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 rules, but shall not include the following, namely:-</p> <p>(i) activities undertaken in pursuance of normal course of business of the company:</p> <p>Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-</p> <p>(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;</p> <p>(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report;</p> <p>(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;</p> <p>(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;</p> <p>(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);</p> <p>(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;</p> <p>(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.</p> <p><b>CSR Committee:</b></p> <p>"CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;</p>
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		<p><b>CSR Policy:</b></p> <p>"CSR Policy" or "GACL CSR Policy" means this Policy, formulated and amended from time to time, in accordance with the Act and Rules.</p> <p><b>GNAL :</b></p> <p>GNAL shall mean GACL-NALCO Alkalies &amp; Chemicals Private Limited and shall include all its plants/units, in India.</p> <p><b>LAW(S) :</b></p> <p>Laws means applicable laws with respect to CSR activities including the Act and Rules.</p> <p><b>Net Profit :</b></p> <p>Net Profit means as defined in Rule 2(n) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.</p> <p><b>Ongoing Project:</b></p> <p>"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.</p> <p><b>Public Authority:</b></p> <p>"Public Authority" means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005;</p> <p><b>Rules :</b></p> <p>Rules means the Companies (Corporate Social Responsibility Policy) Rules, 2014 and shall include any amendments thereto or reenactments thereof.</p> <p><b>Schedule :</b></p> <p>Means Schedule VII to the Companies Act, 2013 and as amended from time to time.</p>
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	<b>1.3.</b>	<b>CSR VISION STATEMENT &amp; OBJECTIVE :</b>	
		1.3.1	<p><b>Vision :</b> GNAL, through its CSR initiatives, shall continue to enhance value creation in the society and in the community in which it operates, through its services, conduct &amp; initiatives, so as to promote sustainable growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen with environmental concern. The Ultimate Objective of CSR activities at GNAL is to improve the “<u>Human Development Index.</u>”</p>
		1.3.2	<p><b>Objective:</b></p> <ul style="list-style-type: none"> <li>• To ensure an increased commitment at all levels in the organization towards CSR, to operate its business in an economically, socially &amp; environmentally sustainable manner, while recognizing the interests of all its stakeholders.</li> <li>• To directly or indirectly take up the programs that benefit the communities in &amp; around GNAL, over a period of time, thus uplifting / enhancing the quality of life &amp; economic well-being of the local populace.</li> <li>• To generate, community goodwill for GNAL and help reinforce a positive &amp; socially responsible image of GNAL through its CSR initiatives.</li> </ul>

## **SECTION – 2 : RESOURCES**

<b>2.</b>	<b>2.1.</b>	<p><b>BUDGET :</b></p> <p>For achieving its CSR objectives through implementation of meaningful &amp; sustainable CSR programs, GNAL will initially allocate the fund to meet the statutory requirements which is 2% of its average past three financial year’s net profit and the said amount shall be worked out in accordance with the requirements of the provisions of law for the time being in force and this would be the overall Annual CSR Budget.</p>
	<b>2.2.</b>	<p><b>SPENDING :</b></p> <p>Any unspent / unutilized CSR allocation of a particular year, will be dealt with in due compliance of law for the time being in force.</p> <p>Any surplus arising out of CSR Projects or Programs or activities may not form part of the business profits of a Company and shall be dealt with as per the provisions of the Act / Rules.</p>

		Any amount spent in excess of requirement provided under sub-section (5) of section 135 shall be dealt with as per the provisions of the Act / Rules.
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### **SECTION – 3 : PLANNING**

<b>3.</b>	<b>3.1.</b>	<b>IDENTIFICATION OF THRUST AREAS :</b>	
		3.1.1	<p>For purposes of focusing its CSR efforts in a continued and effective manner, the following Thrust Areas have been identified:</p> <p>I. Development of neighborhood of existing complexes;            II. Education &amp; Vocational Training Programs;            III. Health;            IV. Upgradation of existing sanitary toilets;            V. Various instructions / guidelines / directives given / issued by State Government or Central Government, from time to time.</p>
		3.1.2	<p>As far as possible, efforts shall be made to prioritise the heads under which amount earmarked for CSR activities amongst the thrust areas. However, the CSR Committee shall be at liberty to decide the allocation / reallocation of the earmarked amount/s.</p>
	<b>3.2.</b>	<b>STRATEGIC INITIATIVES :</b>	
		3.2.1	<p>Schedule VII of the Companies Act, 2013, contains the activities which may be considered as eligible for CSR activities.</p> <p>GNAL may undertake one or more project/s under any or all of the following thrust areas or such other area that may, under the law for the time being in force, be permissible.</p> <p>The thrust areas mandated shall be:</p> <ol style="list-style-type: none"> <li>1) To take up any such developmental activities which is not replicated by Government initiatives;</li> <li>2) Should bring good visibility and branding of the Company/Society;</li> <li>3) Should provide benefits to the society;</li> <li>4) Should be sustainable in nature.</li> </ol>
		3.2.2	<p>CSR programs will be undertaken by GACL Education Society, a CSR Arm of Gujarat Alkalies and Chemicals Limited (GACL), the Holding Company or through any other Agency</p>

			as permissible under the laws, to the best possible extent within the framework of the above areas.
		3.2.3	The time period / duration over which a particular program will be spread, shall depend on its nature, extent of coverage and the intended impact of the program.

#### **SECTION – 4 : IMPLEMENTATION**

<b>4.</b>	<b>4.1.</b>	<b>GEOGRAPHICAL COVERAGE / AREA OF CSR ACTIVITIES :</b>	
		4.1.1	CSR work will be focused in the areas adjoining to GNAL and few less developed Talukas. The programs identified should normally fall within a reasonable radius from GNAL.
		4.1.2	This will include nearby areas and villages around the GNAL Complex located at Dahej i.e. Dahej Complex and other areas surrounding registered / corporate office / branch office of GNAL or any other unit of GNAL that may be come up in future. These areas shall be considered as the local area for spending the amount earmarked for CSR activities for the purposes of determining the jurisdiction as contained in the Act and the CSR Rules made there under. However, in case need arises to carry out CSR activities other than the local areas, the same may be done with approval of CSR Committee and the Board.
		4.1.3	The amount earmarked for CSR shall be spent by the Company in the local area and the surrounding areas where the Company operates. The amount may be spent for CSR activities in other areas considering the need with approval of CSR Committee and the Board.
	<b>4.2.</b>	<b>PROJECT IDENTIFICATION :</b>	
		<p>CSR project identification shall be done broadly by means of the following:</p> <ul style="list-style-type: none"> <li>(a) Need identification Studies by professional, institutions / agencies;</li> <li>(b) Internal need assessment by cross-functional team at the local level;</li> <li>(c) Receipt of proposals / requests from District Administration / Local Govt. etc.;</li> <li>(d) Discussions and request with local representatives / Civic bodies / Citizen’s forums / Voluntary Organizations;</li> <li>(e) Receipt of proposals / requests from Holding Company or Associate Company;</li> <li>(f) Such other means / sources as may be deemed fit.</li> </ul>	



	<b>4.3.</b>	<b>EXECUTING AGENCY / PARTNERS :</b>
	4.3.1	<p>GNAL will take up its CSR activities through GACL Education Society, which will seek to identify suitable programs for implementation in line with the CSR objectives of the Company and also benefit the stakeholders and the community for which those programs are intended. These works would be done either independently or through:</p> <ol style="list-style-type: none"> <li>i. Community based organizations whether formal or informal;</li> <li>ii. Elected local bodies such as Panchayats etc.;</li> <li>iii. Voluntary Agencies (NGOs);</li> <li>iv. Institutes / Academic Organizations;</li> <li>v. Trusts, Missions;</li> <li>vi. Self-help Groups;</li> <li>vii. Government, Semi-Government and autonomous Organizations;</li> <li>viii. Standing Conference of Public Enterprises (SCOPE);</li> <li>ix. Mahila Mandals / Samitis;</li> <li>x. Contracted agencies for civic works;</li> <li>xi. Professional Consultancy Organizations; and</li> <li>xii. Such others as may be deemed fit.</li> </ol> <p>Provided that CSR activities are undertaken by the Company through eligible entity as defined under the Rules.</p> <p>The Company 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 the Rules.</p>
	4.3.2	<p>Criterion for identifying Executing Agency:</p> <p>While identifying programmes, if required an external agency will be identified which would help to execute the said program. In case of program execution by NGOs / Voluntary organizations, the following criteria need to be ensured:</p> <ul style="list-style-type: none"> <li>• The NGO / Agency has a permanent office / address in India;</li> <li>• The NGO is a registered Trust and/or a Society under Societies' Registration Act;</li> <li>• Possesses a valid Income-tax Exemption Certificate;</li> <li>• The above mentioned agencies should be having minimum work experience of 3 years in the respective areas or such period as defined under the Rules.</li> </ul>

		4.3.3	Any work assigned to an external agency should be executed only after entering into Memorandum of Understanding / Agreement / Acknowledgment of work order containing Scope of work.
		4.3.4	<p>Maximum contribution in case of CSR Project :</p> <p>The contribution of the Company for CSR Project / Activity including the projects having effect of creation or acquisition of a capital asset, shall be maximum upto –</p> <p>(a) 75% of the Project Cost, in case of beneficiary is an entity / institution;</p> <p>(b) 90% of the Project Cost, in case of beneficiary is an individual or group of individuals.</p> <p>The remaining contribution of 25% or 10% of the Project Cost shall be made by respective entity / institution or individual or group of individuals, as the case may be. Such contribution may be either in cash or in kind or may be arranged by the respective entity / institution or individual or group of individuals from other donations / contributions.</p> <p>Such contribution by the Company shall remain restricted to the above limits even in case of cost overrun of respective Project / Activity. Such cost overrun of the Project shall be solely borne by respective entity / institution or individual or group of individuals.</p> <p>The Chairman shall have power to relax the above thresholds based on the merits of the CSR Project / Activity.</p>
	<b>4.4.</b>	<b>MONITORING &amp; EVALUATION :</b>	
		4.4.1.	To ensure effective implementation of the CSR programmes undertaken, a monitoring mechanism will be put in place. The progress of CSR programmes under implementation and status of the work done shall be reported to CSR Department of the Company.
		4.4.2.	The CSR Department shall also conduct impact studies on a periodic basis, through independent professional third parties / professional institutions, especially on the strategic and high value programs.
		4.4.3.	There shall also be put in place a proper system for obtaining feedbacks from beneficiaries of the CSR program of the Company.

		4.4.4	The Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per the CSR Policy as well as for capacity building of its own personnel for CSR.
	<b>4.5.</b>	<b>DOCUMENTATION :</b>	
		4.5.1	Appropriate documentation of the GNAL CSR Policy, annual CSR activities, executing partners details, and expenditure incurred / earmarked shall be undertaken on a periodical basis and the Company's CSR Policy and other information shall be suitably placed on its website.
		4.5.2	Suitable reporting on CSR initiatives of the Company shall be made in the Annual Report of the Company as required under the Companies Act, 2013 and the rules made there under with effect from Financial Year 2020-21.

### **SECTION – 5 : AUTHORITY, RESPONSIBILITY & ACCOUNTABILITY**

<b>5.</b>	<b>5.1.</b>	<b>POWERS FOR APPROVAL :</b>	
		5.1.1	<p>Hierarchy flow :</p> <p>The hierarchy flow of the CSR activities shall be as follows:</p> <div style="text-align: center;"> <p><b>Board</b></p> <p>↓</p> <p><b>CSR Committee</b></p> <p>↓</p> <p><b>Chief Executive Officer</b></p> <p>↓</p> <p><b>CSR Department</b></p> <p>↓</p> <p><b>GACL Education Society</b></p> </div>
		5.1.2	Areas of CSR activities as may be identified shall be placed before the CSR Committee of the Board at the beginning of each Financial Year as well as at such intervals as may be deemed fit and proper. The Budget for CSR activities shall form part of the Annual Revenue Budget of the Company and shall be placed before the Board of Directors for approval. The Board will authorize CSR

			Committee to spend from the budget. The reporting to the Board by CSR Committee shall be made annually.
		5.1.3	For meeting the requirements arising out of immediate and urgent situations, the Chairman is authorized to approve proposals within the overall budget and the same shall be placed before CSR Committee for post facto approval and ratification.
		5.1.4	<p>To allow a further degree of flexibility, the CSR Committee /Chief Executive Officer may authorize Head of CSR Department or head of GACL Education Society or any other NGO/Trust/Society as may be approved by the Board of Directors of GNAL to spend amount towards CSR activities to such extent as may be deemed fit within the overall budget limits.</p> <p>Chief Executive Officer and Chief Financial Officer of GNAL would be a part of Working Committee of GACL Education Society, whenever the CSR activities of GNAL would be undertaken by GACL Education Society.</p>
	<b>5.2.</b>	<b>RESPONSIBILITY :</b>	
		5.2.1	<p>Responsibility of the Board will be:</p> <ol style="list-style-type: none"> <li>1. To approve the CSR Policy recommended by the CSR Committee and disclose the contents of such Policy in its report and place it on Company's Website.</li> <li>2. To ensure spending of 2% of the average net profit of three preceding years on CSR activities.</li> <li>3. To report CSR activities in Board's report and disclose with reasons for non-spending of CSR fund (2%).</li> <li>4. In case of ongoing project, to 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.</li> </ol>
		5.2.2	<p>Responsibility of CSR Committee will be:</p> <ol style="list-style-type: none"> <li>1. To formulate and recommend a CSR Policy to the Board.</li> <li>2. To recommend and ensure spending of the amount of expenditure to be incurred on CSR activities.</li> <li>3. To monitor &amp; implement the CSR Policy of the Company from time to time.</li> <li>4. To formulate and recommend to the Board, an annual action plan / budget in pursuance of the CSR Policy, which shall include the following, namely:-</li> </ol>

			<p>(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;</p> <p>(b) the manner of execution of such projects or programmes as specified in the Rules;</p> <p>(c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;</p> <p>(d) monitoring and reporting mechanism for the projects or programmes; and</p> <p>(e) details of need and impact assessment, if any, for the projects undertaken by the company:</p> <p>Provided that Board of Directors of the Company 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.</p>
		5.2.3	<p>Responsibility of the Chief Executive Officer will be:</p> <p>To give approval for CSR projects within the policy framework and monitor projects undertaken by CSR Department from time to time.</p>
		5.2.4	<p>Responsibility of CSR Department will be:</p> <ol style="list-style-type: none"> <li>1. To identify and implement CSR Projects with due approvals.</li> <li>2. To pass on the said identified projects for implementation to GACL Education Society with due approvals of the competent authority.</li> </ol>

### **SECTION – 6 : GENERAL**

6.	6.1.	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 CSR Committee. In all such matters, the interpretation & decision of the Chairman of CSR Committee in consultation with the Chairman, GNAL shall be final.
	6.2.	Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the requirements of the law for the time being in force.
	6.3.	The Company reserves the right to modify, cancel, add, or amend this CSR Policy.

	6.4.	CSR Committee will meet at such intervals as may be required. The quorum for the CSR Committee shall be at least two members or one third of the members of the CSR Committee, whichever is greater.
	6.5.	In case of urgent payment for a CSR Project/s, a post facto approval shall be taken from the CSR Committee. However, it may be ensured that the said CSR Project/s should be within the ambit of this CSR Policy as well as within the budget approved by the Board.

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<sup>i</sup> The CSR Policy was approved by the Board of Directors at its Meeting held on 24.07.2020