

NSL Krishnaveni Sugars Limited
CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

A) MEANING AND APPLICABILITY

Corporate Social Responsibility ("CSR") entails the continuing commitment by business to contribute to economic & social development of the society, while improving the quality of life of the local community and society at large.

India became the first country in the world to mandate a minimum CSR spending for corporations above a certain size. The framework of CSR and obligations to be fulfilled therein are stipulated under Section 135 of the Companies Act, 2013 and the Rules thereunder (the "Act") which specifies that all companies, including foreign firms, with a minimum net worth of Rs 500 crore, turnover of Rs1,000 crore and net profit of at least Rs 5 crore, spend at least two percent of their profit on CSR.

NSL Krishnaveni Sugars Limited stands committed to the social and economic development of the communities in which it operates. The company's commitment towards this includes contributing to Institutions which are engaged in activities aligned to the activities forming part of its CSR policies.

B) CSR Vision Statement & Objectives

➤ **Vision Statement**

We are committed to continue being an admired sugar manufacturing Company delivering sustainable value to all stakeholders.

➤ **CSR Mission**

We believe that corporate social responsibility (CSR) should not just be about philanthropy and compliance but that it should also offer a more holistic corporate approach towards economic, social, and environmental impacts as a whole. We also place strong emphasis on measuring its success, not only in terms of profitable growth, but also in terms of the degree to which it has contributed towards local economic development, environmental conservation and social justice.

➤ **Objectives**

The main objective of CSR policy is to lay down guidelines for NSL Krishnaveni Sugars Limited to make CSR a key business process for sustainable development of the Society. It aims at supplementing the role of the Govt. in enhancing welfare measures of the society based on the immediate short term and long term and environmental consequences of their activities. CDPL will act as a good Corporate Citizen.

➤ Commitment

We are committed to:

- Continuous improvement in our Corporate and Social Responsibility (CSR) strategy
- Acting in a socially responsible way
- Encouraging our staff to be mindful of the effect of their actions on the natural resources

➤ PURPOSE AND AIMS

The purpose of the policy is to make clear to all stakeholders what we mean by CSR and how we propose to work towards achieving it. 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.

➤ STANDARDS

We recognize that good CSR embraces all aspects of sustainable development and the way we affect people through our business operations.

- We will assess which social issues are of most relevance to the stakeholders and decide at what stage in the procurement lifecycle this policy could most effectively and legally be included.
- We shall operate in a way that safeguard against unfair business practices.
- We believe that a responsible approach to developing relationships between companies and the communities they serve, global or local, is a vital part of delivering business success.
- When carrying out our business, in consultation with our customers, we will determine the environmental, social and economic issues.
- Our activities will clearly set out the agreed terms, conditions and the basis for our relationship.
- We will continually review our policies and business practices to encourage engagement with small and medium enterprises and to promote the development of the regional supply chain.

2. POLICY STATEMENT

NSL Krishnaveni Sugars Limited ('the Company') is committed to conduct its business in a socially responsible, ethical and environmentally friendly manner and to continuously work towards improving quality of life of the communities in its operational areas.

The Board of Directors (hereinafter referred to as 'the Board') of NSL Krishnaveni Sugars Limited has decided to adopt its CSR policy that will comply with the objectives and requirements stipulated in section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the Rules notified thereunder.

Company in the initial phase will focus on the following areas for CSR projects from amongst the activities specified under Schedule VII of the Companies Act, 2013 and the Rules made there under:

A. RURAL DEVELOPMENT PROJECTS: Strengthening rural areas by improving

accessibility, housing, drinking, water, sanitation, power and livelihoods, thereby creating sustainable villages.

- B. EDUCATION: Promoting education, including special education and employment- enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects; monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting students in their studies.
- C. HUNGER, POVERTY, MALNUTRITION AND HEALTH: Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation, and making available safe drinking water.
- D. GENDER EQUALITY AND EMPOWERMENT OF WOMEN: Promoting gender equality and empowering women; setting up homes, hostels and day care centers for women and orphans; setting up old age homes and such other facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward groups.
- E. ENVIRONMENTAL SUSTAINABILITY: Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining the quality of soil, air and water.

3. SCOPE OF CSR ACTIVITIES

We classify only those projects which are not forming part of the normal course of business of the company. All our CSR projects will be reviewed and updated by the CSR committee of the Board. The normal course of business of the company is to manufacture sugar and produce power through co-gen.

- i. Eradicating hunger, Poverty and malnutrition, promoting healthcare and sanitation.
- ii. Promoting education including special education and employment enhancing vocational skills especially among children, women & elders by the company directly or by funding Non-Government Organizations (NGO's) / Educational Institutions/Trusts/Organizations involved in Promotion of Education.
- iii. Promoting gender equality empowering women, establishing of old-age homes, day care centers and such other facilities for senior citizens and majors for reducing inequalities in socially and economically backward groups.
- iv. Introduction of modern Technology in dairy industry for the benefit of farmers/Society at large by providing fund to the technology incubators located within academic institutions which are approved

by the Govt. of India.

- v. Relief to victims of Natural Calamities like Earth-quake, Cyclone, Drought & Flood situation in any part of the country.
- vi. Water Supply including drinking water.
- vii. Environment protection, animal welfare, agro forestry, conservation of natural resources.
- viii. Infrastructure for Village Electricity/Solar Lights/Road etc.
- ix. Grant/donation/financial assistance/sponsorship to reputed Trusts and NGO's of the Society involve in upliftment of standard of the society.
- x. Community Development activities

The above list is illustrative and not exhaustive. The CSR committee of Board of Directors is authorized to consider also CSR activities which not included in this list. The activities will be specific to the village depending on the need assessed for the people. All activities under the CSR activities should be environment friendly and socially acceptable to the local people.

4. GOVERNANCE STRUCTURE

The company has constituted a CSR committee consisting of three Directors from the Board of Directors including the Whole Time Director and two independent Directors to oversee the implementation of the CSR policy of the company in accordance with the requirements of Section 135 of the Companies Act.

The Committee, which will report to the Board, consists of the following Directors:

- a) Mr. K.A Somayajulu, Chairman
- b) Mr. Ravi Kumar, Member
- c) Mr. MV Subbaiah, Member

The responsibilities of the CSR committee include:

- The CSR Committee shall indicate the activities to be undertaken by the company as specified in Sch VII;
- The CSR Committee shall recommend the amount of expenditure to be incurred every financial year at least two percent of the average net profits of the company calculated under section 198 of the Act, made during the three immediately preceding financial years;
- The CSR Committee shall recommend to the Board, modifications to the CSR

Policy as and when required.

- The CSR Committee shall regularly monitoring the implementation of the CSR policy and reporting to the Board.

Any other executive of the company associated with the CSR activities of the company will report to the CSR committee for all CSR projects undertaken

6. BUDGET

For achieving its CSR objectives and implementation of meaningful and sustainable CSR programs, CDPL will allocate 2% of the average net profits of preceding three financial years to CSR activities. The unutilized amount of CSR budget of the present year will be transferred to the next years CSR budget. Any Surplus arising out of the CSR activity will not be a part of the business profits of the company but will be introduced the same amount to the CSR budget.

It is imperative to carry out the appraisal, documentation, dissemination and monitoring of CSR activity effectively in order to create the desired impact. Towards this end, the expenses on preparation of reports, documentation, monitoring, coordination activities both at the Corporate Office and the Regional Offices, fees to external experts such as designers/engineers /doctors /teachers and the expenditure on social audit and for organizing dissemination activities etc shall form part of the project estimate and would be covered under CSR.

7. PROJECT IDENTIFICATION AND SELECTION CRITERIA

- Projects to be undertaken shall be in line with Section 135 read with Schedule VII of the Act and the Rules made thereunder and as approved by the CSR Committee.
- For selection of any project, the scope, environmental impact, cost, timelines, sustainability, visibility of the Company and other relevant factors needs to be evaluated.
- The authorized official incharge of CSR activities shall submit a detailed proposal before the CSR Committee for consideration regarding the projects to be implemented. The CSR Committee, after due evaluation of the projects and competency, cost, credibility etc., shall accord necessary approval.

8. MONITORING AND REPORTING FRAMEWORK

Company's CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the approved projects. The annual budget and list of CSR projects, and activities shall be presented to the CSR Committee for its approval.

In compliance with the Act and to ensure funds spent on CSR projects and activities are creating the desired impact on the ground, a comprehensive Monitoring and Reporting framework would be followed in compliance with the provisions of the Act.