

FINE ORGANIC INDUSTRIES LIMITED
CORPORATE SOCIAL RESPONSIBILITY POLICY

Preamble: This Corporate Social Responsibility (CSR) Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare and sustainable development of the community at large. It is Company's conscious strategy to design and implement Social Investments/CSR programs, by enriching value chains that encompass the disadvantaged sections of society, especially those residing in rural India, through economic empowerment based on grass-root capacity building.

Scope & Applicability: This Policy shall apply to all CSR initiatives and activities taken up at the various work centres and locations of the Company, for the benefit of different segments of the society, specifically the deprived, under privileged and differently abled persons.

CSR Activities: The Company would carry out its CSR activities as specified in Schedule VII of the Companies Act, 2013.

CSR activities will not include the activities undertaken in pursuance of normal course of business of the Company, projects benefitting the employees of the Company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019), or contributions of any amount directly or indirectly to any political party.

CSR projects will be undertaken in India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level. All CSR activities will be in project mode and will not include activities supported on sponsorship basis for deriving marketing benefits for its products or services or activities carried out for fulfilment of any other statutory obligations under any law in force in India.

CSR Implementation: The implementation of CSR projects or programmes is in pursuance of Rule 4 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. The Company will implement its CSR activities in a number of ways i.e. directly through our in-house teams and through qualified implementing agencies.

CSR Expenditure, Treatment of Surplus and Setting Off of Excess Spent:

- (i) The Company in every financial year spends at least 2% of the average net profits of the Company made during the three immediately preceding financial years in pursuance of the CSR Policy. For this purpose, the net profit and average net profit shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.
- (ii) The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- (iii) 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.

- (iv) Where the Company spends an amount in excess of requirement provided under Section 135(5) of the Act, such excess amount may be set off against the requirement to spend under section 135(5) up to immediate succeeding three financial years subject to the certain conditions.
- (v) 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; or
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority.

Governance and Monitoring Mechanism: We follow structured governance procedures to monitor CSR activities.

The Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee of the Board to oversee the implementation of the CSR Policy and monitoring of CSR projects as per the requirements of Section 135 of the Companies Act, 2013.

The CSR Committee will consist of three or more directors, out of which at least one director shall be independent director. The CSR Committee shall meet at least once in a year to discuss and review the CSR activities and policy. The quorum shall be two members and such quorum is required to be present for the proceeding to take place.

The CSR Committee constituted in pursuance of Section 135 of the Companies Act, 2013 shall be required to carry out the following activities:

- (i) To formulate and recommend to the Board, a CSR policy;
- (ii) To formulate and recommend to the Board, an Annual Action Plan;
- (iii) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken for approval of the Board;
- (iv) To monitor the CSR policy and the CSR activity and report to the Board from time to time;
- (v) Review the various proposals and identify the eligible entities/agencies for allocation of CSR amount;
- (vi) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules;
- (vii) Monitor and review periodically the CSR activities and submit the reports to the Board in respect of the CSR activities undertaken by the Company.

The CSR committee to monitor the progress of the Annual Action Plan and the multi-year programs, their manner of execution, modalities of utilization of funds and implementation schedules along with details of need and impact assessment for projects as required.

The funds to be disbursed shall be utilised for the purposes and in the manner as approved by the Board. The Chief Financial Officer or the person responsible for financial management shall issue the certificate to the Board every year certifying that the funds disbursed are utilized for the purpose and in the manner as approved by the Board.

The impact assessment/evaluation of major projects, as applicable, may be carried out by an external agency to critically assess the fulfilment of project objectives, as may be decided by the CSR Committee.

The CSR Policy and initiatives of the Company will be reported in the Annual Report of the Company in the manner prescribed under the CSR Rules. All the CSR projects would be documented and hosted on the Company website also.

Amendments to the policy: The CSR Policy referred to above is to be read in conjunction with Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. Any or all provisions of the CSR Policy would be subject to revision / amendment in accordance with the guidelines on the subject as may be issued from the Statutory Authority from time to time or as decided by the Board of Directors on its own and/or on the recommendation of CSR committee. The above Policy Guidelines are subject to review at suitable intervals and subject to revision accordingly.