



## GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Fertilizernagar – 391 750, Vadodara, Gujarat, India, CIN –L99999GJ1962PLC001121

### CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

#### **INTRODUCTION**

##### **1.1 Background:**

Ever since its inception in 1962, Gujarat State Fertilizers and Chemicals Ltd (GSFC) is serving the community towards enriching lives of all its stake holders. Even before the concept of Corporate Social Responsibility (CSR) got clad into legal frame-work through Companies Act 2013, there existed a Village Development Cell which served the community with great commitment. The present CSR Policy is being documented with a candid objective of formalizing the Company's CSR activities within the prescribed legal frame work of the Companies Act, 2013 (Section 135 read with Schedule VII) read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

##### **1.2 Applicability:**

This policy shall apply to all CSR activities taken up at nearby various Plants/ Business locations, to include all Liaison Offices, Marketing, Branch Offices and Depots of the Company.

##### **1.3 Vision & Objective:**

GSFC is committed to integrate its business values, ethics and professional skills to meet the expectations of all our stakeholders by developing, encouraging and supporting various social and economic initiatives, without any duplication of government policies, though our industrial expertise for Sustainable Development.

Vision. GSFC will continue to enhance value creation in the society in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen with utmost environmental concern. The Ultimate Objective of CSR activities at GSFC are to improve the “*Human Development Index*.”

Objective. To ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

#### **Definitions:-**

##### **Administrative Overheads:**

“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.



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### **CSR :**

“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:-

(i) activities undertaken in pursuance of normal course of business of the company: 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-

(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;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(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;<sup>4</sup>

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India.

### **CSR Committee:**

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

### **CSR Policy:**

"CSR Policy" means this Policy, formulated and amended from time to time, in accordance with the Act and Rules

### **International Organisation:**

"International Organisation" means an organisation as defined under Rule 2(g) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

### **Net Profit :**

Net Profit means as defined in Rule 2(h) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.



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**Ongoing Project:** “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

**Public Authority:** “Public Authority” means ‘Public Authority’ as defined in clause (h) of section 2 of the Right to Information Act, 2005;

**Rules:** Rules means the Companies (Corporate Social Responsibility Policy) Rules, 2014 and includes any amendment(s) thereto, from time to time.

**Schedule:** Means Schedule VII to the Companies Act, 2013 and as amended from time to time.

### **RESOURCES**

#### **2.1 Budget:**

GSFC will allocate statutorily permissible at least 2% of average net profits of the company made during the three immediately preceding financial years and this would be the minimum overall Annual budget for CSR activities.

#### **2.2 Utilization:**

Any unspent/ unutilized CSR allocation of a particular year, will be dealt with in due compliance of law for the time being in force. Any surplus arising out of CSR activities may not form part of the business profits of a Company  
be dealt with as per the provisions of the Act / Rules.

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 with a right to set off to the next financial year.

### **PLANNING**

**3.1** The CSR activities of GSFC will be in consonance with the Schedule VII of the Companies Act, 2013 and Rules including all the amendments.

### **IMPLEMENTATION**

#### **4.1 Area Identification:**

To start with, the CSR activities will focus towards all its stake-holders, in the areas adjoining the Units of GSFC. This will include nearby areas/villages that normally fall within a reasonable radius from its operational Units. The area coverage will be gradually expanded in a manner that it benefits the community at large. The amount earmarked for CSR shall be spent by the Company by itself, or in collaboration with similar industry, or in partnership with NGOs, or with the agencies of State or Central government.



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### 4.2 Project Identification:

The following sequence will be followed:-

- a. Need identification Studies by professional institutions/agencies.
- b. Internal need assessment by cross-functional team at the local level;
- c. Receipt of proposals/requests from District Administration/local Govt. etc.;
- d. Discussions and request with local representatives/Civic bodies/Citizen's forums/VOs;
- e. Such other means/sources as may be deemed fit.

### 4.3 Partnering for Execution:

CSR activities will be executed either independently or through partnership with one or other of the following agencies:-

- Community based organizations whether formal or informal;
- Elected local bodies such as Panchayats;
- Voluntary Agencies (NGOs);
- Institutes/ Academic Organizations;
- Trusts, Missions, Self-help Groups;
- Government, Semi-Government and autonomous Organizations;
- Standing Conference of Public Enterprises (SCOPE);
- Mahila Mandals/ Samitis;
- Contracted agencies for civil works;
- Professional Consultancy Organizations; and
- Such others as may be deemed fit.

Provided that CSR activities are undertaken by the Company through eligible entity as defined under the Rules.

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.

### 4.4 Monitoring, Evaluation and Reporting:

To ensure effective implementation of the CSR activities, an in-house monitoring mechanism will be put in place. The CSR department will conduct impact studies on a periodic basis, through independent professional third parties / professional institutions, especially on the strategic and high value programs and report the details in the Company Annual Report. 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.

### 4.5 Documentation:

Appropriate documentation of the GSFC CSR Activities will be maintained on the periodical basis and the reporting shall be made in the Annual Report of the company as per the format given by Companies (Corporate Responsibility Policy) Amendment Rules, 2021.



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### 4.6 CSR Projects and Programmes:

The CSR Projects and Programmes will be identified and funds allocated, on a yearly basis, as per the need assessment, specific to the location, target beneficiary and agency partnering for the implementation, Roll-on CSR projects, will be identified separately, and executed in a phased manner. The same will be approved by the Board of Directors and implemented on the directions of Managing Director.

### 4.7 Responsibility:

#### ❖ Board:

- 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.
- To ensure 2 % spending on CSR activities.
- To report CSR activities in Board's report and disclose with reasons for non-spending of CSR fund (2%).
- To approach and give necessary direction to CSR Committee
- Taking into account the recommendation of CSR Committee, including guiding principles for selection, implementation and monitoring of activities of CSR Committee
- Formulation of annual action plan
- To identify Ongoing Project

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.

#### ❖ CSR Committee:

- To formulate and recommend a CSR policy to the Board.
- To recommend and ensure spending of the amount of expenditure to be incurred on CSR activities.
- To monitor & implement the CSR policy of the Company from time to time.
- To formulate and recommend to the Board, an annual action plan / budget in pursuance of the CSR Policy, which shall include the following, namely:-
  - (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;
  - (b) the manner of execution of such projects or programmes as specified in the Rules;
  - (c) the modalities of utilization of funds and implementation schedules for the projects or programmes;
  - (d) Monitoring and reporting mechanism for the projects or programmes; and
  - (e) details of need and impact assessment, if any, for the projects undertaken by the company;



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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.

❖ Managing Director:

To give approval for CSR projects within the policy framework and monitor projects undertaken by CSR Department from time to time.

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