



KARNATAKA SOAPS AND DETERGENTS LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Introduction :

Corporate Social Responsibility (CSR) is the collective efforts of a Company towards incorporating environmental and social concerns into the Company's business operations. Sustainability, Accountability and Transparency constitutes the basic principles of CSR. It encourages Companies to be socially and ethically responsible towards the society in which it is operating. An effective CSR concept aims at addressing various societal issues relating to working conditions, social equity, gender equality, human rights protection, better living standards and good governance. Adopting a strong CSR policy brings many laurels to the Company in terms of productivity, profitability, customer loyalty and reputation/brand image. It is therefore the core responsibility of KSDL to practice highest social and environmental standards and work towards the goal of sustainable global development while protecting the interest of stakeholders.

2. The Mission and Vision of KS&DL:

Karnataka Soaps and Detergents Limited has a clear vision for all round development of the Company. The VISION-2013 sets the desired goal and suggests the strategies and plans necessary to achieve the vision. The vision of the KS&DL is embodied in the following statement.

The vision of KS&DL will leverage latest soap manufacturing technology and information technology by imbibing professional management techniques to improve its functional activities, and transparency in business to transform itself into a modern professional organization in the Fast-Moving Consumer Goods (FMCG) market in India and also to spread its fragrance in the FMCG Global Market.

3. Applicability:

The CSR Policy is applicable to KS&DL as per Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, amended from time to time. The policy shall apply to all CSR Activities undertaken by the Company in India as envisaged under Schedule VII of the Act.

4. Policy Statement:

The CSR Policy of KS&DL aims to achieve, consolidate and strengthen Good Corporate Governance including socially and environmentally responsible business practices that balance financial profit with social well being. The KS&DL is committed to the well being of the local communities and the society at large.

To pursue CSR programmes primarily in the areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact and to develop the required capabilities and self reliance of beneficiaries at the grass roots, especially women and children, in the belief that these are the prerequisites for social and economic development.

5. Goals & Objectives:

The overall goal is to promote sustainable and inclusive development as a Responsible Corporate Citizen. This goal will be achieved through the following broad Objectives:

- a. Comprehensive and integrated community development focusing on but not limited to communities most directly impacted by and in the vicinity of KS&DL and its Branch Officer locations.
- b. Innovative and sustainable solutions for environmental conservation.
- c. Prioritization and all round integration of environmental and social issues into the planning, designing and implantation of infrastructure development.
- d. Improved access to formal, informal and vocational education with a focus on the under privileged and marginalized communities.
- e. Contribution to national and local efforts for relief / rehabilitation in times of natural disasters on a needs basis.
- f. Development and promotion of sporting talent.
- g. Ongoing promotion of healthy and safe workplaces and well being of contractual workers.
- h. Active participation in disaster management initiatives for prevention and emergency response based on the comparative strength of the KS&DL.

6. Activities / Areas of focus under CSR:

The Company has drawn its areas of focus under CSR schemes within overall provisions of the act and activities covered under schedule VII thereto inter-alia covering:

- i. Eradicate hunger, poverty, malnutrition and ensure availability of safe drinking water.
- ii. Promote health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by the Central Government.
- iii. Promote Education, Literacy and Skill Development for sustainable income generation and livelihood especially among children, women, aged persons and differently abled category.
- iv. Promote gender equality, empowering women and setting up of Old age homes/day care centers/hostels for senior citizens/orphans/women.
- v. Assistance to handicapped and mentally challenged children and under privileged children in the society.
- vi. Ensure environment sustainability, ecological balance, animal welfare, agro forestry, use of non-conventional energy.
- vii. Promote water harvesting and its conservation measures including contribution to the Clean Ganga Fund set up by the Central Government.
- viii. Protection of national heritage, art, culture and public libraries along with promotion of traditional arts and handicrafts.
- ix. Measures for the benefit of Armed Forces Veterans, War widows and their dependents.
- x. Promotion of rural, nationally recognized and Olympic sports activities.
- xi. Contribution to the Prime Minister's National Relief fund, PM CARES Fund or any other Fund set up by the Central Government for socio economic development and Public welfare of various strata in the society.
- xii. Contribution to incubators or research projects in various fields funded by either Central Government or State Government.
- xiii. Contribution to various Public funded Universities and national Institutes/Organizations imparting education, training and research in the field of Science, Technology, Engineering, Medicine and Agriculture.
- xiv. Promote rural development projects such as construction of roads, bridges, dams, canals, highways, community halls, other civic amenities for the use of general public.
- xv. Slum Area Development.
- xvi. Disaster management including relief, rehabilitation and reconstruction activities and providing assistance to the victims of natural calamities such as flood, earthquake epidemics etc.

The activities/focus areas as listed above are only illustrative and not exhaustive, any other items not covered under the above heads but falling within the provisions of the Companies Act will be added as and when needed in future.

7. CSR Committee:

The Board of Directors of the Company has constituted a Corporate Social Responsibility Committee consisting of following members of the Board:

- Sri. Harikumar Jha, IFS - Chairman
- Dr.S Chandrasekaran - Member
- Smt.N.R.Jaganmatha - Member

The CSR Committee shall formulate and recommend to the Board an annual action plan in pursuance of its CSR Policy as stipulated under the Act including:

(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;

(c) the modalities of utilization of funds and implementation schedules for the projects or programmes; and

(d) monitoring and reporting mechanism for the projects or programmes.

(e) Details of need and impact assessment, if any, undertaken by the company.”

8. Project Monitoring Unit /Organizational Mechanism:

The Company has constituted a Project Monitoring Unit consisting of the following Executives of the Company as under:-

- Sri. Umashankar Apali, GM(HRD)- Chairman
- General Manager(Finance) - Coordinator
- Sri. C.M.SuvarnaKumar,GM(Mktg.) - Member
- Sri. SatishPillibantar,DGM(P & M/DD) - Member
- Sri. Srinivasa Reddy, Manager, Bangalore Branch - Member
- Sri. K.C.Sundara Murthy, AGM (Accounts) I/c - Member
- Sri. S. Guruprasad, Manager(Civil) - Member Convenor

The amount released under CSR will be monitored by this unit at regular intervals and thereafter the Unit shall submit its report considering both physical and financial progress in implementation of projects/programmes/activities to the CSR committee.

9. Allocation of Funds

The following modus-operandi shall be followed in the allocation of funds:

- a) The CSR Budget, which shall be 2% of net profit after tax of the organization in the previous financial year, as per the MCA Guidelines on CSR, shall be got approved by the KS&DL Board.
- b) The said amount shall be transferred to a newly created Non-lapsable Fund of KS&DL, from where funds will be transferred to the amount of those Organizations contracted for implementation including specialized agencies based on the proposed and approved annual plan for the activities undertaken by them.
- c) The CSR Committee will be responsible for coordinating necessary audits and other compliances of all the CSR activities through the engagement of experts.
- d) Money unutilized, if any, in the previous year will be carried forward and included in the budget for the next year.

10. Treatment of Surpluses:

Any surplus arising out of the CSR projects or programmes or activities shall not form part of the business profit of a 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 action plan of the Company.

11. CSR Governance and Expenditure:

1. Every year the CSR and Project Monitoring Committee will place for the Board's approval, a CSR plan delineating the CSR programs to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR plan with any modification that may be deemed necessary.
2. The persons/bodies to which the implementation is assigned will carry out such CSR programs as determined by CSR Committee within the specified budgets and timeframes and report back to the CSR committee on its progress thereon at such frequency as the CSR Committee may direct.
3. The Project Monitoring Unit shall review the implementation of CSR programs once in a quarter and issue necessary directions from time to time for efficient execution of CSR Programs in accordance with this policy.
4. The expenditure modality shall be as follows:

- a. Advance payment will be made to implementing organizations for initiating project implementation after the receipt of bank guarantee equivalent to the advance amount. Subsequent installments will be transferred as per agreed terms on submission of funds utilization certificate to CSR Committee. The CSR Committee will approve release of the next installments after reviewing the programmatic progress as per agreed timelines and deliverables.
- b. The CSR fund will be maintained and it would be the responsibility of the project in charge to submit the monthly MIS to the CSR Committee regarding the expenditure and the progress of the project.
- c. The project implementing authority will be authorized to incur expenditure equivalent to the amount determined by the KS&DL.
- d. After the recommendation by the CSR Committee, the in-principle approval will be conveyed to the concerned KS&DL office within 10 working days for starting the implementation.
- e. CSR expenditure shall include all expenditure, direct and indirect incurred by the Company on such CSR Programs undertaken in accordance with the approved CSR plan. Any surplus arising from any CSR Programs shall be used exclusively for CSR activities. Accordingly, any income arising from CSR programs shall be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

12. Board guidelines for consideration of the proposal and approval of CSR projects/ programmes and activities:

- 1) Individual proposals have to be within the framework of the CSR Projects/programmes/activities.
- 2) Every CSR proposal has to be projective, inter-alia covering its activities, time frame, financial requirements, organizational responsibilities outcome/excepted result and sustainable aspects.
- 3) Appropriate financial powers will be delegated to the CSR Committee for consideration, approval and release of funds under the overall frameworks of CSR policy.
- 4) The phase wise release of funds will be clearly defined in the proposal to ensure proper utilization and submission of periodical progress reports of both physical and financial programmes/projects/activities.

- 5) The release of funds will be phased out in installments for the project programme/activities with initial disbursement of 1/3 of amount approved by the Board.
- 6) So as to enforce commitment on the part of the promoters of the project, it is necessary to bring 10% of the project cost by promoters themselves or by the supporting project for consideration/approval on the proposal of contribution under CSR by HGML. In the case of the projects/programmes in the medical sector, the benefits of treatment of employees/dependents and concessional rates will be explored and required understanding put in place for its usage.
- 7) The projects sanctioned under CSR may be named after KS&DL wherever applicable and necessary plaques in this regard will be put up for the projects concerned.

13. Implementation Strategy:

The CSR projects/activities shall be undertaken by the Company itself or through :

- A Company established under Section 8 of the Act.
- Any entity established under an Act of Parliament or a State Legislature.

Such Company/entity shall register itself with the Central Government for undertaking any CSR activity by filing the e-form CSR-1 with the Registrar along with prescribed fee.

14. Unspent CSR Amount:

Any earmarked CSR amount remaining unspent pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the "Unspent Corporate Social Responsibility Account" and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

15. Reporting:

The CSR Committee of the Board, based on reports presented by the CSR Team, will annually publish report on the CSR projects as a part of the Director's report. The report will disclose information in the format as prescribed under Section 135 of the Companies Act 2013. The CSR Committee shall also submit a responsibility statement to the Board that the implementation and monitoring of the CSR Policy is in compliance with the approved CSR Policy of the Company in a scheduled manner.

The Company shall undertake impact assessment for its CSR projects and disclose the same in the Annual Report on CSR in case the Company is obliged to spend Rs.5 Crores or more as a part of CSR in the three immediately preceding Financial Years.

The Composition of CSR Committee, CSR Policy and Projects approved by the Board shall be displayed on the website of the Company including any modifications thereof.

16. Audit:

In addition to the continuous monitoring of the activities by a separate Project Monitoring Unit, all the CSR activities and expenses incurred in connection with implementation of plans/programs under CSR activities of the Company will be subject to audit by the Company Auditors.

17. Conclusion:

The CSR policy of the Company as enumerated above is only illustrative in nature and will be amended from time to time to be in line with the overall applicable provisions of Companies Act as amended from time to time and Rules framed there under.

**Harikumar Jha, IFS
Managing Director**