



## CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY



## NEO FOODS PRIVATE LIMITED

### CORPORATE SOCIAL RESPONSIBILITY POLICY

*The Board of Directors of Neo Foods Private Limited (“the Company”) in its first board meeting of FY 2021-22 held on 1<sup>st</sup> June 2021 has approved the amendments to the “Corporate Social Responsibility Policy” based on Section 135 of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.*

#### **SHORT TITLE & APPLICABILITY**

This policy, which encompasses the Company’s philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for carrying out socially useful activities / projects and programs for welfare & sustainability and development of community at large, preferably at local areas and in its areas of operation, it is titled as “**Neo CSR Policy**”.

This policy shall apply to all CSR projects, activities and initiatives taken-up at all units/factories and locations of Neo, or any other location as may be decided by the Company for the benefit of different segments of the society.

#### **VISION STATEMENT & OBJECTIVES**

Our Company is committed to operate and grow its business in a socially responsible way. Our vision is to grow our business whilst reducing the environmental impact of our operations and increasing our positive social impact.

The central tenets of our approach have been the emphasis on strong, meaningful work on systemic social issues. To directly or indirectly take up programs that benefit the communities in & around all units/ factories and locations of Neo and results, over a period of time, in enhancing the quality of life & economic well-being of the local population.

All CSR projects which we are going to will be in line with the CSR policy and also as per those activities enlisted in Schedule VII of the Companies Act, 2013.

#### **DEFINITIONS:**

1. “**Act**” means the Companies Act, 2013;
2. “**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;

3. **“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 these 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;
  - (vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;
4. **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;
5. **“CSR Policy”** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;
6. **“CSR Rules”** means The Companies (Corporate Social Responsibility Policy) Rules, 2014 of the Act as amended from time to time.
7. **“International Organisation”** means an organisation notified by the Central Government as an international organisation under section 3 of the United Nations

(Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

8. **"Net profit"** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -
- (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
  - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act: Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;
9. **"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;
10. **"Public Authority"** means 'Public Authority' as defined in clause (h) of section 2 of the Right to Information Act, 2005 (22 of 2005);
11. **"Section"** means a section of the Act.

*words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.*

#### **CSR COMMITTEES**

Pursuant to the provisions of Section 135 of the Act, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The Members of CSR shall be appointed by the Board of Directors of the Company which must consist of at least two or more Directors. Accordingly, the constitution of CSR Committee formed by our Company is as follows:

<b>Sl. No.</b>	<b>Name of the member</b>	<b>Designation in committee</b>	<b>Designation in the Company</b>
1.	Mr. Sudhir Jalan	Chairman	Chairman
2.	Mrs. Shalini Jalan	Member	Director
3.	Mr. Jagadish G	Member	Director

## **Functions and Powers of Committee**

To effectively implement the objectives of the Company with respect to CSR, the Committee is vested with the following functions and powers:

1. Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval
2. Recommend CSR activities as stated under Schedule VII of the Act
3. Approve to undertake CSR activities, if necessary, in collaboration with Rittal group companies/other Companies/firms/NGOs etc., and to separately report the same in line with the CSR Rules
4. Recommend the CSR Budget
5. 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
6. Create transparent monitoring mechanism for implementation of CSR initiatives in India
7. Submit the Reports to the Board in respect of the CSR activities undertaken by the Company
8. Monitor CSR Policy from time to time
9. Monitor activities/charter of Internal Working and Monitoring Group (WG) who are authorized to ensure that the CSR activities of the Company are implemented effectively
10. Authorize executives of the Company to attend the CSR Committee Meetings, if necessary

## **Meetings of the Committee**

For smooth functioning of the Committee, the members shall meet as below to discuss such matters and to take such decisions as may be necessary;

- a. The CSR Committee shall meet as often as necessary subject to the minimum number and frequency stipulated by the Board or as prescribed by any law or authority.
- b. The members of the Committee may mutually agree between them regarding time and place for the said meetings.
- c. The quorum for the CSR Committee Meeting shall be two members.
- d. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio visual means as may be convenient.

## **BOARD'S RIGHTS AND RESPONSIBILITIES:**

Following rights and responsibilities vests with the Board of the Company in connection with the CSR Policy and framework:

1. To approve the CSR Policy after taking into account the recommendations made by the CSR Committee.
2. To ensure that Company makes mandatory disclosures in the Company's Annual Reports and website, relating to CSR Committee members, Policy and the activities undertaken.
3. To ensure annual reporting of CSR Policy and activities to the appropriate governmental authority as mandated by applicable law.
4. The Board shall approve the CSR policy and oversee that identified work is duly undertaken and in each financial year at least 2% of average net profit of preceding three financial years is spent effectively.
5. To ensure that the administrative overheads are not more than 5% of the total CSR Expenditure.
6. To ensure that the funds so disbursed have been utilized for the purposes and in the manner as approved by Board / CSR Committee and the Chief Financial Officer/General Manager (Finance & Accounts) shall certify to that effect.
7. To approve for transfer of unspent CSR Amount if any in accordance with the law.
8. In case of an ongoing project, the board shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modification, if any required.

#### **AREAS OF CSR & SUSTAINABLE DEVELOPMENT (SD) ACTIVITIES**

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly & the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air & water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
5. Protection of national heritage, art & culture including restoration of buildings, sites of historical importance and works of art; setting-up public libraries, promotion and development of traditional arts and handicrafts;

6. Measure for the benefit of the armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
10. Contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies established under Department of Atomic Energy (DAE), Department of Biotechnology (DBT), Department of Science and Technology (DST), Department of Pharmaceuticals, Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy (AYUSH), Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development Organisation (DRDO), Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
11. Rural development projects;
12. Slum area development.  
Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
13. Disaster management, including relief, rehabilitation and reconstruction activities.

#### **CSR SPEND**

The Companies Act, 2013 prescribes that the companies which meet the criteria specified under section 135 shall allocate certain portion of its annual net profits (calculated as per Sec. 198) during the three immediately preceding financial years to be spent on CSR Activities that fall under the categories specified under Schedule VII of the Act.

#### **4.1. CSR Expenditure**

Net profit for the purpose of allocation towards CSR means profit more fully described under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the Board of Directors on the recommendation of its CSR Committee but does not include any

expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

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 Ru/s 8 of the Act, or a Registered Public Trust or Registered Society having charitable objects and CSR Registration Number under rule 4(2); or
- b. Beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- c. A public authority

#### **4.2. Expenditure on CSR capabilities**

The Company may build CSR capabilities of their own personnel as well as of their Implementing Agencies and such expenditure shall not exceed 5% of the total CSR spend of the Company as stated in the Rules from time to time. Determination of whether a particular expenses fall within this 5% cap can be decided in consultation of the Chief Financial Officer/ General Manager (Finance & Accounts) of the Company based on the clarification available from time to time in this regard.

#### **4.3. Failure to spend the CSR Money**

If the Company fails to spend the required amount in a particular financial year, it is the duty of the Committee to submit a report in writing to the Board of Directors specifying the reasons for not spending the amount, which in turn shall be reported by the Board of Directors in their Annual Report pertaining to that particular Financial Year.

Surplus, if any, arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company. 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.

#### **4.4 CSR Expenditure surplus**

Where a company spends an amount in excess of requirement provided under section 135(5), 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 conditions that

- a. The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule 2 of this rule.
- b. The Board of the company shall pass a resolution to that effect.

#### **CSR Initiatives**

Pursuant to Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.



## **ANNUAL CSR PLAN**

The Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines inter alia the following aspects of CSR initiatives of the Company:

- Project Proposals
- Targeted Beneficiaries and their key needs
- Alignment with Schedule VII
- Project Goals and milestones
- Activities and Timelines including expected closure dates
- CSR Budget with projections
- Monitoring mechanism
- Progress reporting and frequency of reports
- Risks and mitigation strategies
- Any other information as may be required by the CSR Committee

## **FUNDING & ALLOCATION**

- a. For achieving CSR objectives, the Board of the Company shall ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.
- b. 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.
- c. Opportunities for complementing / supplementing Government initiatives / programmes will be explored. However, funds will not be deposited in Government accounts except where the Act / Rules specify such allocation.
- d. Any 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.

- e. Until a fund is specified in Schedule VII for the purposes of subsection (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act.

## IMPLEMENTATION

- a. CSR programs will be undertaken by Corporate Office of the Company giving preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
- b. The time period/duration over which a particular program will spread, will depend on its nature, extent of coverage and the intended impact of the program.
- c. Programs which involve considerable financial commitment and are undertaken on a time frame of 2-5 years, will be considered as **'flagship programs'** and accorded enhanced significance.
- d. The Company would assign priority to multi-year projects/programmes of medium or long duration having timelines not exceeding 3 years (excluding the year in which it was approved) in order to ensure emphasis on long-term outcomes / impacts.
- e. In addition, 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 will be called **"On-going projects"**.
- f. The Board shall ensure that the CSR activities are undertaken by the company itself or through –
  - 1. a company established under section 8 of the Act, or a registered public trust or
  - 2. a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
  - 3. a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
  - 4. any entity established under an Act of Parliament or a State legislature; or
  - 5. a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- g. Every entity, covered under (vii) above, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1

electronically with the Registrar, with effect from the 01st day of April 2021. Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice. On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically. Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice. On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.

- h. As per Rule 4(3), Company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
- i. 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 these rules.
- j. The Board of the Company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or General Manager (Finance & Accounts) or the person responsible for financial management shall certify to the effect.
- k. In case of ongoing project, the Board of the Company shall 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.
- l. The process for implementation of CSR programs will involve the following steps:
  - 1) Identification of programs by means of any of the following :
    - a) Internal need assessment by cross-functional team at the local level.
    - b) Receipt of proposals / requests from NGOs
    - c) Identification of specific and measurable objectives / goals in identified sectors and geographies;
    - d) Discussions and request with local representatives / Voluntary Organizations.
    - e) Proposals as identified by the company in any other manner.
  - 2) Project based approach: The Company will follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as :
    - a) Short term : up to 1 year
    - b) Middle Term : 1 year to 2 years
    - c) Long Term : 2 years and above

- 3) While identifying long term programs, all efforts be made to the extent possible to define the following:
  - a) Program objectives
  - b) Baseline survey – It would give the basis on which the outcome of the program would be measured
  - c) Implementation schedules- Timelines for milestones of the program will need to be prescribed
  - d) Responsibilities and authorities
  - e) Major results expected and measurable outcome
  - f) Evaluation of the project implementation/ completion

### **POWERS FOR APPROVAL**

CSR programs as may be identified by Corporate Office will be required to be put up to the CSR Committee of the Board at the beginning of each financial year i.e., during 1st quarter with due recommendations and the Committee will make proposal for the approval of the Board.

The Board may alter such plan at any time during the financial year as per the recommendations of the CSR Committee, based on reasonable justification to that effect.

### **MONITORING & FEEDBACK**

- 1) The Board of the Company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or General Manager (Finance & Accounts) or the person responsible for financial management shall certify to the effect.
- 2) In case of ongoing project, the Board of the Company shall 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.
- 3) The progress of CSR programs under implementation will be reported to Corporate Office on a monthly basis.
- 4) In case the Company is having average CSR obligation of ten crore rupees or more in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of the CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- 5) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- 6) The Company will also obtain feedback from beneficiaries about the programs.
- 7) The Board of the Company shall ensure that the activities as are included in CSR Policy of the Company are undertaken by the Company. The Board's Report of the Company pertaining to any financial year shall include an annual report on CSR containing particulars specified in the CSR Section and CSR Rules.

## **REPORTING AND PUBLICATION OF CSR POLICY**

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website, if any. The Company shall make a full disclosure of CSR Activities, Projects / Programmes as well as the composition of the CSR Committee of the Board on the corporate website of the Company i.e. <https://neofoods.co.in/>.

## **POLICY REVIEW AND FUTURE AMENDMENT**

The administration of the CSR Policy of the Company and the execution of identified CSR projects, programs and activities under it shall be carried out under the control and overall supervision of the CSR Committee formed for this purpose. The CSR committee formed under the Act, shall monitor the CSR policy of the Company from time to time.

Further, the Board of Directors may revise/ amend this CSR Policy based on the recommendations of the CSR committee or to bring the same in line with the guidelines or amendments issued from time to time by Government on the subject.

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