

CORPORATE SOCIAL RESPONSIBILITY POLICY
OF
J.B. CHEMICALS & PHARMACEUTICALS LIMITED

Registered Office: Neelam Centre, B Wing, 4th Floor,
Hind Cycle Road, Worli,
Mumbai - 400030



1. Version control

Date	Policy number	Reason(s) for change
10-02-2021	-	Review of the Policy in light of amendments to CSR Rules

2. Approval matrix:

		Approval date:	MMMM / DD, YYYY
Prepared by:	Name		Date and signature
CSR Committee			
Authorised by:	Name		Date and signature
CSR Committee		03-02-2021	
Legal Head		03-02-2021	
Board of directors		10-02-2021	10-02-2021

This policy is effective from date of approval by the board of directors.

3. Definitions

- “**Act**” shall mean the Companies Act, 2013, including amendments thereto.
- “**Administrative overheads**” means 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.
- “**Board**” shall mean the board of directors of the Company.
- “**Bribes**” shall mean offering, giving or promising, accepting or soliciting a financial advantage or something of value (or authorizing someone to offer, give, or promise or accept or solicit) in exchange for an act which is dishonest, illegal, and improper or a breach of trust, designed to influence the recipient in the exercise of their duty and to incline them to act contrary to accepted standards of honesty and integrity, to avail improper business advantage.
- “**Code of Conduct**” shall mean the Code of Conduct adopted by the Company from time to time.
- “**Compliance Officer**” shall mean an employee appointed as per the requirements of the Ethics and Compliance charter of the Company and is responsible for overseeing JBCPL’s compliance processes and for ensuring applicable laws and JBCPL Code of Conduct is communicated to all employees.
- “**CSR**” means corporate social responsibility.
- “**CSR Activity(ies)**” shall mean the permissible CSR activities as per Section 135 of the Act, Schedule VII of the Act, the Companies (Corporate Social Responsibility Policy) Rules, 2014 including respective amendments. The following activities have been specifically excluded from CSR Activities:
 - Activities undertaken in pursuance of the normal course of business of the company.



- Any activity undertaken by the company outside India.
- Contribution of any amount directly or indirectly to any political party.
- Activities that significantly benefit the employees of the company and their families.
- Activities supported by the company on sponsorship basis for deriving marketing benefits for its products or services.
- **“CSR Committee”** shall mean the CSR Committee constituted by Board of the Company.
- **“CSR Expenditure”** shall mean the CSR Expenditure proposed under this Policy.
- **“Director(s)”** shall mean directors appointed on the Board of the Company including executive, non-executive, independent and nominee directors.
- **“Employee(s)”** shall mean every employee of the Company, including regular employees, contractual employees and retainers.
- **“Rules”** shall mean the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time.
- **“Third Party(ies)”** shall mean collective term for agents, franchisees, intermediaries, vendors, suppliers, sub-contractors, resellers, contractors and agency staff, contract manufacturers, stockists, distributors, HCP, HCO and consultants with whom JBCPL may enter into agreement(s) for purchasing/selling directly or indirectly materials and/or services. This includes associates of the foregoing as well.
- **“Quarter(ly)”** shall mean a calendar quarter for each Financial Year.

Words and expressions used and not defined hereinabove but defined in the Act and / or Rules shall have the same meanings respective assigned to them in the Act and / or Rules, as the case may be.

4. Preamble and philosophy

- a. J.B. Chemicals & Pharmaceuticals Limited (**“JBCPL”** or **“Company”**) is committed to conducting its business in a socially, environmentally and ethically responsible manner and contribute to the society and environment in which it operates; to be able to contribute to social welfare and, directly or indirectly, financially assist people at large to improve their life or condition.
- b. The Company has long been involved in ‘giving back to society’ and has regularly supported and contributed to a variety of projects including relief and rehabilitation, promotion of education, making available free or affordable medical facilities, child and women development schemes, etc. The operating philosophy of the Company has been guided by this approach and the Company too has been regularly but selectively contributing to socially responsible activities as an integral part of its business governance.
- c. Section 135 of the Companies Act, 2013 read with the Rules made there under, *inter alia*, requires (a) the Board to constitute Corporate Social Responsibility Committee to formulate Corporate Social Responsibility Policy (**“CSR Policy”**) of the Company, (b) the Board to adopt this policy and ensure that the Company spends in every financial year at least 2% of the average profit [as calculated in the manner described in the said Section 135 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (**“Rules”**)] in pursuance of this Corporate Social Responsibility Policy of the Company, and (c) the Board to include in its report, an annual report on CSR containing prescribed particulars.



- d. This CSR Policy has been approved by the Board based on recommendations of the CSR Committee constituted by the Board in compliance with Section 135 of the Act.
- e. This Policy supersedes the earlier CSR Policy approved by the Board on November 19, 2014.

5. Objective

- a. Corporate Social Responsibility (“CSR”) is a Company’s sense of responsibility towards the society and the environment in which it operates. It is a commitment of a business entity to strengthen the society and contribute towards its development, improvement and upliftment. The Company has imbibed this philosophy in its governance and has been pursuing CSR Activities on a regular basis as stated above. The Company has documented this in its CSR Policy to comply with stated requirements of the Act and the Rules.
- b. The objective of the CSR Policy is to strive to create and/or encourage, directly or indirectly, a positive impact on society at large through CSR Activities or projects undertaken by the Company.
- c. This CSR Policy specifies activities to be undertaken by the Company from time to time in terms of Schedule VII of the Act, criteria for partnering with non-governmental organisations (“NGOs”) and other not-for profit organizations, modalities for execution of the projects/activities and implementation schedule.
- d. The scope of this CSR Policy covers activities specified in Schedule VII of the Act to enable the Company to choose the activity as it deems fit and also to allow the Company to respond to different situations and challenges appropriately.

6. Statutes and legislations

While this CSR Policy is the stated position of the Company in the area of CSR and finds its independent justification under the philosophy and business objectives of the organization, it also has linkage to the regulatory requirements as prescribed under the Act and Rules made thereunder.

In that context, the CSR Policy is aligned and subject to the following legislation and Rules made thereunder (as amended from time to time):

- Section 135 of the Act;
- Companies (CSR Policy) Rules 2014;
- Schedule – VII of the Act;
- General circulars, frequently asked questions and notifications as issued by the Ministry of Corporate Affairs from time to time.

7. CSR Activities

The Company shall undertake any CSR Activity covered under Schedule VII of the Act from time to time and in line with the Company’s commitment to conduct its business in a socially, environmentally and ethically responsible manner; and contribute to the society and the environment in which it operates. The CSR Committee may decide to undertake CSR Activities in projects such as healthcare, education, environment or any other area that the CSR Committee deems fit and is covered under Schedule VII of the Act.

The CSR Activity shall be carried out by the Company directly or in partnership with NGOs, not-for profit organizations or other third parties registered with Ministry of Corporate Affairs and recommended by the CSR Committee.



8. Roles and responsibilities

A. Roles and responsibilities of CSR Committee

The CSR Committee shall be constituted from time to time in accordance with the Act and Rules made thereunder. The CSR Committee shall play the following role in fulfilling the CSR objective of the Company:

- a. Periodically review the CSR Policy;
- b. Formulate and recommend to the Board an annual action plan including:
 - list of CSR projects or programmes that are approved to be undertaken as per Schedule VII of the Act.
 - manner of execution of such projects or programmes.
 - monitoring and reporting mechanism for such projects or programmes.
 - details of need and impact assessment, if any, for the projects undertaken by the Company.
- c. Identify and recommend possible implementation platforms and assist in the selection of partnering organizations;
- d. Formulate transparent monitoring mechanisms to ensure effective implementation of the project/programme/activity to be undertaken by the Company;
- e. Report to the Board on half yearly basis the amount spent on CSR Activities and status of CSR Activities;
- f. Ensure that all CSR Activities are valid and for a legitimate purpose and performed in an ethical and compliant manner, viz., in compliance with applicable laws and regulations and the Anti-Bribery and Anti-Corruption Policy (For further details refer "*Anti-Bribery and Anti-Corruption Policy*"), Third Party Management Policy (For further details refer the "*Third Party Management Policy*") or any other internal policies on compliance;
- g. Carry out such requirement as mandated under the Act and the Rules from time to time; and
- h. Any other responsibility as assigned by the Board from time to time, under this CSR policy.

B. Roles and responsibilities of Board

The Board shall be responsible for overall monitoring of CSR Expenditure including the following:

- a. Approve the CSR Policy of the Company after considering the recommendations given by the CSR Committee;
- b. Approve the CSR expenses and projects identified by the CSR Committee;
- c. Disclose the contents of the CSR Policy in its report and place it on the Company's website, if prescribed;
- d. Ensure CSR Activities are undertaken in accordance with the CSR Policy, Section 135 of the Act and Rules and in the manner as approved by the Board;
- e. Ensure that the Company spends, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years, in pursuance, of its CSR Policy;



- f. Include the CSR annual report in the Board's report containing particulars specified in the Rules;
- g. Specify in the Board's report the reasons for not spending the amount if the Company fails to spend such amount.

9. CSR Expenditure

- a. The Company shall ensure that it spends on CSR Activities in India¹, in every financial year, 2% of its average net profits of the three immediately preceding financial years in pursuance of this CSR Policy. If the Company fails to spend such amount, the Board shall specify the reasons for not spending such amount in its report.
- b. The CSR amount may be spent by the Company for creation or acquisition of a capital asset, which shall be held by:
 - a company established under section 8 of the Act, or a registered public trust or registered society, having charitable objects and CSR Registration Number
 - beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - a public authority

Note: Any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of 180 days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

- c. Section 135 (1) stipulates that the CSR Committee of the Board shall consist of 3 or more Directors, of which at least one Director shall be an Independent Director. Refer *Annexure 1* for composition of CSR Committee.
- d. The CSR Committee shall recommend to the Board the activities to be undertaken as specified in Schedule VII of the Act and CSR Expenditure with a proposed implementation plan. Any CSR Activity approved by the CSR Committee from time to time may be placed on the website of the Company, if so, required by the Act or the Rules.
- e. The surplus amount arising from the CSR Activities shall not form part of the business profit of the Company and;
 - the surplus amount shall be ploughed back into the same project or
 - the surplus amount shall be transferred to the unspent CSR account and should be utilized for undertaking CSR Activities as per this policy or
 - the surplus amount shall be transferred to a fund specified in schedule VII of Act, within a period of six months of the expiry of the financial year.
- f. If the Company spends an amount in excess of the requirement provided under section 135 of Act, such excess amount may be carried forward and set off against the requirement to spend for immediate three succeeding years.
- g. Activities supported by the Company on sponsorship basis for deriving marketing benefits for its products or services shall not be considered as CSR activity.

¹ Training of Indian sports personnel representing any state or union territory at national level or India at international level may be conducted as CSR Activity outside India



- h. The Chief Financial Officer shall certify that the CSR funds so disbursed have been utilised for the purposes and in the manner as approved by the Board
- i. The Company shall give preference to local areas where the Company has operations and surrounding areas where it operates, for spending the amount on CSR Activities

10. Undertaking CSR Activities

- a. The Board shall ensure that the CSR Activities are undertaken by the Company itself or through:
 - 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 (43 of 1961), established by the Company, either singly or along with any other company; or
 - 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
 - any entity established under an Act of Parliament or a State legislature; or
 - 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.

Provided that such entity is registered with the Central Government and holds a unique CSR Registration Number, for CSR Activities undertaken through them on and after 1-4-2021.

- b. When the Company decides to implement CSR Activity through a partnering organization, the Board shall ensure that the Company enters into a memorandum of understanding with such partnering organization, which would detail key roles and responsibilities of each of the parties.
- c. Before engaging, a detailed third party due diligence shall be conducted on the partnering organization. The functional team must submit a due diligence report explaining the key findings and the reasons for any concerns identified including any negative information or red flags to CSR Committee. The CSR Committee shall approve or reject the partnering organization for CSR Activities. Due diligence report shall be submitted to the Compliance Officer also for his approval, if required as per the Third Party Management Policy.

For further details, refer “**Third Party Management Policy**”.

- d. Partnering organisations engaged for the purpose of CSR activity shall submit CSR registration number to the Company along with the on-boarding documents prior to commencing the engagement.

11. Execution modalities and time schedules

- a. The Company management shall identify the CSR Activity. The CSR Committee shall fix the implementation schedule of the CSR Activity. Requests received from external partnering organizations for undertaking CSR Activities, shall be in writing and shall set out the nature of activity, funds required for the CSR Activity and a statement of its past CSR Activities. Such requests shall be reviewed by the CSR Committee and approved by the Board.
- b. Administrative overheads shall not exceed five percent of total CSR expenditure of the Company for the year.

12. Impact assessment



- a. Impact assessments shall be mandatorily conducted through an independent agency if average CSR obligations of the Company in immediately preceding three years is INR 10 crores or more.
- b. Impact assessments shall be conducted for projects with outlays of INR one crore or more and which have been completed not less than one year before undertaking the impact assessment.
- c. Impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- d. The Company may book the expenditure of undertaking impact assessment towards CSR for that financial year limited to five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

The CSR Committee may decide to conduct the impact assessment even if average CSR obligations of the Company in immediately preceding three years is less than INR 10 crores.

13. Monitoring mechanism

The CSR Committee shall develop methods to monitor the end utilization of funds and mechanism to identify and analyse unusual trends and patterns in payments, the ultimate beneficiary of funds etc.

The Company shall be required to obtain the following from all recipients of CSR funds or partnering organisations for records of the CSR Committee:

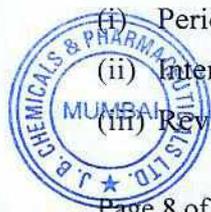
- a. Note on expertise and resources that partnering organization brings to the proposed role they will undertake.
- b. Clear action/work plan for utilization of funds provided by the Company subdivided into stages of execution.
- c. Utilization certificates with details of expenditure incurred within 30 days of execution of every stage.

In addition to the above, the CSR Committee shall maintain the following records for its partnering organizations:

- a. Audited financial statements within 60 days from the end of a financial year;
- b. Quarterly operational/progress report on key performance indicators, determined by the CSR Committee, from time to time within 45 days from the end of the Quarter or at such intervals and at such times as the CSR Committee shall require along with a consolidated statement of expenses with respect to CSR Expenditure incurred from the funds provided by the Company;
- c. Proof of utilization including but not limited to invoices, approvals, utilization reports and end beneficiaries;
- d. Copies of other reports or communications received from the auditors relating to its financial position or affairs which is of a material nature;
- e. Any information or circumstance which may affect or jeopardize the implementation of activities of the partnering organization or the Company's CSR.

To ensure steady progress and proper utilization of the CSR Expenditure, the following monitoring mechanism may be adopted:

- (i) Periodic field visits by persons deputed by the Company;
- (ii) Internal audit of sample CSR Activities;
- (iii) Review of reports submitted by partnering organization;



- (iv) Impact assessments of CSR Activities; and
- (v) Address deficiencies identified during periodic filed visits and CSR audits.

The CSR Committee may engage external agencies to evaluate the CSR projects and monitor its progress in accordance with Company's Third Party Management Policy. The CSR Committee shall monitor the implementation of the CSR Activities and utilization of the CSR Expenditure.

14. Dissemination of information

The Company shall post this CSR Policy, composition of the CSR Committee and projects approved by the Board on the Company's website.

The Board shall include an annual report on CSR Activities in a format specified in the Rules and such annual report shall also be posted on the Company's website after approval of the report by the Board.

15. Consequences of non-compliance

Non-compliance or violations of this Policy will be dealt with strictly. Any Employee, Director and/or third party found to be violating this Policy shall be subject to disciplinary measures in accordance with the disciplinary policies and Code of Conduct of the Company.

16. Exception management

Any exception to this Policy requires a written approval from the CSR Committee, legal head and the Board along with a detailed explanation for seeking the exception.

17. Training and certification

Employees and Directors shall be adequately trained regarding the functioning of the latest version of this Policy. Employees and Directors shall attend periodic trainings and obtain comprehension of the pre-requisites of this Policy.

18. Review and revision

This Policy shall be reviewed and revised as and when deemed necessary by the Company.



Annexure 1

Composition of CSR Committee

Sr. No.	Name	Role in Committee
1	Mr. Ranjit Shahani	Chairperson
2	Mr. Sumit Bose	Member
3	Mr. Nikhil Chopra	Member
4	Ms. Ananya Tripathi	Member

