CHETTINAD MORIMURA SEMICONDUCTOR MATERIAL PRIVATE LIMITED

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CORPORATE SOCIAL RESPONSIBILITY POLICY

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CORPORATE SOCIAL RESPONSIBILITY POLICY

1. PREAMBLE

The Company intends to make a positive difference to society and contribute its share to the social cause for the betterment of the society and areas in which company operates. The company aims to create educated, healthy, sustainable and culturally vibrant communities. The company has in the past contributed towards various charitable causes and we seek to participate in ways that touch people's lives in these communities.

In this regard, the Company has made this policy which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large and titles as the "Corporate Social Responsibility (CSR) Policy" which is framed as per Schedule VII of The Companies Act, 2013 and rules made thereunder from time to time.

2. DEFINITIONS*

In this policy, unless the context otherwise requires, the following expressions shall have the meanings ascribed against them:

(a) **"Act"** means Companies Act, 2013, as amen ded and modified from time to time.

(b) **"Areas of Interest"** means the areas of interest as identified by the Company for implementing CSR goals and shall include the areas specified in Clause 5(a) of this CSR policy and shall include all CSR Activities as defined under Schedule VII of the Companies Act, 2013 and amendments made to the said rules from time to time.

(c) **"Administration 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 desiging, implementation, monitoring and evaluation of a particular Corporate Social Responsibility project or programme.

(d) **"Board"** means Board of Directors of the Co mpany.

(e) **"Company"** means **Chettinad Morimura Semiconductor Material Private Limited**

(f) **"Corporate Social Responsibility (CSR)"** means and includes statutory obligation laid down in Section 135 of the Act read with Schedule VII to the Companies Act, 2013 which is morefully listed in Annexure-1 of this policy.

(g) **"CSR Committee"** means Corporate Social Responsibility Committee constituted by the Board pursuant to section 135 of the Companies Act, 2013 and applicable rules thereunder.

(h) **"CSR Activities"** shall mean the specific activities listed in the Annexure-1 that the organisation shall engage and which shall be funded by The Company in accordance with the Act and CSR Rules.

(i) **"CSR Commitment"** shall mean at least 2% of the average net profits of The Company made during the three immediately preceding financial years for conducting its CSR activities in accordance with the Act and CSR rules.

(j) **"CSR Rules"** means the Companies (Corporate Social Responsibility) Rules, 2014, as amended and modified from time to time.

(k) **"Employees"** means Employees of the Company

(l) **"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;

(m) **"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 the same shall be in line with Schedule VII of the Companies Act, 2013.

Note: *All the words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 and shall have the same meaning respectively assigned to them.*

3. OBJECTIVE

This CSR policy of the Company shall frame the process for selection, implementation, monitoring and reporting of CSR Activities and to ensure compliance with the provisions of Section 135 of the Act and the Rules made thereunder, from time to time.

4. CONSTITUTION, COMPOSITION AND FUNCTIONS OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

(a) Constitution and composition of the CSR Committee:

The CSR initiatives / activities including the Annual Action Plan of the Company will be identified and initiated by the Committee comprising of 2 (two) Members of the Board which has been formed in pursuance to Section 135 of the Companies Act, 2013. Subject to the requirements of the Act, the Board may increase or decrease the size of the CSR Committee by passing a resolution.

The members of the CSR Committee shall elect one amongst them as the Chairman of the Committee. The CSR Committee shall recommend to the Board the amount of expenditure to be incurred by the Company on CSR activities and the Board will ensure that the activities as are included in "**Annexure–1**" of this CSR Policy are undertaken by the Company, subject to and in accordance with the provisions of section135 of the Companies Act, 2013.

(b) Meetings of CSR Committee:

The CSR committee shall meet as frequently as it determines necessary but at least once annually.

The CSR Committee may, at its discretion, invite employees of the Company from time to time to participate in the meetings of the CSR Committee and assist the CSR Committee in the implementation of the CSR Policy. Invitees to the CSR Committee meetings shall be entitled to participate in the deliberations of the CSR Committee but will not be entitled to vote at the meetings of the CSR Committee.

The CSR Committee shall maintain minutes of each of its meetings.

The final decision with regards to the acceptance or rejection of a CSR proposal shall be with the Board.

(c) Functions of CSR Committee:

(i) To formulate and recommend to the Board, an Annual Action Plan every year which shall be in line with "**Annexure-1**" of this CSR Policy.

(ii) The Committee shall arrive at all decisions by a consensus of all members. However, in case the CSR Committee is unable to arrive at a consensus, the Chairman of the Committee may make the final decision.

(iii) To determine the manner of execution of project, modalities for utilization of the funds, monitoring of project/activities and impact assessment, if any, to be undertaken;

(iv) To alter such plan at any time during the financial year, based on the reasonable justification to that effect and to recommend the same to the Board for its approval.

(v) Such other functions as may be included in pursuance to the provisions of the Companies Act, 2013 read with related rules from time to time.

All decisions of the Committee shall be ratified by the Board.

5. ANNUAL CSR PROGRAMME

The CSR Committee shall prepare an indicative programme of CSR projects/ activities ("CSR Programme") to be carried out by the Company during each financial year. The CSR Programme may *inter alia* specify the projects or programs which the company plans to undertake, modalities for execution, implementation schedule, monitoring and reporting systems etc., as required, with respect to the CSR projects to be implemented by the Company.

The CSR Programme shall be approved by the Board of Directors of the Company. Such programme shall upon approval be deemed to constitute a part and parcel of the CSR Policy of the Company.

The Board of Directors may, in consultation with the CSR Committee approve any CSR expenditure or expend the CSR Budget on any project / activity, which is part of the CSR Programme on case-to-case basis

6. CSR BUDGET

For achieving its CSR initiatives and Activities through implementation of meaningful & sustainable CSR programs, the Company needs to allocate, in every financial year, at least 2% (two percent) of the average net profit made by the Company during the three immediately preceding financial years.

The average net profit of the Company shall be calcuated in accordance with section 198 of the Companies Act, 2013.

The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company but shall be added to the CSR budget of the Company.

Provided that, the minimum limits aforesaid would not apply, if the company is not required to comply with the provisions of Section 135 of the Act or the Rules thereunder for any reason.

7. IMPLEMENTATION OF CSR POLICY:

(a) The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either one-time or on-going), excluding activities undertaken in pursuance of its normal course of business.

(b) The Board of the Company may decide to undertake its CSR activities either directly or indirectly through a registered trust or a registered society or a Section 8 company established by the company or otherwise, as specified under the Rules. The Company shall ensure that the registered trust or a registered society or a Section 8 company shall have filed Form CSR-1 with the Registrar of Companies and get unique registration number w.e.f. 01st April, 2021 before accepting the project/activities as per Schedule VII.

(c) The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that, the CSR Committees of respective companies are in a positiion to report seperately on such projects or programs in accordance with these rules.

8. REVIEW AND REPORTING MECHANISM

The CSR Committee shall set in place a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company and on regular intervals, review the activities carried out under the CSR Policy and prepare a progress report on periodical basis.

The Company shall publish its Annual report on CSR Activities in its Directors Report in the manner prescribed under Section 134 Companies Act, 2013 and the CSR Rules.

9. AMENDMENTS

The Committee may alter all or any of the provisions of the CSR Policy in accordance with the extant law in force in India and recomment the same to the Board for its approval.

**The policy was amended by the Board of Directors in its meeting held on 30th March, 2021 after 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 as specified in Rule 2(1)(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with the Amendment Rules, 2021 dated 22nd January, 2021.*

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Annexure – 1
Selection of CSR Initiatives/Projects/Annual Action Plan: Focus Areas on Schedule – VII of The Companies Act, 2013

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventinve health care and sanitation (including contribution to the Swach 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 and 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 centres 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and 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 and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

6. Measures for the benefit of 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 recognised sports, paralympic 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 govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

9. (a) 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

   (b) 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 Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense

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);

10. Rural development projects;

11. 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.

12. Disaster management, including relief, rehabilitation and reconstruction activities;

13. Any other matter as per Schedule VII of the Companies Act, 2013 duly amended from time to time.