



## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

**SWISS MILITARY CONSUMER GOODS LIMITED**

**Corporate Social Responsibility Policy**

<b>Document Title</b>	<b>Corporate Social Responsibility Policy</b>
<b>Owner</b>	<b>Finance</b>
<b>Distribution</b>	<b>Electronic / Hard Copies / Upload on website</b>
<b>Date of first approval</b>	<b>09<sup>th</sup> May, 2023</b>
<b>Amended on</b>	<b>Not Applicable</b>
<b>Issue Date</b>	<b>09<sup>th</sup> May, 2023</b>
<b>Effective Date</b>	<b>09<sup>th</sup> May, 2023</b>

## **CONTENTS**

Introduction.....	3
Definitions.....	3
Objective.....	4
Constitution of CSR Committee.....	5
Roles and Responsibilities.....	5
CSR thematic focus areas.....	7
CSR funds and Expenditure.....	8
CSR implementation and Governance.....	9
Monitoring Mechanism.....	11
Website Disclosure.....	12
Review And Amendment.....	12
Disclaimer.....	13

## **1. Introduction**

- 1.1 Swiss Military Consumer Goods Limited (“Company”) has always been committed towards its responsibility for the community and environment in which it operates. It believes that enterprises are organs of society and their decisions should be based not only on financial factors but also on the social and environmental consequences. Therefore, at Swiss Military Consumer Goods Limited, we are committed to operate in a socially responsible, ethical and environment friendly manner and consider it as pre-requisite for sustainability of the business.
- 1.2 With the advent of the Companies Act, 2013 (“CA 2013”) constitution of Corporate Social Responsibility Committee of Board and formulation of Corporate Social Responsibility Policy become a mandatory requirement. Accordingly, the Company has developed its Corporate Social Responsibility (“CSR”) Policy in line with Section 135 and Schedule VII of the CA 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time (“CSR Rules”).

## **2. Definitions**

Unless the context otherwise requires, the words, terms, expressions and derivations used in this Policy shall have the same meaning given in the Companies Act, 2013:

- 2.1 **“Applicable laws”** shall mean the Companies Act, 2013 and Rules made thereunder, as amended from time to time.
- 2.2 **“Administrative overheads”** means the expenses incurred by Swiss Military Consumer Goods Limited 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(s) or programme.
- 2.3 **“Board of Directors”** or **“Board”** shall mean the Board of Directors of Swiss Military Consumer Goods Limited, as constituted from time to time.
- 2.4 **“Company”** shall mean Swiss Military Consumer Goods Limited.
- 2.5 **“CA 2013”** shall mean Companies Act, 2013 read with related rules framed thereunder and including all amendments and modifications thereto.
- 2.6 **“Corporate Social Responsibility (CSR)”** means the activities undertaken by Swiss Military Consumer Goods Limited in pursuance of its statutory obligation laid down in Section 135 of the CA 2013.

- 2.7 **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the CA 2013.
- 2.8 **“CSR Policy”** or **“Policy”** means this Policy, containing the approach and direction given by the Board of the Company, taking into account the recommendations of the CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the Annual Action Plan.
- 2.9 **“Director”** shall mean a director pursuant to sub-section (34) of Section 2 of CA 2013.
- 2.10 **“Employees”** means all employees other than the Directors, KMPs and the Senior Management Personnel.
- 2.11 **“Financial Year”** shall mean a Financial Year pursuant to sub-section (41) of Section 2 of CA 2013.
- 2.12 **“Independent Director”** shall mean an independent director referred to in sub-section (6) of Section 149 of the CA 2013.
- 2.13 **“Net profit”** means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the CA 2013 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 CA 2013:

Provided further 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 CA 2013.

### **3. Objective**

- 3.1 To endeavor for a CSR model that ensures sustained human development of the communities, associated or impacted by the business through involving them or leveraging company's strength in need-based, result-oriented, and sustainable project(s).
- 3.2 To evolve and develop appropriate processes and strategies to contribute towards overall development of the society and achieve a socially responsible image of the Company.

#### **4. Constitution of CSR Committee**

- 4.1 Pursuant to the provisions of Section 135 of the CA 2013, the CSR Committee shall consist of three or more directors of which at least one shall be an independent director.
- 4.2 Considering the above, the composition of the CSR Committee as on 09<sup>th</sup> May, 2023.
- 4.3 The quorum for the CSR Committee meeting shall be two members or one-third of the members of the CSR Committee, whichever is greater, with at least one Independent Director who is member of the Committee.
- 4.4 The CSR Committee shall meet at least once in every Financial Year.
- 4.5 The Board shall have the power to make any change(s) in the constitution of the CSR Committee, as may be required from time to time.

#### **5. Roles and Responsibilities**

- 5.1 **Board of Directors** - The Board of Directors of the Company will be responsible for:
  - 5.1.1.1 Approval of the CSR Policy including amendments from time to time.
  - 5.1.1.2 Approval of the Annual Action Plan, including amendments from time to time, in pursuance of the CSR policy of the Company.
  - 5.1.1.3 Disclose the content of the Policy in its report and place the Policy along with other requisite information on the Company's website in such a manner as prescribed under Section 135 of the CA 2013.
  - 5.1.1.4 Ensuring that the social project(s) included in the CSR Policy are undertaken by the Company.
  - 5.1.1.5 Ensuring that the Company spends, in every Financial Year, at least 2 (two) percent of the average net profits of the Company as computed under Section 198 of the CA 2013, made during the 3 (three) immediately preceding Financial Years in pursuance of the Policy.
  - 5.1.1.6 Ensuring that the Company gives preference to the CSR focus areas or specific needs of the communities around its operations or national emergencies for spending the amount earmarked for CSR project(s).

- 5.1.1.7 Ensuring that it specifies the reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount.
- 5.1.1.8 Transferring the unspent amount to a Fund specified in Schedule VII of the CA 2013, unless the unspent amount relates to any ongoing project(s) referred to in sub-section (6) of the CA 2013, within a period of 6 (six) months of the expiry of the Financial Year.
- 5.1.1.9 Monitoring the implementation of the on-going project(s) with reference to the approved timelines and year-wise allocation and making modifications, if any, for smooth implementation of the project(s) within the overall permissible time period.
- 5.1.1.10 Satisfying itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it.
- 5.1.1.11 Looking into any other matter/ requirement as may be recommended by the CSR Committee.

**5.2 CSR Committee - The CSR committee will be responsible for:**

- 5.2.1.1 Formulating and recommending to the Board, a CSR Policy including amendments from time to time, for approval. The Committee shall identify and indicate the potential project(s)/ activities to be undertaken by the Company as specified in Schedule VII of the CA 2013.
- 5.2.1.2 Formulating and recommending to the Board, an Annual Action Plan including amendments from time to time, in pursuance of the CSR policy of the Company.
- 5.2.1.3 Recommending the amount of expenditure to be incurred on the CSR project(s)/ activities.
- 5.2.1.4 Monitoring the CSR Policy of the Company from time to time and recommend changes to the Board.
- 5.2.1.5 Formulating a transparent and robust monitoring mechanism for ensuring proper implementation of approved CSR project(s) and modalities of utilisation of CSR funds allocated to the project(s)/ program(s)/ activities.

- 5.2.1.6 Providing report to the Board annually, including the status of the CSR project(s) / activities and usage of the financial contribution made by the Company.
- 5.2.1.7 Addressing any other matter/ requirement as may be considered expedient by the Members of the Committee in furtherance of and to comply with the CSR Policy of the Company.

## **6. CSR thematic areas**

The Company believes in empowering communities so that they may ensure their own development in self-sustainable manner. Towards this, we have identified ‘old age home’ ‘Education & Skill Development’ and ‘Health & Hygiene’ as three focus areas. Along with this, we are equally committed towards taking care of our ‘Environment’ as well. Hence, we are committed to, though not limited to, these areas only.

### **A. EDUCATION AND SKILL DEVELOPMENT**

- i. Assist, support, establish, run, manage and maintain schools, colleges and/or any other educational institution with an objective to provide quality education towards holistic development of students.
- ii. Providing Scholarship support to meritorious & needy students to complete their education and to achieve academic excellence.
- iii. To ensure gender equality and empowerment of women through education/awareness.
- iv. To provide vocational skill to underprivileged youth with objective to empower them to break the vicious cycle of poverty.

### **HEALTH AND HYGIENE**

- i. Assist, support and carry program and activities concerning and promoting general health care including preventive healthcare, safe motherhood & child survival support program, nutrition program, etc.
- ii. Ensuring Primary Healthcare Services to resource scarce communities.
- iii. Establishing sanitation system and toilets in schools and other locations that require such facilities.



## **B. ENVIRONMENT PROTECTION**

- i. Taking measures to create public awareness on conservation of natural resources.

The Company, subject to the recommendation of the CSR Committee and approval of the Board of Directors of the Company, may undertake any CSR project(s) specified in Schedule VII of the CA 2013 from time to time.

## **7. CSR Funds and Expenditure**

- 7.1 The Board of the Company shall ensure that in each Financial Year, the Company strives to contribute at least 2 (two) percent of average net profit of 3 (three) immediately preceding Financial Years as per section 198 of the CA 2013.
- 7.2 The total budget for the CSR project(s) /activities to be undertaken by the Company will be decided by the CSR Committee and shall be recommended to the Board for its approval.
- 7.3 The Board shall also ensure that administrative overheads shall not exceed 5 (five) percent of total CSR expenditure of the Company for the Financial Year.
- 7.4 Any surplus arising out of CSR activities/ project(s), shall not form part of business profits of the Company and shall be ploughed back into the same project(s); or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy of the Company and Annual Action Plan of the Company; or transfer such surplus amount to a Fund specified in Schedule VII of the CA 2013; within a period of 6 (six) months of the expiry of the Financial Year.
- 7.5 Where the Company spends an amount in excess of CSR expenditure required under the CA 2013, such excess amount can be set-off against the CSR spends up to immediate succeeding 3 (three) Financial Years.

- 7.6 As per Section 135 (5) of the CA 2013, the Company will report reasons, if it fails to spend the allocated CSR budget for each Financial Year and transfer the unspent amount to a Fund specified in Schedule VII of the CA 2013, within a period of 6 (six) months of the expiry of the Financial Year.
- 7.7 Any amount remaining unspent under Section 135 (5) of the CA 2013, pursuant to any ongoing project(s), undertaken by the Company, shall be transferred by the Company within a period of 30 (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 3 (three) Financial Years from the date of such transfer, failing which, the Company shall transfer the same to a Fund specified in Schedule VII of the CA 2013, within a period of 30 (thirty) days from the date of completion of the third Financial Year.

## **8. CSR Implementation and Governance**

We at Swiss Military Consumer Goods Limited, believe that the process followed in execution of CSR programs is equally important to ensure success of the project. Therefore, all CSR project(s) shall follow the below mentioned implementation process:

- 8.1 The identification of the CSR project(s) will be done through bottom-up approach comprised of rigorous process of Community consultation or by undertaking need assessment process.
- 8.2 The CSR Committee will prepare and submit to the Board, each year, an Annual Action Plan comprising of the following:
- 8.2.1.1 the list of CSR project(s) or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the CA 2013;
  - 8.2.1.2 the manner of execution of such project(s) or programmes;
  - 8.2.1.3 the modalities of utilisation of funds and implementation schedules for the project(s) or programmes;

- 8.2.1.4 monitoring and reporting mechanism for the project(s) or programmes; and
- 8.2.1.5 details of need and impact assessment, if any, for the project(s) undertaken by the Company
- 8.3 The Board could alter the Annual Activity Plan during the Financial Year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.
- 8.4 The CSR project(s) will be implemented in a time-bound manner with clear objectives, activity plan and robust monitoring and evaluation mechanisms.
- 8.5 The Company may form a Charitable Society or Section 8 Company for undertaking the CSR activities on behalf of the Company.
- 8.6 The Company may enter into partnerships or collaborate with the government, not for profit organizations, Section 8 Companies, business partners, communities or other Corporates to create multiplier effect out of its social project(s).
- 8.7 Further, employee participation in CSR project(s) shall be encouraged and supported through various initiatives from time to time with objective to leverage employee's skills/ resources for social cause and also to provide the employees with an opportunity to become a socially responsible individual.
- 8.8 The Company may also engage any Implementing Agency(ies) as specified under Rule 4 of the CSR Rules for implementing its CSR objectives as per the directions of the CSR Committee and the Board of Directors of the Company. However, the following minimum criteria will be ensured while selecting such implementing agencies: -
  - 8.8.1.1 It is a Section 8 Company / qualified registered Society / Public Trust having a duly executed Memorandum of Association / Trust Deed which may be aligned with the Company's objectives.

- 8.8.1.2 It has permanent Office / Address in India.
- 8.8.1.3 It should have registration Certificates under Section 12A and 80G of the Income Tax Act, 1961, registration under FCRA (wherever mandatory) and other applicable registrations.
- 8.8.1.4 It has a valid Income Tax Exemption Certificate, Permanent Account Number and CSR Registration Number as issued by Ministry of Corporate Affairs, Government of India.
- 8.8.1.5 It has an established track record of at least 3 (three) years in carrying out activities in similar programs/ project(s).
- 8.8.1.6 It should have last 3 (three) years audited statement of accounts, income tax return etc. However, CSR Committee, in exceptional circumstances, may forego the said criteria.

## **9. Monitoring Mechanism**

- 9.1 The Company will institute a well-defined monitoring and evaluation mechanism to ensure that each CSR project(s)/ activities has/is:
  - 9.1.1.1 Able to achieve the intended objectives toward addressing the developmental needs of the community.
  - 9.1.1.2 Clear targets, timelines and measurable parameters wherever possible.
  - 9.1.1.3 A progress monitoring and reporting framework that is aligned with the requirements of CA 2013.
- 9.2 CSR Committee may nominate a CSR Team comprising senior officials to assist CSR Committee in discharging its functions.
- 9.3 The Board of Directors shall ensure that the activities under this policy are undertaken under the overall supervision of the CSR Committee.
- 9.4 The Board of Directors, CSR Committee, employees of the Company can identify and propose CSR Project(s).
- 9.5 Any proposal for CSR activity / project(s) shall be first vetted by the CSR Committee and all the conditions prescribed under the CA 2013.

9.6 In order to ensure transparency and communication with all stakeholders, CSR committee for the purpose of disclosing it in the Report of the Board of the Directors and on the Company's website.

9.7 The Board of Directors of the Company, on the recommendation of its CSR Committee may engage international organisation(s) for designing, monitoring and evaluation of the CSR project(s) or programmes as well as for capacity building of its personnel for CSR.

**9.8** The Board shall satisfy itself regarding the utilisation of funds disbursed for CSR project(s) annually and the Chief Financial Officer and/or the person responsible for financial management of the Company shall, in each Financial Year, certify that the funds allocated for meeting the CSR expenditure of the Company has been administered in the areas or project(s) as required by the Board of Directors of the Company, in accordance with the Act.

#### **10. Website Disclosure**

The Company shall disclose on its website the composition of its CSR Committee, its CSR policy and the details of projects approved in the Financial Year and projects executed during that particular Financial Year.

#### **11. Review And Amendment**

The CSR Policy may be amended by the CSR Committee, as and when required, only with the approval of the Board of Directors. Any subsequent notification, circular, guidelines or amendments under CA 2013 as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.

#### **12. Disclaimer**

In any circumstances, where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the newly enacted law, rule, regulation or standard will take precedence over this Policy until such time the Policy is changed to conform to the law, rule, regulation or standard.