

1. INTRODUCTION

1.1 Background

Vardhman has always endeavored to conduct its business ethically, responsibly, mindful of its social accountability and regard for human dignity. As a good corporate citizen, Vardhman has striven for long term value creation for all its stakeholders.

Over the years, the Company has grown in size and is present across different locations in the country. This has led to the recognition that there is a need to formulate guidelines and an operating mechanism for implementing and evaluating various initiatives under CSR program.

1.2 Vision Statement

Vardhman is a responsible Corporate Citizen and would continue to make a serious endeavor for a quality value addition and constructive contribution in building a healthy and better society through its CSR related initiatives and focus on education, environment, health care and other social causes.

1.3 Short Title

In the aforesaid backdrop, CSR policy of the Company has been framed keeping in view the provisions of the Companies Act, 2013 and various notifications and circulars issued by the Ministry of Corporate Affairs on the same. This document establishes the approach and guidelines regarding initiatives to be taken under Corporate Social Responsibility of Vardhman Textiles Limited and is titled as **Vardhman CSR Policy**.

1.4 Objectives of CSR

- 1.4.1 The Company shall endeavor to reinforce its image as a socially responsible corporate citizen.
- 1.4.2 The Company shall ensure that all communities benefit from its CSR activities but the primary focus would be on underprivileged, disadvantaged and deserving sections of society including women and adolescent girls.
- 1.4.3 CSR programs will primarily be pursued in areas which fall in close proximity of the Company's operations so as to enable close supervision and maximum developmental impact for the local community particularly in rural areas, but the scope will include other locations as well.

1.5 Definitions

- 1.5.1 **"Corporate Social Responsibility"** shall mean & include but is not limited to projects/initiatives undertaken for the welfare of the underprivileged & disadvantaged segments of the society.

- Such activities shall be within the ambit of Schedule VII of the Companies Act, 2013 (amended till date).
- 1.5.2 **“CSR Committee of the Board”** shall mean the Corporate Social Responsibility Committee of the Board as may be notified from time to time in terms of the provisions of subsection (1) of section 135 of the Companies Act, 2013.
- 1.5.3 **“Corporate CSR Committee”** shall be the corporate level CSR Committee review responsible for appraising the proposals which are received from the units. The committee will put up the appraised proposals for approval and information of the CSR committee of the Board.
- 1.5.4 **“Corporate CSR Team”** shall mean the corporate level team engaged in identifying and implementing Corporate CSR initiatives.
- 1.5.5 **“Company”** with respect to this Policy shall mean Vardhman Textiles Limited having its Corporate Office at Chandigarh Road, Ludhiana (Punjab).
- 1.5.6 **“Local CSR team”** shall mean the unit level team engaged in identifying and executing local CSR initiatives.
- 1.5.7 **“Net Profit”** for the purpose of CSR means the net profit of the Company as per the financial statement prepared in accordance with Section 198 of the Companies Act, 2013.

2. PLANNING

2.1 Resources

- 2.1.1 Company shall endeavor to spend 2% of the average net profits made during the three immediately preceding financial years. (Net profit to be calculated in accordance with the provisions of section 198 of the Companies Act, 2013)
- 2.1.2 Allocation of the above corpus among different projects will be made by the CSR Committee of the Board on the recommendation of the Corporate CSR Committee and as per the Annual CSR Plan.

2.2 Focus Areas

- 2.2.1 **Promoting Education:** Promoting education by setting up schools, colleges etc. in order to deliver high quality education besides augmenting infrastructure of existing educational institutions. This may include initiatives like grant of scholarships to poor & meritorious students in our schools & colleges.
- 2.2.2 **Preventive Healthcare:** Providing Healthcare equipment and other facilities to local dispensaries and hospitals. This shall include augmenting infrastructure of such facilities.
- 2.2.3 **Rural Development:** Rural development centric CSR initiatives, including electrification through solar power, providing safe drinking water, sanitation etc. This may include participation in Govt. run welfare projects in partnership with the private sector.

- 2.2.4 **Skill Enhancement with special emphasis on Women Empowerment:** Focus on initiatives enabling functional literacy of women as also employment and livelihood enhancing vocational skills by imparting proper training.
- 2.2.5 **Environment :** Activities to protect the degradation of Environment including preservation of natural resources, energy conservation, recycling of waste products, reduction in emission of harmful pollutants, improving fertility of land, enhancement of green cover etc.
- 2.2.6 **Public Private Partnership Initiatives:** The company shall also engage in CSR projects which call for a public private partnership for undertaking rural development and helping the underdeveloped community.
- 2.2.6 Any other project (as defined in Schedule VII of the Companies Act, 2013) may also be taken up as and when considered necessary.

3. IMPLEMENTATION

3.1. Guidelines for Commissioning & Evaluating the Projects

- 3.1.1 All projects shall be undertaken within the defined ambit of Schedule VII of Companies Act, 2013 and preferably falling within the company focus areas listed above.
- 3.1.2 Projects shall be implemented by the corporate or local level CSR teams, as the case may be, preferably within a radius of 7-10 Kms of the manufacturing facility. For Budhni location, being a sparsely populated area, a radius of 15 Kms shall be considered.
- 3.1.3 It shall be ensured that projects have a reasonable & measurable impact on the target segment of the community.
- 3.1.4 Risk assessment of the project wherever applicable, shall be carried out while appraising the project.

3.2 Implementation Teams will be responsible for:

- I. Identifying the felt needs of local community by directly engaging with the target segments.
- II. Detailed evaluation of each proposal and submitting to Corporate CSR Committee. Each proposal shall cover, besides justification, the time period over which a particular program will be spread, the extent of coverage and the intended impact on the target segment of society.

3.3 Annual CSR Activities Plan

- 3.3.1 The company shall before start of each financial year prepare an Annual CSR activities plan enumerating therein various initiatives/activities to be taken up including resources requirement and allocation across locations.
- 3.3.2 The Annual CSR plan shall be approved by the CSR committee of the Board.

3.3.3 All specific proposals submitted by corporate/local CSR team during the year shall preferably be in conformity with the Annual CSR plan.

4. MONITORING & FEEDBACK

4.1 Quarterly Progress Reports – A quarterly report of all initiatives taken up under the Annual CSR plan shall be submitted by the corporate/local teams to the Corporate CSR Committee which shall monitor achievement against targets set out at the beginning of each financial year. This shall include

- Status of each CSR project undertaken for execution/completed
- Site visits undertaken
- Expenditure incurred on CSR
- Any media coverage of the said initiatives
- Slippage, if any
- Felt needs of the target segment identified
- Plans for the next quarter; and
- Issues to be deliberated, if any.

The same shall be examined and collated by Corporate CSR Committee with observations if any, and put up to the CSR Committee of the Board for review.

4.2 Annual progress Report - An Annual progress report of all initiatives taken up during the financial year shall be submitted by the corporate CSR committee to the CSR Committee of the Board.