



## POLICY FOR CORPORATE SOCIAL RESPONSIBILITY

**I. SHORT TITLE:** This policy in relation to the Corporate Social Responsibility (“CSR”) of Khanna Paper Mills Limited is titled as the “**CSR Policy**” and shall include any alterations, omissions, amendments, substitutions, or modifications hereto from time to time.

### **II. VISION STATEMENT, OBJECTIVE AND APPLICABILITY**

1. It is our conviction that the engagement with social issues must be deep, meaningful and formed on the bedrock of long term commitment; for that is the only way by which real change can happen on the ground. This is also reflective of the fact that such an approach serves both, enlightened business interest and social good. We run our social programmes on a strong foundation of ethical principles, good governance and sound management. This includes, among other things, holding ourselves up to public scrutiny through a framework of transparent, rigorous reporting. We are committed to further capacity building, empowerment of communities, inclusive socioeconomic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions and upliftment of the marginalized and underprivileged sections of the society.
2. We are also committed to operating and growing 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.
3. The CSR Policy sets out our commitment for ensuring that our activities extend beyond business and include initiatives and endeavors for the benefit and development of the community and society. The CSR Policy lays down the guidelines for undertaking programmes geared towards social welfare activities or initiatives. The central tenets of our approach have been the emphasis on strong, meaningful work on systemic social issues. Our CSR policy articulated below therefore reflects these principles and strategies that have informed our long history of corporate citizenship and social responsibility over the years.
4. This CSR Policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 (“Act”) and the rules issued thereunder.

### **III. DEFINITION AND INTERPRETATION**

1. “**Board**” means the Board of Directors of the Company.
2. “**Company**” means Khanna Paper Mills Limited.
3. “**CSR Activities**” means such programs and projects as may be approved by the Board in terms of this CSR Policy.
4. “**CSR Committee**” means a committee constituted by the Board of Directors in terms of Section 135 of the Act and the CSR Rules.
5. “**CSR Rules**” means the Companies (Corporate Social Responsibility Policy) Rules, 2014.
6. “**CSR Expenditure**” means the amount recommended by the CSR Committee to be incurred



on the CSR Activities in India in terms of the Act and the CSR Rules as approved by the Board from time to time.

7. **“Director”** means a member of the Board of the Company.
8. **“Implementing Agency”** means an implementing agency as defined under paragraph IV (3).
9. **“Net Profits”** means the net profit of the Company as per its financial statement prepared in accordance with the applicable provisions of the Act (or the provisions of the Companies Act, 1956, if then applicable), but shall not include (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.
10. **“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.
11. **“Society”** means a society registered under the Societies Registration Act, 1860 or any other applicable law in India.
12. **“Trust”** means a trust registered under the Indian Trusts Act, 1882 or any other applicable law in India.

Any term not defined above, shall have the meaning assigned to it under the Act or the CSR Rules.

#### **IV. IMPLEMENTATION OF THE CSR POLICY**

1. The Board shall be responsible for implementing the mandate of the CSR Policy and shall ensure that the CSR Activities are carried out in accordance with the CSR Policy read with the Act and CSR Rules.
2. Mode of Implementation: Pursuant to rule 4 of the Companies (CSR Policy) Rules, 2014 a company may undertake CSR activities through following three modes of implementation:
  - (i) Implementation by the company itself
  - (ii) Implementation through eligible implementing agencies as specified in sub-paragraph ‘3’.
  - (iii) Implementation in collaboration with one or more companies as prescribed under sub-rule (4) of rule 4
3. Pursuant to Rule 4(1) of CSR Rules, the following entities are eligible to act as an implementing agency for undertaking CSR activities:
  - (i) Established by the company, either singly or along with any other company – a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10, registered under section 12A and approved under section 80G of the



Income Tax Act, 1961.

- (ii) Entity established by the Central Government or State Government – a company established under section 8 of the Act, or a registered trust or a registered society.
  - (iii) Statutory entities – any entity established under an Act of Parliament or a State legislature.
  - (iv) Other entities – a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10, registered under section 12A and approved under section 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
4. The Board shall empower the CSR Committee to finalize, approve and execute various agreements, deeds, writings, confirmations, undertakings or other documents, as may be necessary, with any party including Implementing Agencies and/or others for the purposes of the CSR Policy and accept modifications, changes and amendments to any such documents/agreements as it may deem fit.
  5. Notwithstanding sub-paragraph '4' above, the Board of the company shall remain primarily responsible for compliance of Section 135 of the Act and rules issued thereunder.
  6. In case of failure to ensure the minimum CSR Expenditure, details reasons for the same should be submitted by the CSR Committee to the Board, who shall include the same in their report.

#### **V. CSR COMMITTEE**

1. The CSR Committee shall be responsible for providing recommendations to the Board with respect to CSR Activities that may be undertaken by the Company in accordance with the CSR Policy as well as the Act and the CSR Rules, and monitor the Corporate Social Responsibility Policy of the company from time to time.
2. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.
3. The CSR Committee shall consist of such number of members as may be required in accordance with the applicable provisions of the Act. The number of members of the CSR Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board, subject to the provisions of the applicable law.
4. The CSR Committee shall hold meetings at least once in a year.
5. All questions of interpretation or discrepancies which shall arise under, or as a result of, or pursuant to, or in connection with the implementation of the CSR Policy or any initiative or activities undertaken by the Company in terms of the CSR Policy, shall be referred to the CSR Committee for their inputs and the final decision/determination/ interpretation shall rest with the Board.

#### **VI. CSR EXPENDITURE**



1. The CSR Committee shall recommend the amount of CSR Expenditure to be incurred in a year, in accordance with the Act and the Rules.
2. The Board shall be responsible for sanctioning the CSR Expenditure and taking steps to ensure that the amount for the CSR Expenditure is utilized towards the CSR Activities. The CSR Committee may recommend to the Board for transfer of CSR amount to any specified funds in accordance with the Act and Rules.
3. The Board shall ensure that the CSR Expenditure in a financial year is at least at two per cent of the average Net Profits of the Company made during the three immediately preceding financial years.
4. Any surplus arising out of the CSR Activities shall not form part of the business profit of the Company and may only be re-allocated to the CSR Activities being undertaken in terms of this CSR Policy.
5. In order to count towards CSR Expenditure, CSR Activities must be carried out in India and should not be solely for the benefit of the employees of the Company and their families.
6. Any amounts contributed directly or indirectly to any political party under Section 182 of the Act will not be counted towards CSR Expenditure or considered a part of CSR Activities.
7. Any amounts expended while undertaking activities in pursuance of normal course of business of a Company or on an item not in conformity or in line with activities set out in Schedule VII of the Act, will not form a part of CSR Expenditure.
8. Board shall ensure that expenditure, if any incurred towards any capacity building exercise internally or of Implementing Agencies through institutions with established track record of at least three financial years, as the case may be, shall not exceed five percent of the CSR Expenditure in one financial year.

## **VII. CSR ACTIVITIES**

1. The Board shall ensure that the CSR Activities that are undertaken by the Company should be within the scope of the following activities (inclusive list):
  - (i) 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.
  - (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
  - (iii) 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.
  - (iv) 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].

- (v) 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;
  - (vi) measures for the benefit of armed forces veterans, war widows and their dependents, 9[ Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows];
  - (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports
  - (viii) 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;
  - (ix) (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).
  - (x) rural development projects
  - (xi) slum area development.
  - (xii) disaster management, including relief, rehabilitation and reconstruction activities.
2. The CSR activities can be done which are not mentioned above with the purpose of the betterment of society, helping needy people, etc.
  3. The CSR Activities will be carried out in a manner that the preference is to undertake the CSR Activities in and around the local areas where the Company operates.
  4. Based on the scope of activities set out in paragraph VII (1) above, the CSR Committee shall provide recommendations to the Board with respect to specific CSR Activities that may be undertaken by the Company.
  5. The Board shall ensure that appropriate designated staff or personnel provide adequate assistance (viz. data collection, survey, quotations and costs involved etc) to the CSR Committee to enable it to make necessary recommendations to the Board. For this purpose, the CSR Committee may also approach external consultants for necessary assistance as it



maydeem fit at such costs as may be approved by the Board.

6. The following details of any CSR Activities to be undertaken by the Company shall be presented to the Board by the CSR Committee along with its recommendations:
  - (i) The objectives and expected results of the CSR Activity;
  - (ii) The relevant sector and the nature of the CSR Activity;
  - (iii) The focus area/ location for implementation of the CSR Activity;
  - (iv) The amount to be allocated towards the CSR Activity;
  - (v) The indicative timelines for completion of the CSR Activity;
  - (vi) Whether the CSR Activity should be undertaken by the Company itself or any Implementing Agency or in collaboration with any other company; and
  - (vii) Such other details as it may deem necessary.
7. In case any of the CSR Activities to be undertaken are anticipated to be long term, then a detailed estimate on implementation schedule or milestones should be submitted by the CSR Committee to the Board.
8. Based on the recommendations of the CSR Committee, the Board shall approve the following:
  - (i) The specific CSR Activities that should be undertaken by the Company from time to time;
  - (ii) The amount that should be deployed towards such CSR Activity;
  - (iii) Whether the CSR Activities will be undertaken directly by the Company or through an Implementing Agency or in collaboration with any other companies and record reasons for the same.

#### **VIII. MONITORING PROCESS**

1. To ensure that the objectives of CSR Policy are being met in an efficient and effective manner, the utilization of the amount sanctioned towards CSR Activities should be reported by the CSR Committee to the Board on an annual basis or in such manner as the Board may direct.
2. In the event any of the CSR Activities are undertaken through an Implementing Agency, the CSR Committee should obtain relevant information from the Implementing Agency and ensure that the progress on such CSR Activity is submitted to the Board on an annual basis or in such manner as the Board may direct.
3. Upon receipt of such progress report, the CSR Committee may review and deliberate upon such reports and provide such inputs or recommendations, as it may deem necessary, to the Board.
4. Notwithstanding anything to the contrary, the Board shall not be obliged to comply with the recommendations of the CSR Committee.

#### **IX. REPORTING AND RECORD KEEPING**

1. The company secretary shall maintain proper minutes of all the meetings of the CSR Committee.
2. The Board will be responsible to ensure that:
  - (i) The report of the Board includes the annual report on CSR Activities of the Company and sets out the requisite information in terms of the Act and the Rules;



- (ii) The contents of the latest and updated version of the CSR Policy are included in the report of the Board;
- (iii) The contents of such policy are also made available on the website (if any) of the Company .
- (iv) In case of failure to ensure the minimum CSR Expenditure, detailed reasons for the same are adequately disclosed in the Board Report.

#### **X. IMPACT ASSESSMENT**

The Company shall undertake impact assessment of the CSR activities undertaken by the Company through an independent agency:

- i. If the average CSR obligation of the Company, in the 3 immediately preceding financial years is Rs. 10 crores or more;
- ii. The activity or the CSR project has an outlay of Rs 1 crore or more;
- iii. Considering company's performance and its net profit crosses the threshold, Committee shall appoint independent agency to complete impact assessment.

#### **XI. AMENDMENT**

The Board of the Company may, subject to compliance with applicable law, at any time alter, omit, amend, substitute or modify the CSR Policy as it deems fit to comply with the statutory obligation of the Company to undertake the CSR Activities. This Policy is subject to continuous review and updates as required from time to time.

#### **XII. ACT TO OVERRIDE**

The provisions of the Act and the Rules issued thereunder shall have effect notwithstanding anything to the contrary contained in this CSR Policy, or in any agreement executed by the company, or in any resolution passed by the company in general meeting or by its Board of Directors, whether the same be registered, executed or passed, as the case may be, before or after the commencement of this CSR Policy