ACTIVE CLOTHING CO LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

CSR PHILOSOPHY

Corporate Social Responsibility (CSR) – Philosophy: Active Clothing Co Limited (ACCL) a Company has always been committed to the cause of social service and has repeatedly channelized a part of its resources and activities, such that it positively affects the society socially, ethically and also environmentally. Social and environmental responsibility has always been at the forefront of Active Clothing Co Limited operating philosophy. As an organization, we believe that sustained economic growth cannot be achieved without social progress and the well-being of local communities. It is our responsibility to take care of those residing in the region of our plant(s). In line with the aforesaid CSR philosophy, we have designed our CSR policy keeping in consideration the critical societal needs.

CONTEXT

Section 135 of the Companies Act, 2013 ('the Act'), read with Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules') requires every company having:

1. Net Worth of `500 crore or more; or
2. Turnover of `1,000 crore or more; or
3. Net Profit of `5 crore or more

needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. The Company also needs to constitute a Corporate Social Responsibility Committee ('CSR Committee') and recommend. Further, the CSR Committee so constituted shall formulate a Corporate Social Responsibility ('CSR') Policy and recommend the same to the Board of Directors of the Company ('Board') for its approval.

CONSTITUTION AND PROCEDURE FOR CSR COMMITTEE:

Keeping in line with section 135 of the Companies Act, 2013 and the rules thereunder (hereinafter referred to as 'the Act'), the Board of Directors of the Company shall form a Corporate Social Responsibility Committee (hereinafter referred to as the 'CSR Committee'), to inter alia, carry out the following functions:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013 and rules made thereunder;
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the implementation of framework of CSR Policy.
4. To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties

DEFINITIONS

"Act" means the Companies Act, 2013 and Rules framed there under;

a) **“Agency”** (or Agencies) means any Section 8 Company or a registered trust/ society/NGO/ institution, performing social services for the benefit of the society and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.

b) **“Approved Budget”** shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.

c) **“Board”** shall mean the Board of Directors of the Company.

d) “Company” The words “This Company”, “The Company”, “Company” wherever occur in the policy shall mean “Active Clothing Co Limited

e) **“CSR Annual Plan**” shall mean the annual plan detailing the CSR expenditure for the year

f) **“CSR Committee**” shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with Page 6 of 14 the Act, consisting of three or more directors, out of which at least one director shall be an independent director.

g) **“CSR Expenditure**” means all CSR Expenditure of the Company as approved by the Board upon recommendation of the CSR Committee, including the following:

(i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;

(ii) Promoting education, including special education and employment enhancing vocation skills and livelihood enhancement projects;

(iii) Promoting gender equality, empowering women, setting up homes and hostels for economically backward people including providing them with free / affordable housing.

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining quality of soil, air and;

(v) Rural Development projects

vi) Community events: Participating in local festivals and clean ups.

(vii) Volunteer work: Giving back to the community, Liveability and sustainability
Historical evolution and transitions of urban systems from rural.

(viii) Other areas that operate in ways that benefit society promoting volunteering, making changes that benefit the environment, engaging in ethical labor practices, and engaging in charitable giving in any way which benefits the society at large.

ix)Medical needs of society and Institutions

h) **CSR Projects**" or "Projects" means Corporate Social Responsibility projects/activities/ programs/ initiatives instituted in India, either new or ongoing, and include but not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company. Projects/activities/ programs/ initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit Page 7 of 14 only the employees of the Company and their families shall not be considered as CSR Projects.

i) Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.

j) "**CSR Policy"** relates to the activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company. India is one of the largest growing economies in the world. However, it continues to be overloaded with various problems and challenges of poverty, health hazards, environmental degradation, illiteracy, poor educational standards, inadequate infrastructure, power crisis gender bias as well as uneven distribution of wealth which many believe, is the main cause of social unrest.

The concept and need for Corporate Social Responsibility (CSR) has gained importance from all avenues. The Government as well as regulators has framed various guidelines pertaining to responsibilities of business as well as the mandatory Corporate Social Responsibility provisions under the Companies Act, 2013.

IDENTIFICATION OF CSR PROJECTS:

a) CSR Projects need to be identified and planned for approval of the CSR Committee.
b) The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.

IMPLEMENTATION OF CSR PROJECTS:

The Company shall implement the identified CSR Projects by the following means:

Direct Method

1. The Company may itself implement the identified CSR Projects.
2. The Company may also implement the identified Projects through its Foundation or Society which is involved in CSR activities.

Indirect Method

(a) 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 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or

(b) 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

(c) any entity established under an Act of Parliament or a State legislature; or

(d) 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 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Explanation.- For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

Others

1. The CSR Committee shall ensure that major portion of the CSR expenditure in the Annual Plan shall be for the Projects as per CSR objectives. However, there shall not be any preference given to any particular projects for budgetary allocation and it shall be made purely as per the identified CSR Projects on need basis.
2. The Chairman and the Managing Director of the Company are authorized severally to decide on Projects to be implemented within the allocation as per the Annual Plan.
3. Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company.
4. The Company may build CSR capacities of their own personnel or Society, as well as those of the Agencies through institutions with established track records.

DUTIES AND RESPONSIBILITIES:

I. Board of Directors

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules.

II. CSR Committee

1. The CSR Committee shall monitor the implementation of the CSR Policy and CSR Plan. For this purpose, the CSR Committee shall meet at least twice a year.
2. In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
3. The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in Board meeting in April/May of the following year for Board review and finalization.
4. The CSR Committee shall place before the Board in April/May every year a responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company for inclusion in the Board’s Report.
5. The CSR Committee shall ensure that the CSR Policy is displayed on the Company’s website.

MONITORING

The CSR Committee shall monitor the progress on CSR activities and CSR spend.

Post receipt of report, Committee shall discuss and review the progress of CSR activities and apprise the Board to enable them to monitor the progress of CSR activities undertaken by the Company as per the CSR policy.

Review Periodicity and amendment:

CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.

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