

Corporate Social Responsibility (CSR) Policy



I. PREAMBLE

For us in the Kitex Garments Limited ("KGL"), reaching out to underserved communities is a part of our HERITAGE. We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face and working towards making a meaningful difference to them.

Even much before CSR became mandatory; KGL recognized that its business activities have both direct and indirect impacts on the society and strived to integrate its business processes with the social processes in order to enable creation and distribution of wealth for the betterment of its stakeholders in an ethical and transparent manner. It is committed to sustainable development and to meet the interests of its stakeholders. It is also committed to continuously upgrade its CSR initiatives in order to make a positive impact on the people staying in and around the factory and office premises on a continuous basis.

Our vision is – "to effectively contribute to the social and economic development of the communities in which we operate. In doing so we intend to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index". Our Vision converges on Corporate Social Responsibility for Kizhakkambalam, where we dream to make this Panchayath the best in the State among the other Panchayats.

II. Objectives of CSR policy

1. To pursue a corporate strategy that enables realization of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
2. To enhance value creation for the community around KGL's areas of operation by fostering goodwill among the stakeholders towards the Company by enhancing their quality of life.
3. To implement Social Investments/ CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long term sustainability of such interventions.
4. To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.
5. To collaborate with communities and groups to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through superior farm and

agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programmes and such other initiatives.

6. To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of your Company and its employees at all levels towards attaining world class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.
7. To encourage the development of human capital by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.

III. SCOPE AND APPLICABILITY:

This policy is applicable across KGL.

IV. IMPLEMENTATION PROCESS: IDENTIFICATION OF PROJECTS

All projects are identified in a participatory manner, in consultation with the community, literally sitting with them and gauging their basic needs. We recourse to the participatory in rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village Panchayath, and other influential personnel in society and community, projects are prioritised.

Arising from this the focus areas that have emerged are Education, Health care, Sustainable livelihood, Infrastructure development, and espousing social causes. All of our community projects are carried out under the aegis of Kitex Group – TWENTY 20 Kizhakkambalam

A. EDUCATION

In Education, our endeavour is to spark the desire for learning and knowledge at every stage through

- Formal schools
- Anganwadis for elementary education
- Quality primary education
- Girl child education

B. HEALTH CARE

In Health care our goal is to render quality health care facilities to people living in the villages through medical camps

- Primary health care through medical camps
- Mother and Child care projects
- Health care for visually impaired, and physically challenged
- Preventive health through awareness programmes.

C. SUSTAINABILITY PROGRAMS

In Sustainable Livelihood our programmes aim at providing livelihood in a locally appropriate and environmentally sustainable manner through

- Formation of Self Help through collective farming of multi-crop harvesting
- Groups for women empowerment
- Vocational training through Kitex Group Technology Parks
- Agriculture development and better farming abilities through rain water harvesting.

D. INFRASTRUCTURE DEVELOPMENT

In Infrastructure Development we endeavour to set up essential services that form the foundation of sustainable development through

- Basic infrastructure facilities
- Housing facilities
- Safe drinking water
- Sanitation & hygiene
- Renewable sources of energy.

Apart from above, to bring about Social Change, we advocate and support

- Dowryless marriage
- Community Development programmes
- Widow remarriage
- Awareness and eradication programmes on anti social issues including corruption at all levels in the Governmental, Public and private sectors.
- De-addiction campaigns and programmes of Alcohol and drugs and its effects
- Espousing basic moral values

V. OUR METHODOLOGY AND PERFORMANCE MANAGEMENT

Prior to the commencement of projects, we carry out a baseline study of the villages. The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, population data – below the poverty line and above the poverty line, state of infrastructure, among others. From the data generated, a 1-year plan and a 5-year rolling plan are developed for the holistic and integrated development of the marginalized. These plans are presented at the Annual Planning and Budgeting meet. All projects are assessed under the agreed strategy, and are monitored every quarter, measured against targets and budgets. Wherever necessary, midcourse corrections are affected.

VI. IMPLEMENTATION

CSR initiatives will be implemented either directly by the Company or through implementing partners viz., Twenty20 Kizhakkambalam Association, a society registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 having an established track record of at least 3 years in undertaking similar activities. This society is registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961) and has registered with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the April 1, 2021.

The Company may engage International Organizations if any (as defined in Clause 2(g) of the Companies (Corporate Social Responsibility Policy) Rules 2014 (CSR Rules)) for designing, monitoring, and evaluation of CSR Projects as well as capacity building of their personnel.

The Company may also collaborate with other companies to undertake CSR projects, provided the CSR Committees of the respective companies are able to report separately on such projects.

VII. PARTNERSHIPS

Collaborative partnerships are formed with the District Authorities, the village Panchayath, NGOs and other like-minded stakeholders. This helps widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

VIII. TOTAL OUTLAY:

Consequent to the commencement of Companies Act, 2013, KGL pledges to contribute at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years specifically towards CSR initiatives. For this purpose, the net

profit and average net profit shall be calculated in accordance with the provisions of section 198 of the Act read with the CSR Rules.

As per Rule 7 of CSR rules, the Company may spend up to 5% of the total CSR expenditure in a financial year on administrative expenses relating to the general management and administration of CSR functions in the company. As per Rule 2 (b) of CSR Rules, "Administrative 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 designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

The surplus arising out of the CSR activities will not be considered as a part of the business profits of the Company and shall be ploughed back into the same project, or shall be transferred to the Unspent CSR Account and it should be spent in pursuance of this CSR policy and annual action plan of the Company, or the Company may transfer such surplus amount to a Fund specified in Schedule VII of the Act, within a period of six months of the expiry of the financial year.

Where a company spends an amount in excess of requirement as per Section 135(5), such excess amount may be set off against the requirement to spend under Sec 135(5) up to immediate succeeding 3 financial years subject to the conditions that :—

- i. The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
- ii. The Board of the company shall pass a resolution to that effect.

Any unspent amount, other than unspent amount relating to an ongoing project, will be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. Further, unspent CSR funds of ongoing projects will be transferred within a period of 30 days from the end of the financial year to a special account opened by the company in any scheduled bank called the "Unspent Corporate Social Responsibility Account". Such amount shall be spent by the company towards CSR within a period of 3 financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year. "Ongoing Project" here means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines of not exceeding 3 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 1 year by the board based on reasonable justification.

As per Rule 8 (3) (a) of CSR Rules, every company having average CSR obligation of Rs. 10 crore or more in pursuance of Sec 135(5) of the Act, in the 3 immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 5% of the total CSR expenditure for that financial year or Rs. 50 lakhs, whichever is less.

IX. GOVERNANCE AND MONITORING PROCESS:

The Company has a well-defined and robust governance structure to oversee the implementation of the CSR Policy and monitoring of CSR projects as per the requirements of Section 135 of the Companies Act, 2013.

BOARD-LEVEL CSR COMMITTEE –

The Board level Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for formulating and recommending to the Board the CSR policy and a CSR annual action plan, provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on reasonable justification to that effect. The CSR Committee reports to the Company's Board of Directors. The Committee shall recommend the amount of expenditure to be incurred on the CSR activities and also responsible for monitoring the CSR expenditure and also recommend to the

The members of the Board Level CSR Committee are Mr. Sabu M. Jacob (Chairperson), CA. Benni Joseph, Mr. C. P. Philipose and Mr. K L V Narayanan as members.

Annual Action Plan

The CSR Annual Action Plan shall include the following: -

- a. The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act,
- b. The manner of execution of such projects or programmes,
- c. The modalities of utilisation of funds and implementation schedules for the projects or programmes,

- d. Monitoring and reporting mechanism for the projects or programmes and
- e. details of need and impact assessment, if any, for the projects undertaken by the company.

WELFARE TEAM

The Company has set up a Welfare team which is responsible to implement CSR projects as per the CSR Annual Action Plan laid out by the Board level CSR Committee. The team will convene periodically to monitor CSR projects and will be responsible to report on the progress of the projects, to the Board and CSR Committee, at regular intervals. At the Company, the Chairman and Managing Director takes on the role of the mentor, while the onus for the successful and time bound implementation of the projects is on the various Unit Heads and CSR teams. To measure the impact of the work done, a social satisfaction survey / audit is carried out by an external agency.

X. INFORMATION DISSEMINATION

The Company's engagement in this domain is disseminated on its website, annual reports, its house e-journals and through the media.

XI. MANAGEMENT COMMITMENT AND FUTURE PLANS

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Our Vision on TWENTY 20 KIZHAKKAMBALAM, where we dream to make this Panchayath the best in the State among the other Panchayaths.

FUTURE ACTION PLAN

The means to achieve the Object will be with thrust to the following Areas like :-

A. IN HOUSING AND INFRASTRUCTURAL FACILITIES

- § All houses to have basic facilities like toilet, electric wiring, kitchen, roof etc.
- § Maintenance of houses on a continues basis
- § Secure grant of from the Panchayath governing body for each house.

B. DRINKING WATER

100% drinking water for all residents with the help of regular water supply, bore wells and rain water harvesting.

C. ELECTRICITY

Electrification in all houses with support of solar and bio gas facilities also where basic electricity availability is scarce due to infrastructural problems.

D. HEALTH-GOOD HEALTH FOR ALL

To be free from ailments for teeth, eyes, varicose, lump and heart diseases, cancer, kidney problems etc through regular medical camps at various places in the Panchayat areas..

E. EDUCATION

Minimum upto Secondary level education for all. Existing schools to be provided with modern facilities and any shortage is to be met by setting up new schools .

F. AGRICULTURE

To encourage agriculture and for utilizing the private vacant land in and around Kizhakkambalam Panchayath. Company plans to distribute banana plants and fruit trees and also vegetable seeds of high yield This will promote the concept of green belt thereby making every where lush green.

G. INDUSTRY

Development through Micro and Small scale industries with modern technical support.

H. WASTE DISPOSAL AND ERADICATION OF POLLUTION

Waste to be treated through bio gas plants and other modern techniques and ensure no pollution.

I. JOB OPPORTUNITY

Job opportunity for all in the Panchayath

J. CORRUPTION ERADICATION

Through educating and creating awareness among the public.

K. ROAD DEVELOPMENT

Roads of the highest standards with 5 year maintenance guarantee.

L. TOWNSHIP DEVELOPMENT

Development through new markets, stadiums and modern offices.

The CSR Policy of the Company shall be uploaded on the Company's website for information of all stakeholders.

Effective date of Policy	April 1, 2021
Version	2.0
Amended on	June 29, 2021
Last approvals received	October 19, 2015

Sabu M. Jacob
Chairman – CSR Committee