

GALAXY's CSR POLICY

1. PREAMBLE:

At Galaxy Surfactants Ltd. (hereinafter referred to as Company / GALAXY), we act in accordance with the principles of responsible care and sustainable development to safeguard our employees, customers, stakeholders, society and environment. In doing so, we ensure compliance with globally & nationally accepted social and ethical standards and values.

As an organization, GALAXY is committed to operate in accordance with the demands of economics, ecology and society. Consequently, the Company makes decisions based not only on financial parameters, but also taking into consideration the social and environmental impact arising out of the actions of the Company. The resultant CSR policy guidelines are also prepared in line with our Corporate Strategy and our commitment to Corporate Responsibility.

GALAXY strongly believes that Corporate Social Responsibility (CSR) is connected with the principles of sustainability and recognizes that its business activities have wide impact on the society in which it operates. Therefore, the Company endeavors to make CSR a key business process for sustainable development, through its integration in the overall business approach.

GALAXY is committed to its stakeholders to conduct its business in a responsible manner that creates a sustained positive impact on society. We further believe that our Corporate Responsibility lies in embracing core corporate values through commitment to grow in a socially and environmentally responsible way, while meeting the interests of all relevant stakeholders.

2. APPROACH:

Approach of the Company is based on the following:

- At least 60% CSR initiatives to focus in the areas around where the Company has its operations and presence. These initiatives shall be fairly distributed amongst various locations, where Galaxy carries on its operations.
- CSR initiatives to create awareness amongst employees and encourage their active involvement in the various CSR activities. Towards this direction, the CSR efforts will aim personal enrolment of about 10% of the work force to dedicate a targeted hours of direct CSR work for the community / projects taken up by the Company.
- The involvement of the Company shall be more towards participation on the ground rather than only administering the expenditure
- To obtain expertise to carry out the CSR activities by engaging with agencies of repute, if such need arises. We shall endeavor to drive on our own implementation of at least 50% of CSR project/programmes. For the balance, we may engage with other agencies/NGOs of repute

4. APPLICABILITY:

- GALAXY CSR policy has been developed pursuant to Section 135 of the Companies Act, 2013 (referred to as the Act in this policy) and in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, (hereby referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India, in 2014.
- The Policy shall apply to all CSR projects/programmes undertaken by the Company in India as per Schedule VII of the Act
- Depending upon the nature of the project, these CSR programmes shall be implemented through in-house or non-governmental organizations, institutions, municipalities, panchayats, schools and agencies, as may be approved by the CSR Committee.

5. RESPONSIBILITIES OF THE BOARD OF DIRECTORS:

The Board of Directors of GALAXY will be responsible for:

- Nominating a CSR Committee comprising of minimum three Directors
- Approving the CSR policy after taking into account the recommendations made by the CSR Committee
- Ensuring that the Company shall, in each financial year spend at least the amount on CSR initiatives as has been prescribed by the Companies Act, 2013 and the rules made thereunder from time to time.
- Ensuring that primarily the activities as included in CSR Policy of the Company are undertaken by the Company.
- Monitoring that in every financial year, funds committed by the Company for CSR activities are utilized effectively and implementation is regularly reviewed.
- Reporting / providing the details as may be prescribed by the Act and the rules made thereunder.

6. CSR COMMITTEE:

- The Committee to be established by Resolution of the Board of Directors of the Company (the "Board") and is to be known as the "CSR Committee".
- The CSR Committee shall consist of three or more Directors – out of which one will be independent director.
- The CSR Committee may invite any other person as they may deem fit to attend meetings of the CSR Committee when required, notwithstanding that they are not members of the CSR Committee.
- Quorum shall be two members personally present at the meeting. A duly convened meeting of the CSR Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the CSR Committee.

- The Company Secretary / Assistant Company Secretary shall act as the secretary of the CSR Committee and shall keep a record of the membership of and the dates of any changes to the membership of the CSR Committee. He / She shall be responsible to record the minutes of the Meeting.
- Meetings shall be held at such times as the CSR Committee deems appropriate, and in any event shall be held not less than two times in a financial year.
- CSR Committee will be governed by the Companies Act, 2013 and rules made there under and Company's Articles of Association regulating the meetings and proceedings of the Directors.
- The CSR Committee may at the expense of the Company investigate any matter within its terms of reference. It is authorized to seek any information that it requires from any employee in order to perform its duties and all employees are required to cooperate with any requests made by the CSR Committee.
- The CSR Committee may at the expense of the Company secure external professional advice and attendance of third parties with relevant experience and expertise at meetings of the CSR Committee, if it considers this necessary.
- The CSR Committee shall have all necessary authority to carry out its duties and responsibilities. Without limitation to the generality of the foregoing, the Committee shall have the authority to engage (including authority to approve fees and other retention terms) and terminate the engagement of any Social Responsibility consulting firm to provide data or recommendations with respect of CSR projects.
- The Company shall provide and make available to the Committee, as it may determine, funds for undertaking CSR activities and to pay compensation to any advisers engaged by the Committee.
- The CSR Committee is empowered to frame, review and modify the criteria / processes for selecting the projects, laying down the criteria for performance evaluation of the projects, selecting the implementation entities / partners and decide on any matter that it may deem pertinent to effectively discharge its responsibilities.
- GALAXY CSR Committee shall monitor the implementation of the CSR Policy through periodic reviews of the activities of the external agencies / NGOs in compliance with the Act and ensure that funds spent on CSR programmes are creating the desired impact.

7. DELEGATION:

- i. The suggested structure of delegated powers for approving the CSR projects is as under:
 - a. Head CSR is authorized to approve projects for value up to Rs 2 lakhs per project with cumulative approval in the year capped to 15% of the statutory spend.
 - b. Any one member of the CSR Committee is authorized to sanction a single project upto rupees twenty lakh;
 - c. Any two members are required for sanction of projects above twenty lakh but less than fifty lakh.
 - d. Projects above fifty lakh can only be sanctioned unanimously by all the members of CSR Committee.

- i. The above delegation powers for approving the CSR projects are subject to the following:
 - a. Any amount in excess of the Statutory Obligation of 2% of the average PBT for past three years (discretionary spend) shall require prior approval of the Board for the allocation of the excess.
 - b. Single project, geography, implementation partner allocation shall be restricted to 25% of the statutory CSR spend for the year. Any allocation in excess shall need Board approval.
 - c. The scroll of the projects approved, the disbursements made and pending shall be placed before the CSR committee at every meeting and shall be appended to the minutes of the CSR Committee.
- ii. Should a project be spread beyond one year, then any allocation for the period beyond the current year will be subject to the following:
 - a. The projects shall be for a period of maximum 5 years.
 - b. Expression of inclination to support the project for its tenor beyond the current year will be subject to availability of the statutory spend and the project meeting the performance criteria laid down.
 - c. Cumulative expression of inclination to support the CSR projects beyond the current year shall not exceed the statutory spend for the current year i.e., if the statutory spend for 2014-15 is Rs 160 lakhs, then for the period of next 4 years 2015-19 (five year block of 2014-19) a cumulative expression of inclination to support the ongoing projects cannot exceed Rs 160 lakhs.

8. CRITERIA FOR IDENTIFYING THE THIRD PARTY IMPLEMENTATION BODIES:

It is the responsibility of the CSR Committee, while the implementation modality of a CSR project/programme is defined, to ensure that the external body that would execute the said project/programme is clearly identified. In case the external body is a NGO or an Agency other than an NGO, it shall meet the following criteria:

- i. Have a permanent office/address in India; Be a registered society under Societies' Registration Act or a Sec 25 Company (Registered under the Companies Act, 1956) or a Sec 8 Company (Registered under the Companies Act, 2013).
- ii. Have a track record of at least three financial years
- iii. Have verifiable antecedents and verifiable credentials
- iv. Maintains duly audited annual accounts
- v. Preferably possess a valid Income-tax Exemption Certificate;

9. FOCUS/THRUST AREA PROJECTS:

CSR Committee has identified the thrust area projects around which the Company shall be focusing its CSR initiatives and channelizing the resources on a sustained basis. There will be alignment of CSR programmes across all locations to ensure common focus and synergy in efforts:

1. **Health & Hygiene (AAROGYA VARDHEENI):**

Primary healthcare through diagnosis and treatments, promoting preventive healthcare, building awareness about hand, oral & personal hygiene, sanitation and providing monetary support for constructing toilets – in particular for girls, supporting rehabilitation centers, medical camps and blood donation camps, providing

additional nutrition to eradicate malnutrition – children & women, providing water purifier for potable drinking water, awareness about ill-effects of tobacco.

2. Education (GYAAN SANJEEVANI):

To contribute to improving and facilitating the literacy levels including e-learning in various sections of the society, by providing support at every stage of a child's educational cycle including but not limited to developing infrastructure for schools/educational centers, conducting education programmes on 'how to lead a happy & safe life', engaging with students, teachers and parents leading to development of a better community, livelihood enhancement projects, vocational skills for differently abled

3. Environment Protection (VATAVARAN SURAKSHA):

Tree plantation, cleanliness drives, awareness for energy/ water conservation & solid waste reduction, promoting solar and other non conventional renewable energy projects.

4. Women Empowerment (STREE UNNATI):

Girl child & women education & development, income generation, knowledge about relevant statutes, self defense training.

5. Community Development (SAAMAJEEK UTTHAAN):

Support to orphans, destitute & old age homes, undertaking community sanitation projects, water harvesting (check dams), setting up public libraries, safe drinking water, community utilities, promoting sports through community connect mahotsav, providing hand washing stations, bore-wells.

6. Calamity Relief (AAPDA RAHAT):

Contribution to PM Relief Fund or providing relief articles directly or through NGOs

7. CSR Capacity Building & Personnel Cost:

Capacity building cost of own personnel or those of implementation agencies will qualify as a CSR expenditure within the permissible limits allowed by the Companies Act 2013 or Rules made there under.

Suggestive Allocations:

Sr. No.	Schedule VII Areas	% of Spend	Coverage/ Scope
1.	Health & Hygiene (AAROGYA VARDHINI)	30 %	As listed above in point 9 (i)
2.	Education (GYAN SANJEEVANI)	30 %	As listed above in point 9 (ii)
3.	Environment Protection (VATAVARAN SURAKSHA)	5 %	As listed above in point 9 (iii)
4.	Women Empowerment (STREE UNNATI)	5 %	As listed above in point 9(iv)
5.	Community / Rural Development (SAMAJEEK UTTHAAN)	20 %	As listed above in point 9(v)
6.	Calamity Relief (AAPDA RAHAT)	5 %	As listed above in point 9(vi)
7.	CSR Capacity Building & CSR Personnel Cost	5 %	As listed above in point 9(vii)

Above allocation guidelines are suggestive and will be followed based on availability of duly identified & evaluated projects & programmes across the locations. However these guidelines will not restrict the allocation of funds to other projects for lack of worthy projects in respective focus areas or geographies.

Further this will not act as a constraint on CSR Committee to allocate funds for worthy projects in non focus areas but listed under approved purposes defined in schedule VII of the Act. Any how such allocation for non focus areas shall not exceed 10% of the statutory spend in a financial year.

Further, whenever necessary intra and inter geography swapping of budget allocation would be allowed, subject to availability of creditable beneficiary, as long as it is within the overall geography or corporate budget of that specific financial year including justifiable + 5% cost variances in the ongoing projects.

10. GEOGRAPHY / REGION:

- i. To meet administrative needs, the State in which Company has presence shall be regarded as local presence. Galaxy is present in Maharashtra, Gujarat, Delhi, Bengal and Tamil Nadu. CSR project spend covering these states shall be categorized as local spend and any projects outside these States will be regarded as a corporate spend.
- ii. Suggestive allocation between local spend and corporate spend on CSR projects is 60:40 in favor of local spend. While preference will be for local spend, there is no obligatory stipulation made under the Rules. Hence in case there is paucity of identified good projects, discretion is vested in the CSR Committee to increase the corporate spend to a maximum of up to 60% of the total Statutory spend.

11. CSR ORGANISATION:

- i. Currently the CSR Process is manned by two direct employees. Mr. Adarsh Nayyar is the Head of the Process and is assisted by an associate. Besides this there are local voluntary steering councils at the locations.
- ii. As the statutory spend increases, the effort in identifying, evaluating, monitoring the execution and the outcomes of the projects would call for adequate direct manning of the CSR Process at the manufacturing locations.
- iii. CSR Committee is empowered to review the organization structure and manning and allied needs from time to time and take suitable decisions on the same.

12. CONCLUSION:

- i. The CSR policy shall be reviewed once in three years and suitable improvisations be done based on experience.
- ii. The CSR policy shall be subservient to the provisions of the Companies Act, 2013, and Rules made there under, from time to time.

Note: Above CSR Policy incorporates approved modifications, reviewed by Board CSR Committee Meeting held on March 5, 2016