

SHAHI

Corporate Social Responsibility Policy

Name of the Document	Corporate Social Responsibility Policy
Version	4.0
Issuing Authority	Corporate Social Responsibility Task Force
Effective date of the document	April 1, 2023
Release date	April 1, 2023
Last reviewed	August 2023
Next review date	September 2024

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The Act	Section 135, Companies Act, 2013
The Rules	Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021
The Company	Shahi Exports
AAP	Annual Action Plan
BoD	Board of Directors
CSR	Corporate Social Responsibility
DIR	Direct implementation
FY	Financial Year
Gol	Government of India
INDIR	Indirect implementation
MCA	Ministry of Corporate Affairs

1. Objectives of the Policy

Pursuant to the requirement of Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the Corporate Social Responsibility Rules, 2014 (hereinafter referred to as 'the Rules'), Shahi Exports is hereby formalising its policy relating to Corporate Social Responsibility (CSR) programs to be conducted in India.

Shahi Exports shall continue its commitment to contribute to economic and social development in India through activities and programs aligned with Schedule VII of the Act.

2. Background

2.1. About the organisation

Established in 1974, Shahi Exports ("Shahi" or "the Company") has come a long way from its humble origins as a family-owned company to becoming India's largest manufacturer and exporter of apparels. Shahi operates more than 50 factories and 3 processing mills across 9 states. Our diversified product range and strong commitment to ethical operations and environment sustainability have established Shahi as one of the most preferred garment manufacturers in the world.

2.2. Scope and Applicability

The Company outlines its CSR Obligation for the financial year based on the parameters laid down in Section 135(1) of the Companies Act, 2013. The Act mandates companies meeting the qualification criteria to allocate a certain portion of their annual net profits (before tax) computed in accordance with Section 198 of the Act during the three immediately preceding financial years to be spent on CSR Activities that fall under purview of Schedule VII of the Act.

2.2.1. **Expenditure on CSR capabilities-** The Company may build CSR capabilities of their own personnel as well as of their Implementing Agencies and such expenditure shall not exceed 5% of the total CSR spend of the Company as stated in the Rules from time to time. Determination of whether particular expenses fall within this 5% cap can be decided in consultation with the Chief Financial Officer of the Company based on the clarification available from time to time in this regard.

2.2.2. **Failure to spend the CSR Money-** In case the Company fails to spend its CSR obligation in a particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying

the reasons for not spending the amount which in turn shall be reported by the Board of Directors in their Directors' Report for that particular Financial Year. Unspent money related to ongoing projects shall be transferred to a separate account opened in a scheduled bank known as the Unspent CSR Account within 30 days from the end of the financial year and unspent money in the case of projects other than ongoing projects shall be transferred to a permitted fund under Schedule VII of the Act within 6 months from the end of the financial year. Surplus, if any, arising out of the CSR initiatives shall not form part of the business profits of the Company and shall be ploughed back into the same project or transferred to the Unspent CSR Account and spent in pursuance of the CSR policy and annual action plan.

3. CSR Philosophy, Vision and Mission

3.1. Philosophy

Corporate Social Responsibility is an arm of our Responsible For People mission that extends our learnings from worker well-being initiatives to the communities we operate in. Our purpose to serve and uplift people comes from our founder's keen understanding of the ripple effect that is triggered by sustained and meaningful employment. The transformation of people's lives through our employees emerged as a strong motivation to consolidate and dedicate our energies toward our four focus areas:

- Samarthanam | Skill Development
- Soukyam | Health
- Shikshanam | Education
- Swacchatam | Environmental Sustainability

3.1.1. *Vision*

To Serve, Uplift, and Transform communities across our value-chain for a sustainable future.

3.1.2. *Mission*

To carry this spirit, our programs address the geographic needs of the communities we operate in. Our mission is to:

- Samarthanam | Skill Development
Promote and provide access to soft and technical skills and sustained employment.
- Soukyam | Health
Drive better health and life expectancy for women, children, and low-income and marginalized communities.
- Shikshanam | Education
Elevate access to foundational numeracy and literacy for school-going learners.
- Swacchatam | Environmental Sustainability
Facilitate a better living environment.

4. Approach to CSR

4.1. Model of Implementation

Shahi will undertake its CSR activities either directly, through eligible implementation agencies or through the contributions route. Surplus, if any, arising out of the CSR activities shall not form part of the business profit of the Company and shall be treated in accordance with the Act and CSR Rules thereunder.

4.2. Priorities and Focus Areas

In accordance with the requirements under the Act and Rules thereunder, Shahi's CSR activities, amongst others will focus on the following:

- i. Eradicating hunger, poverty and malnutrition
- ii. Promoting healthcare and sanitation
- iii. Promoting education and gender equality
- iv. Environmental sustainability and protection of national heritage, art and culture
- v. Disaster management and slum area development
- vi. Skill development and livelihood
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports
- viii. Contribution to public funded universities and funds setup by the Central Government
- ix. Contribution to permitted incubators or research and development projects in the field of science, technology, engineering and medicine

Additionally, the company will also align its activities with Sustainable Development Goals (SDGs).

5. CSR Governance

5.1. Formulation of CSR Committee

Shahi shall constitute a CSR Committee consisting of three members. These shall be the 2 Members and 2 Advisory Members. Other persons may attend meetings of the Committee based on invitation only. The CSR Committee shall report to the Board of Directors who shall be at liberty to change the composition of the Committee by amending this Policy.

5.2. Roles and Responsibilities

The roles and responsibilities of the CSR Committee and the Board of Directors in the case of CSR have been listed below:

S. No.	CSR Committee	Board of Directors
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1	Formulate and recommend the CSR policy to the Board	Approve the CSR Policy
2	Recommend the amount of expenditure to be incurred on CSR activities	Ensure contents of the Policy are part of the Board's report and are placed on the website of the company, if any
3	Monitor the CSR Policy of the Company from time to time	Ensure activities undertaken are in line with the Policy
4	Formulate and recommend to the Board an Annual Action Plan, which shall include the items as mentioned in Rule 5(2) of the Companies (CSR Policy) Rules, 2014	Ensure that Shahi spends at least two percent of the average net profits of the company made during the immediately preceding financial year on CSR
5	Meet with a quorum of at least 2 members to review activities conducted and plan for the coming quarters	Satisfy itself regarding utilization of the funds disbursed
6	To coordinate with administrators and consultants to ensure that timelines and milestones are being met	Ensure unspent / unutilized funds and surplus funds are treated in accordance with the Act and Rules thereunder
7	Recommend modification / termination of projects undertaken and provide justification for the same	Identify ongoing projects and ensure year-wise allocation of funds
8	Monitor the CSR expenditure and make recommendations to the Board as necessary	Make modifications, if any, for smooth implementation of projects within the overall permissible time period

5.3. Frequency of the Meetings of the CSR Committee

The CSR Committee shall meet 4 times for a year. Members of the CSR Committee can agree mutually regarding time and place for the said meetings. Quorum for the meeting should be 7. The Members of the Committee may participate in the meeting either in person or through video conferencing or other audio-visual means in accordance with the provisions of the Companies Act, 2013 and rules made thereunder from time to time.

6. Annual Action Plan

The Annual Action Plan or Annual CSR Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines the following aspects of CSR initiatives of the Company:

- Tailor-made CSR projects depending upon allocated spend and geographical presence
- Partnering agencies/companies/firms
- Process Owners
- Project Proposals
- Targeted Beneficiaries & their key needs
- Alignment with Schedule VII

- Project Goals and milestones
- Activities and Timelines including expected closure dates
- CSR Budget with projections
- Monitoring mechanism
- Progress reporting and frequency of reports
- Risks and mitigation strategies
- Any other information as may be required by the CSR Committee

S.No.	Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	Execution details
				State.	District.					
Flagship Project										
1	Employment and economic advancement of women and migrant workers in India	I	No	Pan India	India	3 year	₹70,000,000	No	Good Business Lab	Annual Action Plan, Create Tasks, Setup the Timeline, community Target/ aspirational communities with total beneficiaries target. Track Progress by doing the evaluation and monitoring, and Communicate Regularly. Engage with External Stakeholders Effectively. Reporting and Documentation
Shikshanam - Education										
2	School Development Project (infrastructure development in the school, STEM lab, Library, Books, Desk,	II	Yes	Karnataka, Tamil Nadu and Andhra Pradesh	Bengaluru, Tumkur, Kolar, Maddur, Krisnagiri, Kuppam	3 year	₹130,00000	Yes	Shahi Exports Pvt Ltd	same as above

	Chair, computer lab, toilet construction etc)									
3	Women Empowerment (Skill Development Project)	II	No	Karnataka, Tamil Nadu	Mandya, Mysuru, Shivamogga, Hosur	2 year	₹5,081,775	No	Kshitij	same as above
4	CEDA Economic and Data Analysis	II	No	India	Pan India	3 year	₹7,500,000	No	IFRA (Ashoka University)	same as above
Soukhyam- Health										
5	Swasth Parivar: Satellite Clinic (Family planning and sexual reproductivity program)	I	yes	Karnataka	Bengaluru	2 year	₹3,946,250	No	FPAI	same as above
6	Menstrual Cup Awareness and the Usage for Migrant Workers and College Students	I	No	Karnataka, Tamil Nadu and Andhra Pradesh	Mysuru, Mandya, Shimoga and Haveri	3 year	₹1,875,000	No	Kshitij	same as above
7	Building construction for Government Primary Health Center Baglur (Block hospital), Tamilnadu	I	No	Tamil Nadu	Bagalur	1 year	₹10,600,000	Yes	Shahi Exports Pvt Ltd	same as above
8	Improving Maternal Child Health and Nutrition Services In Urban Bengaluru	I	Yes	Karnataka, Tamil Nadu and Andhra Pradesh	Bengaluru , Tumkur, Kolar, Maddur	3 Year	₹4,864,321	No	Bal Raksha Bharath	same as above

Swachhatam - Environment Sustainability										
9	Tree Plantation Project	IV	No	Karnataka and Delhi	Hassan, Mysore, Tumkur, Ghaziabad, Faridabad, Delhi	1 year	₹10,202,500	Yes	Shahi Exports Pvt Ltd	same as above
10	Solid Waste Management	IV	Yes	Karnataka	Bengaluru, Shivamogga	3 Year	₹5,633,000	No	Saahas Ngo	same as above
Samarthanam - Skill Development										
11	Migrant Support Center (Bihar, Karnataka, Odisha) and Migrant Support Center digital application platform	II & III	Yes	Karnataka	Bengaluru	1 year	₹1,427,535	Yes	Shahi Exports Pvt Ltd	same as above
12	Skill Development Project (Rural women)	II & III	Yes	Pan india	Ghazabad, Faridabad, Jammu and Kashmir	1 year	₹4,342,380	No	Shahanshahi Trust	same as above
13	Skill Development Project (Women at risk of human trafficking)	II & III	Yes	Odisha	Jharsuguda	2 year	₹1,200,000	No	Know Me Trust	same as above

14	Skill Development Project (physically abled people)	II & III	Yes	Tamil Nadu	Tamil Nadu	1 Year	₹2,300,000	No	Shahanshahi Trust (Sri Vasantha Sai Charitable Trust)	same as above
Community Development (Rural Development)										
15	Community Development (Rural Development)	X	Yes	Shimoga	Karnataka	3 year	10600000	Yes	Shahi Export Pvt Ltd	same as above
13	Admin Cost					1 year	₹897,170	Yes	Shahi Exports Pvt Ltd	same as above
Total							₹151,923,681			

7. Collaboration

The Company may contribute on its own or may collaborate with any other company/ies from time to time for undertaking CSR activities and the CSR committee can report separately to the Board on such activities in accordance with the CSR rules.

8. Criteria for Selection, Implementation & Monitoring Process

Criteria are prepared as part of a roadmap in line with the Board Resolution, Objectives, and the Annual Action Plan, which details the various stages in a project lifecycle.

8.1. Selection and approval of projects

Projects shall be identified in line with the CSR Policy and the geographies where Shahi wishes to create an impact within the underserved communities. Thorough due diligence shall be carried out before selecting an implementing agency to work with.

8.2. Project implementation guidelines including M&E practices

Implementing agencies shall submit narrative and financial utilization reports to Shahi on a half yearly basis with an annual audited utilization certificate based on which the Chief Financial Officer of the Company shall certify to the Board the utilization for the year against the obligation. Corrective measures shall be put in place in case projects are not meeting the timelines and milestones put in place. External partners may be engaged by the Company for Monitoring and Evaluation of projects.

8.3. Impact assessment practice

Impact assessment shall be carried out in line with the Act and Rules thereunder at least one year after the CSR project completion. Impact assessment shall be carried out only for those projects having an outlay of one crore or more when the Company has an average CSR obligation of 10 crore or more in the preceding three years. Such impact assessment will be carried out by an independent agency which the Company shall identify. Shahi shall ensure that it spends the higher between 2% of its CSR expenditure for the year or 50 lakh on impact assessment.

9. Reporting and Disclosures

An annual CSR report and the annual action plan will be included in the Directors Report within the Annual Report of Shahi, and placed before the Board for approval. As part of the reporting, the Board will be responsible to ensure that:

- The annual report on CSR includes the requisite information in terms of the Act and the Rules thereunder
- The contents of the latest and updated version of the CSR Policy will be included in the report of the Board
- Links to impact assessment reports, if applicable will be annexed
- In case of failure to ensure minimum CSR expenditure, detailed reasons for the same will be disclosed in the Board's Report

10. Publication of CSR Policy and Programmes

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website. Additionally, the composition of the CSR Committee and Projects approved by the Board will also be displayed on the website of the Company.

11. Policy review and future amendments

The Committee shall review its CSR Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board.