



SEVEN ISLANDS SHIPPING LIMITED

Corporate Social Responsibility Policy

Philosophy

Corporate Social Responsibility (CSR) is strongly connected with the principles of sustainability. An organization should make decisions based not only on financial factors, but also on the social and environmental consequences. Seven Islands Shipping Ltd. (SIS) recognizes that its business activities have wide impact on the society in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. Therefore, it is the core corporate responsibility of SIS to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interest of its stakeholders.

Applicability

The Ministry of Corporate Affairs (MCA) has added new section 135 for involving the big Corporates to undertake activities for the well-being and development of the society. MCA has made it mandatory for all the Companies, listed and unlisted both, which lies beyond the prescribed threshold limits.

Policy

The Company endeavours to make CSR a key business process for sustainable development. SIS is responsible to continuously enhancing shareholders' wealth. It is also committed to its other stakeholders to conduct its business in an accountable manner that create a sustained positive impact on society. SIS is committed towards aligning with nature and shall adopt eco-friendly practices.

The activities to be taken up during any financial year shall be within the purview of the items classified by the MCA under Schedule VII of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof for the time being in force). The activities shall relate to:

1. Eradication of 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.



2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
3. 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 group.
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, 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.
5. 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 arts and handicrafts.
6. Measures for the benefit of armed forces veterans, war widows and their dependents.
7. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
8. Contribution to the Prime Minister's National Relief Fund or any other-fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
9. Contributions or funds provided to technology incubators within academic institutions which are approved by the Central Government.
10. Rural development projects.

SIS shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

Implementation

SIS shall implement its CSR activities through the Seven Islands Shipping Foundation or such other entity/organization as approved by the CSR Committee. The surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the Company.



Formation of internal committee [Management Sustainable Committee (MSC)]

The Managing Director shall form an internal committee named Management Sustainable Committee (MSC) comprising of Company's personnel of such number at his/her discretion. However, SIS shall update the CSR Committee about composition of such committee and any changes made therein as may be required.

Expenditure

The CSR Programmes undertaken in India only shall amount to CSR expenditure

CSR expenditure shall include all expenditure, direct and indirect, incurred by the Company on CSR Programmes including contribution to corpus, for programmes relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

Moreover, any surplus arising from any CSR Programmes shall be used for CSR. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

Governance

1. Every year, the CSR Committee shall place for the Board's approval, a CSR Plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The Board shall consider and approve the CSR Plan with or without any modifications that may be deemed necessary .
2. A Management Sustainable Committee (MSC) shall be formed comprising of employees of the Company for planning, executing and monitoring the CSR Programmes with Seven Islands Shipping Foundation or any other entity, as approved by the Board. MSC will work closely with and support in implementing CSR activities through Seven Islands Shipping Foundation or other entity.
3. MSC shall assist the Seven Islands Shipping Foundation in identifying the areas of CSR activities, programs and execution of initiatives.
4. MSC shall evaluate funding of projects/programs/activities and prioritize by assessing their impact.
5. Once in every six months the MSC shall provide a status update to the CSR Committee on the progress of implementation of the approved CSR Programmes carried out during the six months period. It shall be the responsibility of the CSR Committee to review such reports and keep the Board apprised of the status of implementation of same.



6. At the end of every financial year, the CSR Committee shall submit its report to the Board.

Non-applicability of CSR Policy

The MCA has clearly indicated that only consistent profit-making entities for three immediately preceding financial years would be bound by the CSR mandates.

Thus, the Company shall not be bound to abide by this policy if its:

1. networth reduces below Rs. 500 crores; or
2. net profit reduces below Rs. 5 crores; or
3. turnover reduces below Rs. 100 crores

for any of three immediately preceding financial years. However, at such event, it shall be at the discretion of the Board, upon recommendation of the CSR Committee, to decide compliance to this policy.

Review of this Policy

The MSC shall be responsible for administration, interpretation, application and review of this policy. The Compliance Officer shall be empowered to bring about necessary changes to this policy, if required, at any stage with the concurrence of the MSC and CSR Committee.

Modification / Amendment

The CSR Committee or the Board of Directors of the Company may modify this policy unilaterally at any time without assigning any reason whatsoever. Modifications may be necessary, among other reasons, to maintain compliance with federal, state or local regulations and / or accommodate organizational changes within the Company.

Dissemination

The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website in the prescribed manner.

Reference

Section 135 of the Companies Act, 2014:

“(1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.



- (2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
- (3) The Corporate Social Responsibility Committee shall,—
- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
 - (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
 - (c) monitor the Corporate Social Responsibility Policy of the company from time to time.
- (4) The Board of every company referred to in sub-section (1) shall,—
- (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
 - (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- (5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (c) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation.—For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.