



Corporate Social Responsibility Policy

Netafim Irrigation India Pvt. Ltd.

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1 INTRODUCTION

1.1 Netafim India Philosophy

Netafim India is a wholly owned subsidiary of Netafim Limited, Israel, a global leader in micro-irrigation solutions for sustainable productivity. Established in 1997, Netafim India offers a wide range of micro-irrigation, greenhouse and field automation solutions. At Netafim India, we help our customers produce more yields and better crops with less water, land and energy. Netafim India offers extensive agronomic, design, after-sales support, and agri-extension services to ensure sustainable prosperity to over 3.25 lakh farming families and this journey is still on. In accordance with our long-held corporate values, we reach out and care for the people we serve, seeking input from our worldwide partners, our clients, and our employees, and provide them with the full benefit of our experience so they, in their turn, can share their success with others.

As involved and accountable members of the global community, we actively seek out and create partnerships with interested parties with whom we can identify – then promote - a public policy of sound environmental management.

To further and better spread the environmental word and to close knowledge gaps where we find them, we have established Netafim Academy which reaches out to clients, existing and potential, assisting them to learn how to become efficient and productive food producers. Even in the most arid of conditions and the remotest of locations, we will strive to help communities, large and small, to increase their capacity to feed themselves.

1.2 CSR in India

CSR in India has traditionally been seen as a philanthropic activity. While the corporate houses have been traditionally engaged in doing CSR activities voluntarily, the new CSR provisions put formal and greater responsibility on companies to set out clear framework and process to ensure strict compliance.

The Companies Act, 2013 (hereinafter referred to as ‘the Act’), has introduced the idea of CSR to the forefront and through its “Comply-or-Explain” mandate. It mandates qualifying companies to constitute Corporate Social Responsibility Committee to effectively monitor CSR activities of the Company. Further the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as “CSR Rules”) lays down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act.

2 OBJECTIVE & SCOPE

The main objective of the CSR Policy is to lay down guidelines for Netafim Irrigation India Private Limited (hereinafter referred to as 'the Company') to make CSR as one of the key focus areas to adhere to the Act as well as principles of Company's global standards that focuses on making a positive contribution to society.

This Policy covers current as well as proposed CSR activities to be undertaken by the Company and examining their alignment with Schedule VII of the Act as amended from time to time. It covers the CSR activities which are being carried out in India only and includes strategy that defines plans for future CSR activities.

The Company is committed to being a good corporate citizen and also being a good contributor to the socio communities as well. We intend to contribute to various CSR initiatives and we seek to participate in ways that touch people's lives through these initiatives.

Areas of Interest:

Areas of Interest that the Company may undertake under the ambit of CSR are listed below:

- (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 vocational skills especially among children, women and the differently abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; day care centres and such other facilities and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna and conservation of natural resources and maintaining quality of soil, air and water;
- (v) Protection of national heritage, art and culture; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic Sports;
- (viii) Contributions 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;
- (ix) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central or State Government;

- (x) Rural development projects;
- (xi) Slum area development;
- (xii) Disaster management, including relief, rehabilitation and reconstruction activities

The Company may contribute to any other areas of interest as permitted under Schedule VII of the Act from time to time.

The Company may accordingly update the above list as per Section 135 and Schedule VII of the Act as amended from time to time.

The Company focuses its philanthropy primarily in regions of India where the Company has a business presence. However, The Company may contribute to causes in other parts of India, if the CSR Committee is of the opinion that such contribution is appropriate.

3 CSR COMMITTEE

3.1 Constitution

Pursuant to the provisions of Section 135 of the Act, the Board of Directors shall constitute the Corporate Social Responsibility (CSR) Committee. The Members of CSR shall be appointed by the Board of Directors of the Company which must consist of two or more Directors.

3.2 Powers of the Committee

Following are the Powers of the CSR Committee:

- (i) Formulate CSR Policy and recommend the same to the Board of Directors of the Company for approval
- (ii) Recommend CSR activities as stated under Schedule VII of the Act
- (iii) Approve to undertake CSR activities in collaboration with other Companies/firms/NGOs etc. and to separately report the same in accordance with the CSR Rules
- (iv) Recommend the CSR Budget
- (v) Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules
- (vi) Create transparent monitoring mechanism for implementation of CSR Initiatives in India
- (vii) Submit the Reports to the Board in respect of the CSR activities undertaken by the Company
- (viii) Monitor CSR Policy from time to time
- (ix) Monitor activities/charter of Joint Working Group (JWG) who are authorized to ensure that the CSR activities of the Company are implemented effectively
- (x) Authorize executives of the Company to attend the CSR Committee Meetings

3.3 Frequency of the Meetings of the CSR Committee

The CSR Committee shall meet at least once in a quarter. Members of the CSR Committee can agree upon mutually regarding time and place for the said meetings. Quorum for the meeting shall be two Members. 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 there under from time to time. Other Members of the Senior Management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee. Minutes of the CSR Committee shall be placed before the Board for noting.

4 CSR BUDGET/CSR SPEND

The Act mandates companies meeting the qualification criteria to allocate certain portion of its annual net profits (before tax) during the three immediately preceding financial years to be spent on CSR Activities that fall under purview of Schedule VII of the Act.

4.1 CSR Expenditure:

At least 2 % of the average net profits of the Company made during the three immediately preceding financial years. Net profit means profit more fully described under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditure including contribution to corpus or on projects or programs relating to CSR activities approved by the Board of Directors 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 stated under Schedule VII of the Act.

4.2 Failure to spend the CSR Money

In case the Company fails to spend the above targeted amount in that particular financial year, the Company shall transfer such unspent amount to any Fund included in Schedule VII of the Act, and 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. Surplus arising out of the CSR initiatives shall not form part of the business profits of the Company.

5 CSR MONITORING & REPORTS

5.1 Monitoring Mechanism

A Joint Working Group (JWG) comprising of employees of the Company for fulfilling its CSR obligations will be created to ensure effective implementation and monitoring of the projects approved by the CSR Committee. The JWG will submit periodic reports to the CSR Committee of the Company on the progress of the various projects approved by the Committee and entrusted to the JWG for implementation and monitoring.

5.2 Reports

JWG shall assist the CSR Committee to prepare reports that are required to be placed before the Board. The format of the Report shall be as per the latest format prescribed under the CSR Rules.

6 PUBLICATION OF CSR POLICY & PROGRAMS

6.1 Publication of the CSR Policy

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, if any.

7 POLICY REVIEW & FUTURE AMENDMENT

The Committee shall annually review its CSR Policy or at shorter interval if required and make suitable changes as may be required and submit the same for the approval of the Board.