CORPORATE SOCIAL RESPONSIBILITY POLICY

[Framed under Section 135 of the Companies Act, 2013]

Approved by the Board of Directors at its meeting held on 4th September 2026

Version	Effective Date	Summary of Key Changes	Approved By
1.0	04-09-2026	Policy adopted by the Board of Directors, incorporating the CSR amendments effective 27 May 2026.	Board of Directors

Philosophy

The Company believes in inclusive growth and sustainable development of the society. The Company aims at the development of the community in which it operates along with its own growth. If a human being is a social animal, a company is a corporate citizen with its unwritten responsibilities to society at large.

This Policy has been framed under Section 135 of the Companies Act, 2013, Schedule VII to the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, in each case as amended from time to time, including the amendments effective from 14 July 2025 and 27 May 2026. This Policy has been approved by the Board of Directors of the Company and is effective from the date of such approval, i.e., 4th September 2026.

Definitions

In this Policy, terms have the meanings assigned to them under Section 135 and the CSR Rules. In particular: “Act” means the Companies Act, 2013; “CSR” means activities undertaken under Section 135 in accordance with this Policy, excluding the activities listed under “Excluded activities” below; “CSR Rules” means the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended; “Net profit” means net profit computed in accordance with Section 198 of the Act; “Ongoing Project” means a multi-year project having timelines not exceeding three years, excluding the financial year in which it commenced; “Administrative overheads” means expenses incurred for the general management and administration of CSR functions, excluding expenses directly attributable to a particular CSR project; “Annual Action Plan” means the plan formulated under Rule 5(2) of the CSR Rules; “Not for Profit Organization” or “NPO” has the meaning assigned under Rule 2(1) of the CSR Rules; and “Zero Coupon Zero Principal Instrument” or “ZCZP Instrument” has the meaning assigned under Rule 2(1) of the CSR Rules.

Applicability

This Policy applies to the Company in every financial year in which, during the immediately preceding financial year, it had a net worth of ₹500 crore or more, or a turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more. Where the Company ceases to meet these criteria for three consecutive financial years, it shall not be required to comply until it again meets them.

Corporate Social Responsibility (CSR) Committee

A CSR Committee shall be constituted only where required under Section 135(1). Where constituted, the Committee shall consist of two or more directors.

Any change in constitution of the committee shall have to be approved by the Board of Directors. The actual composition of the Committee shall be recorded in the minutes of the Board of the Company.

Threshold (Section 135(9)): Where the amount required to be spent by the Company on CSR in a financial year does not exceed ₹50 lakh, no CSR Committee need be constituted and the Board shall discharge the functions of the Committee under this Policy. In such a case, every reference in this Policy to the "CSR Committee" shall be read as a reference to the "Board".

Role of CSR Committee (or the Board)

The Committee shall meet as often as necessary to discuss and finalise:

1. Budget for CSR and any revisions thereof
2. The areas in which the Company has to contribute
3. Implementation plan
4. The progress of various projects and recommend changes if any needed
5. Any other matter of relevance
6. Formulate and recommend to the Board an Annual Action Plan under Rule 5(2), and any amendments thereto during the year
7. Institute a transparent monitoring mechanism for the implementation of CSR projects and programmes

Annual Action Plan

For each financial year, the CSR Committee (or the Board) shall formulate and recommend, and the Board shall approve, an Annual Action Plan comprising: (a) the list of CSR projects or programmes approved within the areas in Schedule VII; (b) the manner of execution, whether directly or through a registered implementing agency; (c) the modalities of utilisation of funds and implementation schedules; (d) the monitoring and reporting mechanism; and (e) details of need and impact assessment, if any. The Board may alter the plan during the year on the reasonable recommendation of the Committee.

Governance

The CSR Committee shall, for each financial year, prepare and present before the Board of Directors the budget and proposals for implementing CSR activities and the Board will consider and approve the recommendations with modifications if any.

CSR Focus Areas and Activities

In agreement with its CSR philosophy and in accordance with Schedule VII of the Companies Act, 2013, the areas of activity shall be the following:

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and 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 groups.
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
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 recognised 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 to incubators or research and development projects in science, technology, engineering and medicine funded by the Central Government, State Government, public sector undertaking or an agency of the Central or State Government, and contributions to public-funded universities and specified research bodies, in accordance with Schedule VII.
10. Rural development projects.
11. Contribution to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund.
12. Contribution to incubators or research and development projects in science, technology, engineering and medicine funded by the Government, and to specified public-funded universities and research institutions.
13. Slum area development.
14. Disaster management, including relief, rehabilitation and reconstruction activities.
15. Subscription to zero coupon zero principal instruments on a Social Stock Exchange, subject to Rule 4A of the CSR Rules.

Preference shall be given to local area and areas around which the Company operates.

Excluded Activities

The following shall not be regarded as CSR: activities undertaken in the normal course of business; activities undertaken outside India, except training of Indian sports personnel; contribution of any amount, directly or indirectly, to any political party under Section 182; activities benefitting employees as defined under the Code on Wages, 2019; activities on a sponsorship basis for deriving marketing benefits; and activities carried out for fulfilment of any other statutory obligation.

Funding

Sources of fund for CSR activities shall be the following:

1. Two per cent of the average net profits of the Company made during the three immediately preceding financial years, computed in accordance with Section 198 of the Act.
2. Any income generated from the above activities.

Surplus generated from CSR activities shall not form part of business profit of the Company. Such surplus shall be ploughed back into the same project, or transferred to the Unspent CSR Account, or to a Fund specified in Schedule VII, in the manner and within the timelines prescribed.

Administrative overheads shall not exceed 5% of the total CSR expenditure of the Company for the financial year.

Any amount spent in excess of the requirement may be set off against the CSR obligation for up to the three immediately succeeding financial years, subject to a Board resolution and the conditions prescribed under the CSR Rules.

Any capital asset created or acquired out of CSR amounts shall be held only by a Section 8 company, registered trust or society having a CSR Registration Number, or by the beneficiaries of the project, or by a public authority.

Treatment of Unspent CSR Amount

Any amount remaining unspent pursuant to an Ongoing Project shall be transferred, within 30 days from the end of the financial year, to a special account with a scheduled bank called the “Unspent Corporate Social Responsibility Account”, and shall be spent within three financial years from the date of transfer; failing which it shall be transferred to a Fund specified in Schedule VII within 30 days from completion of the third financial year.

Any amount remaining unspent, other than in respect of an Ongoing Project, shall be transferred to a Fund specified in Schedule VII within six months from the end of the financial year. The Board's Report shall specify the reasons for any shortfall in spending.

Implementation

The Board may undertake approved CSR activities directly or through an implementing agency eligible under Rule 4(1) of the CSR Rules, including an eligible Section 8 company, registered public trust or registered society, subject to the applicable income-tax registrations or approvals and other statutory conditions.

Where the implementing agency is not established by the Company, the Central Government, a State Government, or under an Act of Parliament or a State Legislature, it shall have an established track record of at least three years in undertaking similar activities, where required by the CSR Rules.

Every implementing agency required to register under Rule 4(2) shall file the applicable Form CSR-1 with the Central Government and obtain a valid CSR Registration Number before undertaking CSR activities on behalf of the Company. The Company shall verify the agency's eligibility, registrations, approvals and CSR Registration Number before disbursing funds.

The Board shall approve the CSR projects or programmes to be undertaken through such entities and the modalities for utilisation of funds, monitoring and reporting.

The Company may also collaborate with other companies for undertaking projects or programs in such a manner that the CSR committees of the respective companies are in a position to report separately on such projects or programs.

The Company may engage international organisations for the design, monitoring and evaluation of CSR projects and for capacity building of its personnel, in accordance with the CSR Rules.

The Company may also make direct contributions to eligible funds or undertake other permissible modes of CSR implementation in accordance with Schedule VII and the CSR Rules:

i. 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.
ii. To technology incubators located within academic institutions which are approved by the Central Government.

The Company may implement CSR through subscription to a ZCZP Instrument issued by an eligible NPO registered with the Social Stock Exchange segment of a recognised stock exchange. Expenditure through this route shall not exceed 10% of the Company's total CSR expenditure for that financial year. Projects funded through such instruments shall be governed by Rule 4A of the CSR Rules, including the prescribed project duration, treatment of unspent amounts and impact-assessment exemption.

Monitoring and Impact Assessment

The CSR Committee (or the Board) shall put in place a transparent monitoring mechanism for implementation. Where the Company has an average CSR obligation of ₹10 crore or more in the three immediately preceding financial years, it shall undertake impact assessment, through an independent agency, of CSR projects with outlays of ₹1 crore or more completed not less than one year earlier; the cost of such assessment may be booked to CSR subject to the ceiling prescribed under the CSR Rules.

Reporting

The Company shall include the prescribed annual report on CSR activities in its Board's Report and shall file Form CSR-2 within the applicable timelines. The Board shall ensure that the CSR Policy, the composition of the CSR Committee and the CSR projects approved by the Board are disclosed on the Company's website, if any, in accordance with the Act and the CSR Rules.

P.B. No. 5801, 45-A1, 2nd Phase, Peenya Industrial Area, Bengaluru-560 058, India.
Tel: +91 80 42611111, Fax: +91 80 28396013, email : bangalore@paragonfootwear.com
CIN :U24134KL1990PTC005761

Amendment

The CSR Committee (or the Board, where Section 135(9) applies) shall review this Policy from time to time and recommend amendments to the Board. Any amendment shall become effective only upon approval by the Board. In the event of any inconsistency between this Policy and the Act, Schedule VII or the CSR Rules, the statutory provisions shall prevail.