

HLL LIFECARE LIMITED
CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY POLICY

1.0.Introduction and Background

1.1With the promulgation of the Companies Act, 2013, it has become mandatory for every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of `1,000 crore or net profit of `5 crore, to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities.

1.2Section 135 of the Companies Act, 2013, deals with the subject of Corporate Social Responsibility. It lays down the qualifying criteria for companies which are required to undertake CSR activities and, inter alia, specifies the broad modalities of selection, implementation and monitoring of the CSR activities by the Boards of Directors of companies. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the Companies Act, 2013. The activities which may be included by companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 of the Act and Schedule VII of the Act apply to all companies including CPSEs.

1.3 The Ministry of Corporate Affairs has formulated CSR Rules under the provisions of the Act and modified the same on 27-02-2014. The CSR Rules became applicable to all companies including CPSEs with effect from 1st April 2014.

1.4HLL's Policy on Corporate Social Responsibility & Sustainability formulated in 2013 in accordance with "Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises" issued by Department of Public Enterprises, vide its Office Memorandum No.15(7)/ 2012-DPE (GM)-GL-104 dated 12thApril2013, has been revised to align with the newly introduced provisions for Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013.

1.5The Policy on Corporate Social Responsibility & Sustainability is adopted by the Company to align its philosophy to initiate measures and pursue socially useful programmes with the objectives and activities of CSR envisaged and incorporated in the Companies Act, 2013 and the rules made there under and the policy directions issued by the Government from time to time.

1.6 CSR and Sustainability is an integral part of HLL's business. The Policy provides HLL with a broad framework for CSR and Sustainability initiatives of the Company. HLL has taken care to ensure that all requirements of the DPE guidelines on CSR and Sustainability for CPSEs have been taken into account in framing the Policy.

2.0 Name

The Policy is called the "HLL Corporate Social Responsibility & Sustainability Policy" (hereinafter referred to as 'CSR Policy/Policy').

3.0 Applicability

HLL CSR Policy has been developed in consonance to Section 135 of the Companies Act 2013 on CSR and in accordance with the CSR Rules notified by the Ministry of Corporate Affairs, Government of India in 2014. The Policy shall apply to all CSR projects/programmes undertaken by HLL in India as per Schedule VII of the Act and applies throughout HLL and all employees.

4.0 Effective date

This Policy will come into force with effect from 1st April 2014.

5.0 Objectives of the Policy

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars and notifications (collectively referred hereinafter as "Regulations") as may be applicable and as amended from time to time & notified by the Ministry of Corporate Affairs and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Creating opportunities for employees to participate in socially responsible initiatives.
- Demonstrate commitment to the common good through responsible business practices and good governance.
- Engender a sense of empathy and equity among employees of HLL to motivate them to give back to the society.

6.0 Definitions

In this Policy unless the context otherwise requires:

- a) 'Act' means Companies Act, 2013
- b) 'Company' means HLL Lifecare Limited (HLL)
- c) 'Board' means Board of Directors of the Company.
- d) 'CSR Rules' means Companies (Corporate Social Responsibility Policy) Rules, 2014
- e) 'CSR Committee' means Corporate Social Responsibility Committee constituted by the Board pursuant to Section 135 of the Companies Act, 2013.
- f) 'Ministry' means the Ministry of Corporate Affairs
- g) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following:
 - i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and
 - ii) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act.

- h) Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

7.0 CSR Committee

7.1 HLL will have a Board level sub-committee herein after referred to as Corporate Social Responsibility Committee (CSR Committee) consisting of three or more Directors, out of which at least one shall be an Independent Director.

7.2 The Committee, referred above, shall:

- a. Formulate and recommend to the Board the CSR Policy and any amendments thereof;
- b. Recommend the amount of expenditure to be incurred on the activities, as per CSR Policy;
- c. Be responsible for implementation and monitoring of CSR projects or programmes or activities of the Company.

7.3 The CSR Committee shall meet as and when deemed necessary.

7.4 Quorum of meeting of CSR Committee shall be one third of the total strength or two directors, whichever is higher.

7.5 The CSR Committee may invite Senior Executives, representatives of Implementation Agency, Auditors of the Company and such other person (s) as it may consider necessary to attend the meeting.

8.0 CSR activities and implementation

8.1 The scope of this Policy will extend to activities as stated under Schedule VII of the Companies Act, 2013, presently in force. The scope of the policy also include all additional and allied matters, as will be notified by Ministry of Corporate Affairs or such other body, as appointed / notified by Central Government, from time to time for this purpose.

8.2 The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:

- i. Eradicating hunger, poverty and malnutrition, promoting 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
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects
- iii. 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
- iv. 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, *including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga*
- v. 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
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents

- vii. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports
- viii. 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
- ix. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government
- x. Rural development projects
- xi. Slum area development
- xii. Such other matters as may be prescribed under applicable statute from time to time
- xiii. Such other activity as may be thought fit by the CSR Committee and approved by the Board of Directors.

9.0 CSR Budget

9.1 As set out in the Companies Act, 2013, the Company will endeavour to spend the following amounts for CSR activities in pursuance of this Policy:

- i. 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. The "average net profits" shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013 and the rules made there under from time to time.
- ii. Any income arising from the activities mentioned above.
- iii. Surplus, if any, arising out of CSR activities.

9.2 Contribution of any amount directly or indirectly to any political party under Section 182 of the Companies Act, 2013, shall not be considered as CSR activity.

9.3 Amount spent on CSR activities shall include all expenditure including contribution to corpus or on projects or programmes relating to CSR activities approved by the Board on the recommendation of its CSR Committee(**e.g. contribution to Pratheesksha Charitable Society**), but will 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 Companies Act, 2013.

9.4 Any surplus arising out of the CSR activity will not be part of the business profits of the Company.

10.0 Approving Authorities (Delegation of Power)

10.1 Every proposal under CSR activity following the due approval process in HLL shall be put up to the CSR Committee of the Board. Proposals approved by the Committee shall be put up to the Board of Directors for approval.

10.2 All the CSR project proposals shall be approved by Board of Directors for implementation.

11.0 Modalities of Execution/Implementation

11.1 The Board of Directors of the Company may on recommendation of the CSR Committee, determine/approve the projects or programmes or activities (identified project or programme or activity) to be undertaken by the Company under CSR initiatives, from time to time. However, the Board shall ensure that the projects or programmes or activities undertaken are related and within the broad purview of the activities as stated under Schedule VII or any other relevant provision of the Companies Act, 2013.

11.2 The minimum eligibility criteria for any project or programme or activity and/or other incidental or ancillary matters, including but not limited to quantum of proposed expenditure, shall be finalized by the Board of Directors or any delegatee thereof, on recommendation of the CSR Committee.

11.3 CSR projects/programmes/activities may be initiated/implemented/executed:

- i) By the Company; or
- ii) Through implementing partners/specialized agencies. The minimum eligibility criteria of an implementing partner are as follows:
 - a) It must be a registered society, trust, company or any specialized agency having minimum three years of experience post registration in handling activities of similar nature
 - b) Experience of working with any Government Body or Public Sector Enterprise will be preferred

11.4 An agreement/contract or any other written communication will be executed by the Company.

11.5 The Board of Directors may on recommendation of the CSR Committee decide to collaborate with other Companies for undertaking CSR projects or programmes or activities.

11.6 While undertaking CSR projects or programmes or activities preference shall be given to the local area or area of operation of the Company. Such area of operation for any identified project or programme or activity shall be finalized by the Board of Directors or any Committee thereof, upon recommendation of the CSR Committee.

11.7 CSR Committee shall have full discretion to specify or modify the modalities of execution of CSR projects or programs and to determine implementation schedules.

11.8 The CSR projects or programs or activities that benefit only the employees of the Company and their families or activities undertaken in pursuance of normal course of business of the Company shall not be considered as CSR activities in accordance with this Policy or under Section 135 of the Companies Act, 2013.

11.9 If the Company fails to spend, the amount stated hereinabove, then reason for not spending shall be stated in the Directors Report.

12.0 Monitoring of CSR Policy

12.1 It will be the responsibility of the CSR Committee to monitor periodically the implementation of the projects / programmes / activities under this CSR policy and to ensure compliance of the provisions related to CSR mentioned in the Companies Act, 2013 and rules made there under from time to time.

12.2 The CSR Committee shall frame rules or issue directives with regard to monitoring of the CSR projects or programmes or activities.

12.3 The progress of CSR initiatives and activities will be reported to the Board on a regular basis.

13.0 Role of the Board of Directors

The role and responsibility of the Board shall include:

- Approval of CSR Policy after taking into account the recommendations of the CSR Committee.
- Reporting in the Board's report brief outline of this CSR policy including overview of projects or programs, composition of CSR Committee, average net profits of the Company for the last three financial years and prescribed CSR expenditure as required under the Companies Act, 2013 and rules made there under along with) the total amount spent on CSR activities in the financial year and ii) amount unspent, if any.
- Ensure that the contents of the CSR policy are displayed on the website of the Company in the manner prescribed under the applicable statute.
- Ensure that the CSR activities are undertaken and executed by the Company as per this CSR policy and the applicable laws.
- Specify in the Board's report, the reasons, if the required amount is not fully spent in CSR activities.

14.0 Capacity Building

The Company may build CSR capabilities of its own personnel by training its staff to think strategically about how and where the money is being spent, as well as how to effectively manage other agencies through which or in collaboration with which the company undertakes /may undertake CSR activities. However any expenditure incurred for building CSR capacity whether own or that of eligible implementing Agency shall not exceed 5% of total CSR expenditure in one particular financial year.

15.0 Documentation & Dissemination

The CSR approach including the base-line data (wherever applicable) made available at the start of the project and the impact so quantified on completion of the project shall be documented for record purposes and future use as well as for sharing of experience. The same shall be also uploaded on HLL website. CSR initiatives of the company will also be reported in the Annual Report of the Company in the format prescribed under the Companies Act, 2013.

16.0 Amendments to the Policy

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

17.0 General

17.1 The Policy will supersede/override any previous policy made in this regard.

17.2 The power to interpret and administer the Rules shall rest with Chairman & Managing Director (CMD), HLL whose decision shall be final and binding. CMD is also empowered to make any supplementary rules/orders to ensure effective implementation of this Policy.
