

---

# POLICY ON CORPORATE SOCIAL RESPONSIBILITY

---

## Chapter 1

---

### 1. CONCEPT

#### 1.1 PREAMBLE

- 1.1.1. India has emerged as one of the largest economies in the world, and an increasingly important player in the global scenario, but, it is still home to the largest number of people living in absolute poverty and the largest number of undernourished children due to uneven distribution of wealth which many believe, is the root cause of social unrest.
- 1.1.2. Government as well as regulators have responded to this unrest and has framed the National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Business or the NVGs (accompanied by the Business Responsibility Reports mandated by the SEBI for the top 100 companies) and the mandatory Corporate Social Responsibility provisions under the Companies Act, 2013.

#### 1.2. SHORT TITLE & APPLICABILITY

- 1.2.1. This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the "**HNGFL CSR Policy**". It has been prepared keeping in mind the requirements of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, notified by the Ministry of Corporate Affairs vide Notification dated 27th February, 2014.

- 1.2.2. This policy shall apply to all CSR initiatives and activities taken up by the Company, for the benefit of different segments of the society, specifically the deprived, under-privileged and differently abled persons.

### **1.3. CSR VISION STATEMENT & OBJECTIVE**

- 1.3.1. The main objective of the Policy is to establish the basic principles and the general framework of action for management to undertake and fulfil its corporate social responsibility.
- 1.3.2. In alignment with vision of the company, the company, through its CSR initiatives, will create value in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community.
- 1.3.3. Corporate Social Responsibility is a form of corporate self regulation integrated into a business model. Therefore, the Policy will function as a built-in, self regulating mechanism whereby the business will monitor and ensure its active compliance with the spirit of law, ethical standards and international norms.

# Chapter 2

---

## 2. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- 2.1. The Corporate Social Responsibility Committee shall consist of three or more Directors amongst which one shall be an Independent Director.
- 2.2. The Committee shall hold meeting as and when required, to discuss various issues on implementation of the CSR Policy of the Company.
- 2.3. The quorum for a meeting of the Committee on CSR shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two members, whichever is higher.
- 2.4. The Sitting Fees for attending the meeting shall be determined from time to time by the Board of Directors.
- 2.5. The CSR Committee shall
  - 2.5.1. 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 of the Companies Act 2013;
  - 2.5.2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) in a financial year;
  - 2.5.3. Monitor the Corporate Social Responsibility Policy of the company from time to time.
  - 2.5.4. Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.
- 2.6. The Board of Directors shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for the company and disclose its contents in their report and also publish the details on the Company's website, if any, in such manner laid down in the Companies (Corporate Social Responsibility Policy) Rules, 2014 provided in **Annexure A**.
- 2.7. The Board of Directors shall ensure that the Company spends at least 2% of the average net profits of the Company made during the 3 immediately preceding financial years in pursuance of its CSR Policy.

# Chapter 3

---

## 3. RESOURCES

### 3.1. Funding & Allocation

- 3.1.1. For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, the Company will allocate 2% of its average net profits made during the 3 immediately preceding financial years as its Annual CSR Budget.
- 3.1.2. The Annual CSR Budget shall be spent on activities laid down in Chapter 4.
- 3.1.3. Any unspent/unutilised CSR allocation of a particular year, will be carried forward to the following year, that is, the CSE Budget will be non-lapsable in nature.
- 3.1.4. CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs 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 with the CSR Policy.

# Chapter 4

---

## 4. PLANNING & IMPLEMENTATION

- 4.1. The Company shall identify any one or more of the following areas for its CSR spending:
- 4.1.1. Eradication of hunger and poverty;
  - 4.1.2. Promotion of education;
  - 4.1.3. Promotion of gender equality and empowerment of women;
  - 4.1.4. Reducing child mortality and improving maternal health;
  - 4.1.5. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
  - 4.1.6. Ensuring environmental sustainability;
  - 4.1.7. Employment enhancing vocational skills;
  - 4.1.8. Social business projects;
  - 4.1.9. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
  - 4.1.10. Such other activities as may be prescribed by the Government;
- 4.2. The CSR projects or programs or activities undertaken by the company in India only shall amount to CSR Expenditure in accordance with the provisions of sub-section (5) of section 135 of the Act.
- 4.3. The activity/list of activities identified by the Company from time to time from the above items shall form part of this CSR Policy.
- 4.4. Preference shall be given to local area and areas around the Company for spending the amount earmarked for CSR.
- 4.5. The Board of the company may decide to undertake its CSR activities recommended by the CSR Committee, through a registered Trust or a registered society or a company established by the company under section 8 of the Act. Provided that –
- 4.5.1. If such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an

established track record of three years in undertaking similar programs or projects;

4.5.2. The Company shall specify the project or programs to be undertaken through these entities, modalities of utilization of funds on such projects and programmes and the monitoring and reporting mechanism.

4.6. The company shall build CSR capacities of their own personnel as well as of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed 5 percent of total CSR expenditure of the company in a financial year.

**4.7. Exclusions:**

4.7.1. The CSR activities shall be undertaken by the company, (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

4.7.2. Any Contribution of any amount directly or indirectly to any political party under section 182 of the Act, by the company shall not be considered as CSR activity.

4.7.3. The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

4.7.4. Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the company.

# Chapter 5

---

## 5. IMPLEMENTATION

5.1. CSR programmes will be undertaken by various work centers of the Company to the best possible extent within the defined ambit of the identified Project/ Program.

5.2. The time period/duration over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the programme.

5.3. Programmes which involve considerable financial commitment and are undertaken on a timeframe of 2-5 years, will be considered as '*flagship programmes*' and accorded enhanced significance.

5.4. By and large, it may be ensured that the CSR programmes shall be executed in and around the areas adjoining Company's workplace and factories/ Project sites/ work centres.

5.5. The process for implementation of CSR programmes will involve the following steps :

5.5.1. **Identification of programmes** at Corporate and work centre level will be done by means of the following :

- (a) Need identification Studies by professional institutions/agencies
- (b) Internal need assessment by cross-functional team at the local level
- (c) Receipt of proposals/requests from District Administration/local Govt. etc.
- (d) Discussions and request with local representatives/Civic bodies/Citizen's forums etc.

5.6.2 **Area of CSR activities:** CSR works being focussed in the areas adjoining work centres, the programmes identified should normally fall within a radius of \_\_\_\_\_ km from Company's installations/work centres.

5.6.3 **Project based approach:** The Company's work centres will follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as '*Short-term*',' *Middle-Term & Long Term*;' qualified as

- Short Term – 6 months to 1 year
- Medium Term – 1 year to 2 years
- Long Term – 2 year and above –'*Flagship*

*programmes'.*

- 5.6.4** While identifying long term programmes, all efforts must be made to the extent possible to define the following:
- a. Programme objectives
  - b. Baseline survey – It would give the basis on which the outcome of the programme would be measured.
  - c. Implementation schedules- Timelines for milestones of the programme will need to be prescribed
  - d. Responsibilities and authorities
  - e. Major results expected and measurable outcome.

**5.7 Powers for approval**

- 5.7.2** CSR programmes as may be identified by each work centre/corporate office will be required to be put up to the CSR Committee of the Board at the beginning of each financial year.



# Chapter 6

---

## 6. MONITORING AND FEEDBACK

- 6.1. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head. The progress of CSR programmes under implementation at work centre will be reported to corporate office on a monthly basis.
- 6.2. The CSR Committee at the corporate office will conduct *impact studies* on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programmes.
- 6.3. Work centres and zonal office will also try to obtain feedback from beneficiaries about the programmes.
- 6.4. Appropriate documentation of the Company's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
- 6.5. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder.

# Chapter 7

---

## 7. GENERAL

- 7.1 In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.
- 7.2 Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.
- 7.3 The Company reserves the right to modify, add, or amend any of these Rules.