



CHL LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY



CORPORATE SOCIAL RESPONSIBILITY (CSR) – PREAMBLE

A socially conscious business obtains the pre-eminent position and it always displays the highest standards of corporate citizenry. Apart from continuously fulfilling all its regulatory requirements, CHL Limited (“Company”) also believes in carry socially responsible business practices that ensure the distribution of wealth and well-being of the communities.

The Company recognizes its obligation to the society and its future generations and the importance of utilization of a humble portion of the wealth created in pursuit of business growth, towards community development. Therefore, the Company adopted the Corporate Social Responsibility Policy for fulfilling its commitments by laying down the focus areas for contributions, mechanism for implementation, setting targets and corpus, and monitoring the projects/activities chosen

CSR VISION

To actively contribute towards social and economic development of the underprivileged/economically backward section of the society irrespective of gender, caste, creed and religion not limited to areas around which the Company operate but within nation. In doing so, the Company could bring a dignified and meaningful life to the poor/underprivileged section of the society.

CSR OBJECTIVE

The objective of the CSR policy is to:

- To develop a strategy for the Company's CSR objectives.
- To establish relevance of potential CSR activities to the Company’s core values and create an overview of activities to be undertaken in line with Schedule VII of the Act.
- To establish a process and mechanism for the implementation and monitoring of the CSR activities for the Company.

GUIDING PRINCIPLES

Towards the commitment of CSR, Company shall comply with following:

- Act as a socially responsible organization, delivering maximum value to its stakeholders, with which they shall be proud to be associated.
- Behave ethically and contribute towards economic development while improving the quality of life of our customers as well as local community and society at large.
- Develop strong environment consciousness in its operations and strive towards spreading awareness about the advantages of the focus areas of Baxalta.
- Conduct open and transparent practices that are based on ethical values and respect for communities and environment.



- Integrate corporate philosophy, goals and strategy with planned community development agenda.

DEFINITION

- (a) “**Act**” means the Companies Act, 2013 (18 of 2013);
- (b) “**Administrative overheads**” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
- (c) “**Annexure**” means the Annexure appended to these rules;
- (d) “**Corporate Social Responsibility (‘CSR’)**” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely: -

- (i) activities undertaken in pursuance of normal course of business of the company:

Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that

- (a) such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act;
- (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report;
- (ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- (iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- (iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);



(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

(e) **“CSR Committee”** means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act;

(f) **“CSR Policy”** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

(g) **“International Organization”** means an organization notified by the Central Government as an international organization under section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;

(h) **“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, namely:

—

(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 in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381, read with section 198 of the Act;

(i) **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

APPLICABILITY

Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India, which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of



section 135 of the Act and these rules:

The criteria specified under sub-section (1) of section 135 of the Act as below:

A 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 the immediately preceding financial year.

CONSTITUTION, COMPOSITION & FUNCTION OF CSR COMMITTEE

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 the immediately preceding 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.

The Composition of CSR Committee as below:

S. No.	Name	Designation	Position in Committee
1	Mr. Alkesh Tacker	Independent Director	Chairman
2	Mr. Ashish Kapur	Independent Director	Member
3	Ms. Kajal Malhotra	Non-Executive Non-Independent Director	Member

The Composition shall be updated from time-to-time as per the available composition of Board.

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 in areas or subject, 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.

CSR EXPENDITURE

(1) The Board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

(2) Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or



transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

(3) Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –

(i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.

(ii) the Board of the company shall pass a resolution to that effect.

(4) The CSR amount may be spent by a Company for creation or acquisition of a capital asset, which shall be held by –

(a) a Company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of rule 4; or

(b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or

(c) a public authority:

Provided that any capital asset created by a company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

APPROVED CSR PROJECTS / PROGRAMMES / ACTIVITIES AND ANNUAL ACTION PLAN THEREOF:

a) The Company's initiatives and all its Corporate Social Responsibility programs will be focused to include all or any of the following activities, as specified in Schedule VII of the Act, which are as below:

(i) **eradicating 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;

(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 setup 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) measure for the **benefit of armed force veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans**, and their dependents including widows;

(vii) training to **promote rural sports, nationally recognized sports, Paralympic sports and Olympics** sports;

(viii) **contribution to the Prime Minister's National Relief Fund or Prime Minister's Central Assistance and Relief in Emergency Situations Fund (PM CARES Fund)** or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women;

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

(x) rural development projects.

(xi) slum area development.

Explanation- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.



(xiii) Such other activities as may be prescribed by the Ministry of Corporate Affairs for Corporate Social Responsibility under Section 135 or Corporate Social Responsibility rules framed thereunder as amended from time to time.

The Company shall allocate a budget towards each of the CSR activities falling within the purview of the objectives of this CSR Policy. The overall amount to be committed to CSR will be approved by the Board, however, the same should be at least 2% of the average net profits of immediately three preceding financial year. Within the budgeted amount, specific CSR projects will be allocated a specific amount which shall be approved by the Board.

The Company may spend CSR expenditure directly or would be in association with implementing agency (as defined below) to execute and implement its program of corporate social responsibility. These entities will work as channel partners of the Company and it shall be the responsibility of the Company to ensure the modality of execution of such programs and spending of the Company's contribution made to such channel partners.

- b) **Annual Action Plan:** In order to carry out all or any of the above said activities, the Company will make an Annual Action Plan which will be recommended by the CSR Committee and approved by the Board, such annual plan will inter alia define :-
- i) the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - ii) the manner of execution of such projects or programs;
 - iii) the modalities of utilization of funds and implementation schedules for the projects or programs;
 - iv) monitoring and reporting mechanism for the projects or programs; and
 - v) details of need and impact assessment, if any and applicable, for the projects undertaken by the Company.

Provided that the Board may alter approved Annual Action Plan at any time during the financial year, as per the reasonable justification.

IMPLEMENTATION STRATEGY

(1) The Board, upon recommendation of CSR Committee, shall ensure that the CSR activities are undertaken by the Company itself or through, –

- (a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or



(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

(c) any entity established under an Act of Parliament or a State legislature; or

(d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Explanation: For the purpose of clause (c), the term “entity” shall mean a statutory body constituted under an Act of Parliament or State legislature to undertake activities covered in Schedule VII of the Act.

(2) A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

(3) A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

(4) The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

(5) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

IMPACT ASSESSMENT

The Company shall undergo an impact assessment of its CSR projects having an outlay of Rs. 1 crore or more, if the average CSR obligation of the Company exceeds Rs. 10 crores during the last three immediately preceding financial year.

The impact assessment shall be conducted for projects which have not completed more than one year. The Company shall select an independent agency for conducting the assessment and shall ensure that the expenditure for the assessment does not exceed 2% of total CSR expenditure during the Financial Year or INR 50 lakhs, whichever is less.

In this regard, the Company may also voluntarily undertake impact assessment of any project as may be determined by the Board of Directors.

MONITORING FRAMEWORK



- a) The Board/ Committee will satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it. The Board will obtain a certificate from Chief Financial Officer or the person responsible for financial management who will certify the same in this regard.
- b) The Board/ Committee shall monitor the implementation of the on-going project with reference to the annual action plan, approved timelines and year-wise allocation and if required make modification for smooth implementation of the project within the overall permissible time period.

OVERHEADS / CARRY FORWARD SURPLUS / DEFICIT

- a) To ensure that minimum of 2% of average net profit of the immediately preceding three Financial years is spent on CSR activities undertaken by the Company as per its annual action plan.
- b) The Board/Committee shall ensure that the administrative overheads incurred in pursuance of sub-section (4) (b) of section 135 of the Act shall not exceed five percent of total CSR expenditure of the Company for the financial year.
- c) All expenditure towards the programs/ activities to be diligently documented.
- d) If the Company has spent any excess amount, it may set off the excess amount spent i.e. amount spent more than required as per section 135(5), excluding surplus arising out of CSR activities, against its obligation to be spent up to immediate succeeding three financial years, subject to approval of the Board.
- e) If in any financial year, the Company could not spend 2% of its average net profits, the Company shall transfer equivalent amount in the following manner:
 - a. In case of on-going projects, the funds shall be transferred to the 'Unspent CSR account' of the Company within a period of 30 days from the end of the financial year.
 - b. In case of non-ongoing projects, the funds shall be transferred to the funds specified in Schedule VII of the Act within a period of six months of the expiry of the financial year.

If in case the Company fails to spend the unspent amount transferred to the Unspent CSR account for the ongoing projects within a period of 3 years, the same shall also be transferred to the funds specified in Schedule VII of Act within 30 days from the date of completion of third year.

Further, the requirement of transferring amount to unspent CSR account/funds specified in Schedule VII shall be applicable only for the purpose of statutory requirement of spending i.e. 2% of average net profits of immediately three preceding financial years. Any unspent



amount lying from the voluntary spending requirement of the Company i.e. above 2% of net profits shall not trigger transfer requirements.

- f) Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of this policy and annual action plan or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

If the Company utilizes its CSR expenditure for the purpose of creation or acquisition of any capital asset, the same shall held by either section 8 company or registered trust or registered society having valid CSR Registration Number or any of the beneficiaries of CSR activities or any public authority. However, in any case, the capital asset shall not be held by the Company.

DISCLOSURE/ REPORTING/COMPLIANCE FRAMEWORK

- a) The Board shall disclose contents of this Policy in the Board report.
- b) The Company will report CSR performance in its Board report as per the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.
- c) In case at least 2% of average Net Profit of the last 3 years is not spent in a financial year, reasons for the same to be specified in the Board report and unless the unspent amount relates to any Ongoing Project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.
- d) In case the unspent amount relates to an On-going project, the said amount shall be transferred within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called as Unspent Corporate Social Responsibility Account.
- e) If the Company fails to spend in 3 years the above said amount, the Company shall transfer the same to a fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- f) The Board shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

REVIEW ANDEVALUATION

The Board/ Committee may review and evaluate the adequacy of its charter.

The Board/Committee will review the CSR Policy from time to time based on the changing requirements of target beneficiaries of Company and as per the provisions of the Act.



MANNER OF SELECTION OF CSR PROJECT

The manner of selection of any CSR project shall be as follows:

1. Committee shall identify the list of probable projects basis the CSR Policy and as per the provisions of the Act. The identification shall also include classification of projects into ongoing and non-ongoing projects.
2. Committee shall fix a target budget as well as project wise budget for the probable CSR activities. The Committee along with the budget shall also formulate an annual action plan for execution of CSR projects for every financial year.
3. Once the budget is finalized and annual action plan is formulated by the Committee, the Committee shall recommend the Board for its approval for execution of the projects either by its own or through any of the implementing agencies as may be recommended by the Committee.
4. The Board or Committee at regular intervals shall monitor the CSR activities and obtain periodic reports from such agencies.

REVIEW PERIODICITY AND AMENDMENT

- i. CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.
- ii. The CSR Committee shall review the Policy every two years unless such revision is necessitated earlier.
