

# **HIL Limited**

## **Corporate Social Responsibility Policy**

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### 1. Introduction:

Corporate Social Responsibility ("CSR") at HIL Limited ("the Company" or "HIL") portrays a deep symbiotic relationship that the Company enjoys with the communities it is engaged with. As a responsible corporate citizen, HIL contributes to social and economic development on a regular basis.

### 2. Purpose & Objective:

HIL is committed to and encourages its employees to serve the community in need and give back to the society through various developmental activities for women, children, and environment (including natural calamities).

HIL seeks to leverage its strength, global presence and strong employee base to transform the delivery of its social programs efficiently and effectively.

Simultaneously, HIL also ensures that CSR programs are in line with statutory norms defined in Schedule VII of the Companies Act, 2013 or any other Acts, as applicable.

The purpose of this document is to lay down the policies and procedures of the Corporate Social Responsibility initiatives ("CSR initiatives") of the Company.

### 3. Vision:

HIL aims to create a need-based, sustainable, community driven model for its CSR initiatives.

### 4. Definitions:

a. In this Policy unless the Context otherwise requires:

- i. **"Act"** means the Companies Act, 2013, as amended from time to time.
- ii. **"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.
- iii. **"Board"** means the Board of Directors of the Company.
- iv. **"Company"** means HIL Limited.
- v. **"CSR"** means the activities undertaken by the Company in pursuance of its statutory obligation laid down in Section 135 of the Act in accordance with the provisions contained in the Act and the Corporate Social Responsibility Rules, as may be notified from time to time, but shall not include the following, namely:

- activities undertaken in pursuance of normal course of business of the Company;
- 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;
- contribution of any amount directly or indirectly to any political party under Section 182 of the Act;
- activities benefitting employees of the Company as defined in clause (k) of Section 2 of the Code on Wages, 2019 {29 of 2019};
- activities supported by the Companies on sponsorship basis for deriving marketing benefits for its products or services; and
- Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

- vi. **"CSR Committee"** means Corporate Social Responsibility Committee of the Company constituted by the Board.
  - vii. **"CSR Rules"** means Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereon.
  - viii. **"CSR Policy"** means this Policy.
  - ix. **"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.
  - x. **"Net profit"** shall have the meaning ascribed to it in the Act.
  - xi. **"Ongoing Project"** means a multi-year project undertaken by the 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.
- b. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or the Rules made thereunder, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

## 5. Corporate Social Responsibility Programs and Projects:

- a. The Company will carry on its CSR activities in areas or subjects as prescribed under the Schedule VII of the Act, as amended from time to time. An illustrative list of such areas or subjects is outlined below:
  - i. eradicating hunger, poverty and malnutrition, promoting health care (including preventive health care) and sanitation including contribution to the Swach 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 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 including Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund) set up by the Central Government for socioeconomic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. 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;
- x. contributions to public funded Universities;
- xi. rural development projects;
- xii. slum area development;
- xiii. disaster management, including relief, rehabilitation and reconstruction activities.

Any other activity as may be specified under the Act or the CSR Rules from time to time.

- b. The Company's CSR projects and programs will be undertaken by the Company either by itself or jointly with other organisations.
- c. Other areas as reviewed and deemed appropriate by the CSR committee can also be included in the list of CSR initiatives of HIL. The Corporate Social Responsibility initiatives can be undertaken in any geography facing challenges related to development, and falling under the purview of statutory norms. The Company encourages its employees, their family and friends, civic organizations, volunteers to participate in its CSR Project activities.
- d. The CSR projects and programs may also be implemented through registered public charitable trusts or a registered society, registered under Sections 12A and 80G of the Income Tax Act, 1961, companies established under Section 8 of the Companies Act, 2013 (corresponding to Section 25 of the Companies Act, 1956) and/or through any implementing entity established under the Act and CSR Rules.

## **6. Corporate Social Responsibility Committee:**

HIL's programs and projects for CSR are governed by a 2 tier structure - CSR Committee and Steering Committee.

- CSR Committee: It comprises of such number of members as is mandatorily required by applicable laws, responsible for overall governance of projects in the chosen thematic areas.
- Steering Committee: The administration of the CSR Policy and execution of identified developmental projects, programs and activities under it shall be carried out by the Steering Committee which constitutes of select organizational leaders (Managing Director, Chief Financial Officer, Company Secretary, Business Head (Roofing & Building Solutions), Business Head (Polymer Solutions), Head – HR), representing various locations, under the control and overall supervision of the CSR Committee.

Responsibilities of the CSR Committee is outlined below:

- i. Formulate and recommend the CSR Policy to the Board and suggest changes therein, from time to time;
- ii. Identify the areas of CSR activities to be taken up by the Company every year in accordance with this Policy;
- iii. Recommend an annual CSR Budget with details of projects or activities proposed to be undertaken;
- iv. Formulate and recommend to the Board for its approval, an annual action plan outlining the following:
  - a. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - b. the manner of execution of such projects or programmes;
  - c. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - d. monitoring and reporting mechanism for the projects or programmes; and
  - e. details of need and impact assessment, if any, for the projects undertaken by the Company.

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

- v. Implement, oversee and monitor the progress of the project or activity rolled out under this Policy;
- vi. Provide an update to the Board on all CSR activities undertaken during the financial year; and
- vii. Such other functions and responsibilities, as may be assigned from time to time.

The Committee shall meet at least once in a financial year.

## **7. Financial Outlay for CSR Activities:**

- a. Every year, upon the recommendation of the CSR Committee, the Board will make a budgetary allocation for CSR activities/ projects for the year. The budgetary allocation will be based on the CSR obligation of the Company for that financial year arrived in the manner provided under the Act.

- b. The Company shall strive to spend the budgeted amount allocated for CSR activities/projects planned for each financial year, within that year. If for any reason, any of the provisioned annual budget remains unutilized, the same would not lapse and will be treated in the following manner:
  - i. In case of Ongoing Project, the unspent amount shall be transferred to an account i.e. 'Unspent'
  - ii. CSR Account' within 30 days of end of the financial year, or within such other time period as may be specified in the Act or CSR Rules from time to time, and such sum shall be spent during the next three financial years from the date of transfer, in the manner prescribed under the Act read with CSR Rules, failing which, the Company shall treat the unspent amount in the manner prescribed under the Act read with CSR Rules.
  - iii. In case of activities/ projects other than Ongoing Project, the same shall be transferred to funds specified in Schedule VII of the Act, or any such other fund(s) as may be specified under the Act or CSR Rules, within 6 months of close of the financial year or within such other time period as may be specified from time to time.
- c. Any surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company and shall be treated in the following manner:
  - i. ploughed back into the same project; or
  - ii. shall be transferred to the Unspent CSR Account (if any) opened by the Company, from which the
  - iii. said amount shall be spent in pursuance of CSR policy and annual action plan of the Company; or
  - iv. Such surplus will be transferred to a Fund specified in Schedule VII to the Act, or any such other fund(s) as may be specified under the Act or the Rules, within a period of six months of the expiry of the financial year.
- d. The Board may during any financial year, approve to undertake CSR expenditure beyond the CSR obligation for that particular financial year. Such excess CSR spend shall be carried forward for setting-off against the CSR obligation of the Company for next three consecutive financial year in the manner decided by the Board.

#### **8. Implementation:**

- a. The Company will integrate its CSR plans and strategy with its business plans and strategies. For effective implementation, long-term CSR plans will be broken down into medium-term and short-term plans.
- b. Every year, the CSR Committee shall formulate and recommend to the Board, an annual action plan for execution of the CSR activities of the Company. The annual action plan shall include the following broad parameters or such other matters as may be required by the Act or the Board of Directors from time to time:-
  - 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 as specified in the CSR Rules;

- 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, for the projects undertaken by the Company;

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

- c. Ongoing Projects(s) will be broken up into annual targets and activities to be implemented sequentially on a yearly basis, and the budget would have to be allocated for the implementation of these activities and achievement of targets set for each successive year, till the final completion of the project.
- d. Where the CSR activities are closely aligned with the business strategy and the Company possesses core competence to do it, the Company may take up the implementation of CSR project with its own manpower and resources, if the CSR Committee is confident of its organizational capability to execute such projects.
- e. If in the opinion of the CSR Committee, the implementation of CSR projects requires specialized knowledge and skills, and if the Company does not have such expertise in-house, and dedicated staff to carry out such activities, the CSR Committee may recommend to avail the services of external agencies for the implementation of such CSR projects, as allowed under the Act read with CSR Rules.
- f. In the event an external agency is engaged for the purposes of the CSR initiatives of the Company, the Company will need to enter into an agreement with the relevant executing/implementing external agency, setting out the terms and conditions of the engagement of the external agency.

Following broad parameters shall be considered while appointing any external agency:

- Legally authorized to undertake CSR activities;
  - Confirmation on ethical and clean track record of the agency;
  - Agency having the track record of at-least three years of working in CSR areas;
  - duly registered under Section *BOG* and 12A of Income Tax Act;
  - Has obtained Unique CSR Registration Number from Ministry of Corporate Affairs;
  - There are no legal, quasi-legal, administrative, arbitration, or other proceedings, claims, actions or governmental investigations against the agency affecting its ability to undertake CSR activities;
  - Agency not declared as insolvent;
  - Agency shall have the requisite systems and processes in place for monitoring and reporting;
  - Such other condition as may be decided by the CSR Committee from time to time.
- g. The Board shall ensure that the Administrative Overheads shall not exceed such percentage of total CSR expenditure of the Company as prescribed, from time to time, in the Act read with CSR Rules.



#### **9. Monitoring:**

- a. The Company recognizes that monitoring is critical for assessment of the progress as regards timelines, budgetary expenditure and achievement of targets. Implementation and monitoring of the CSR activities will be overseen by the CSR Committee. Monitoring to be done periodically with the help of identified key performance indicators, the periodicity being determined primarily by the nature of key performance indicators.
- b. The monitoring and evaluation may be assigned by the CSR Committee to an independent external agency for the sake of objectivity and transparency and a periodic report thereof, with respect to the status of CSR activities, to be submitted to the Company which shall be placed before the CSR Committee and the Board atleast once in a financial year.
- c. Monitoring will be done in project mode with continuous feedback mechanism, and recourse will always be available for mid-course correction in implementation, whenever required.
- d. The performance of the Company's CSR activities would be monitored on the basis of their achievement of annual targets and the utilization of the annual budgets for the activities planned and the targets set for each year.
- e. If the projects are being implemented by an implementing agency, the Company may in consultation with CSR Committee designate special executives for this purpose.
- f. The CSR Committee with the approval of the Board, may also undertake a study to assess the impact caused by the CSR activities of the Company. For the said purpose, the CSR Committee may designate special executives for this purpose or avail the services of specialized agencies. In case the Company's average CSR expenditure obligation is ten crore rupees or more, in the three immediately preceding financial years, the Company shall mandatorily undertake impact assessment, through an independent agency, of their CSR projects or activities having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- g. The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. Further, the CSR Committee shall appoint the impact assessment agency.

#### **10. Employee Volunteerism:**

HIL will provide a platform to its employee to participate in projects and programs undertaken in social development sector. Participation in CSR initiatives by employees is voluntary in nature and employees may choose activities they wish to participate in. HIL also encourages family and friends of the employees to participate in its CSR activities.

#### **11. Accounting and Auditing:**

HIL will follow the accounting and auditing Guiding note/standards duly approved/laid down by Ministry of Corporate Affairs in India or by the prescribed regulatory authority and for other geographies it will be aligned to local requirements and compliances.

## **12. Disclosure:**

HIL will comply with all the statutory guidelines, issued on the subject ensuring that it makes full disclosure of its CSR activities in Annual report mentioned in the Act. The Company's engagement in this domain shall be disseminated on its website, annual reports and/or its in-house journals as and when deem fit. The Company shall disclose the composition of the CSR Committee, CSR Policy and the Projects approved by the Board on its website. The CSR Annual Report, web link of the Policy along with salient features of the Policy and details of change (if any) during the financial year, shall be disclosed in the Board's report.

## **13. Review & amendment of the policy:**

The CSR Committee shall review the CSR Policy from time to time based on the changing needs and make suitable modifications as may be necessary with the approval of the Board.

***In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.***

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