

## HAVELLS INDIA LIMITED

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) PHILOSOPHY**

Social and environmental responsibility has always been at the forefront of Havells' operating philosophy and as a result the Company consistently contributes to socially responsible activities. Corporate Social Responsibility (CSR) at Havells portrays the deep symbiotic relationship that the group enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute for social and environmental causes on a regular basis. We believe that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, consumers and societies in which it operates. We are of the opinion that CSR underlines the objective of bringing about a difference and adding value to our stakeholders' lives.

Havells Corporate Social Responsibility Policy is rooted in the Company's core values of quality, reliability and trust guided by international standards and best practices driven by our aspiration for excellence in the overall performance of our business.

The CSR Policy is formulated in accordance with the provisions of section 135 of the Companies Act, 2013 and rules made thereunder and other applicable laws to the Company.

### **CSR VISION**

1. Develop meaningful and effective strategies for engaging with all stakeholders;
2. Consult with local communities to identify effective and culturally appropriate development goals;
3. Partner with credible organizations like trusts, foundations etc. including non-government organizations;
4. Check and prevent pollution; recycle, manage and reduce waste, manage natural resources in a sustainable manner;
5. Ensure efficient use of energy and environment friendly technologies;

### **CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE AND ITS FUNCTIONS**

Keeping in line with section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act'), the Board of Directors of the Company shall form a Corporate Social Responsibility Committee (hereinafter referred to as the 'CSR Committee') headed by an independent director, to *inter alia*, carry out the following functions:

- (a) to formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating activities to be undertaken as specified in Schedule VII to the Act;
- (b) to recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- (c) to formulate and recommend to the Board an annual action plan in pursuance of CSR Policy covering the following aspects
  - (i) the list of approved CSR projects or programs to be undertaken in areas or subjects specified in Schedule VII to the Act;
  - (ii) the manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules;
  - (iii) the modalities of utilisation 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;
- (d) Recommend changes to the Board, if any, needed in the annual action plan with reasonable justification to that effect
- (e) to monitor the Corporate Social Responsibility Policy as approved by the Board of Directors, from time to time.

#### **GUIDING PRINCIPLES FOR SELECTION OF CSR PROJECTS, PROGRAMS AND ACTIVITIES**

The Company shall undertake CSR activities for development of the society and the environment, preferably in the vicinity of the areas where the facilities of the company are located.

##### **A. The Company shall undertake such activities which are broadly related to any of the following:**

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation
- (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.
- (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 art and handicrafts;

- (vi) measures for the benefit of armed forces 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 recognised sports, paralympic sports and olympic sports;
- (viii) rural development projects
- (ix) development of area declared as “slum area” by the government or competent authority
- (x) disaster management, including relief, rehabilitation and reconstruction activities

**B. The Company may also contribute to the following funds as part of CSR activities or any other fund as may be notified in this regard, from time to time:**

- (i) Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- (ii) Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (iii) Prime Minister’s National Relief Fund or Prime Minister’s Citizen 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 schedule caste, tribes, other backward classes, minorities and women;
- (iv) 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;
- (v) 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).

The above areas as enshrined in Schedule VII to the Act and included in this Policy aim to provide macro areas in which CSR projects can be undertaken by the Company.

The CSR Committee shall consider details of CSR projects as elaborated in the annual action plan for each financial year.

### **FOCUS AREAS/ CSR PILLARS**

While the Company may undertake CSR activities in any area specified in Schedule VII to the Companies Act, 2013 {including any amendment(s) thereof}, as listed above, the focus areas of CSR activities of the Company revolve around the following strong pillars:

- Health & nutrition
- Sanitation
- Education
- Environment
- Skill development
- Heritage conservation

### **ANNUAL ACTION PLAN**

The CSR Committee shall formulate and recommend to the Board, an annual action plan which shall include the following:

- a. the list of CSR projects or programmes that are approved and to be undertaken by the company;
- 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.

The Board of Directors are empowered to alter the annual action plan during the financial year, if so, recommended by the CSR Committee, based on a reasonable justification for such change.

### **CSR SPENDING & SURPLUS OF CSR PROJECTS**

The company shall endeavour to achieve the objectives of CSR Policy and allocate every year a minimum of 2% of its average net profits made during the three immediately preceding financial years or such other percentage/ amount, as may be required under the Companies Act, 2013 or under the requirements of any other statute.

Any income or surplus arising out of the CSR activities, projects or programs shall not form part of the business profit of the company and the same shall be ploughed back for use in CSR activities.

The Board 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.

Unspent CSR amount, if any, shall be transferred to separate account in accordance with the applicable CSR Rules from time to time.

### **CAPACITY BUILDING**

The Company may build CSR capacities 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 organizations through which or in collaboration with which the Company undertakes/ may undertake CSR activities.

CSR expenditure like salaries of personnel who are engaged in CSR activities, can be spent on capacity building for the CSR team in the Company who have been especially entrusted the assignment to execute CSR projects and expenses incurred on their training etc.

### **MODE OF IMPLEMENTATION**

The Board of Directors of the Company may decide to undertake CSR activities approved by the CSR Committee, through any of the following:

- (a) directly by the Company; or
- (b) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- (c) 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
- (d) any entity established under an Act of Parliament or a State legislature; or

- (e) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The 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.

### **NEED AND IMPACT ASSESSMENT**

The Company shall undertake CSR activities in the interest of the society and the local population, preferably, where the Company operates.

In terms of the CSR Rules, the Company shall undertake Impact Assessment, through an independent agency, of its CSR projects having outlays of 1 (one) crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

The Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

### **CAPITAL ASSETS**

The CSR amount may be spent by the 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, or
- b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities, or
- c) a public authority

### **INFORMATION DISSEMINATION**

CSR Policy and the CSR activities undertaken shall be disseminated on the website of the Company for public access and shall be published in the Annual Report of the Company in the format prescribed under the Act and CSR Rules.

### **MONITORING AND REVIEW MECHANISM**

The administration of the CSR Policy and the execution of identified CSR projects, programs and activities under it shall be carried out under the overall superintendence and guidance of an internal monitoring group formed for this purpose.

The internal monitoring group shall comprise of

1. Shri Anil Rai Gupta – Managing Director
2. Shri Surjit Kumar Gupta – Director
3. Shri Ameet Kumar Gupta – Whole-time Director
4. Shri Rajesh Kumar Gupta – Director (Finance) and Group CFO
5. Shri Rajiv Goel – Executive Director
6. Shri Sanjay Kumar Gupta
7. Shri Nitin Singh

The internal monitoring group shall submit its report to the CSR Committee formed under the Act which shall monitor the CSR Policy of the Company from time to time.

### **REVIEW AND AMENDMENT**

Any or all provisions of the CSR Policy would be subject to revision/ amendment by the Board of Directors of the Company based on the recommendations of the CSR Committee or in accordance with the guidelines on the subject as may be issued, from time to time.

Any notification/ circular or other statutory guideline(s)/ regulation(s) on the subject, that has the effect of amending any of the provisions quoted or referred to in this Policy, shall automatically have the effect of amending this Policy without the need of any further approval by the Board of Directors.

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