

L&T HYDROCARBON ENGINEERING LIMITED

Corporate Social Responsibility Framework

1.0 Introduction

1. L&T Hydrocarbon Engineering (Company) has developed a CSR Framework & Policy comprising the Company's philosophy for demonstrating its responsibility as a corporate citizen. This policy lays down the principles and mechanisms for undertaking various programs in accordance with section 135 of the Companies Act 2013 for the community at large.
2. The framework shall apply to the CSR programmes and activities undertaken by the Company at various locations for the benefit of diverse sections of society.

2.0 Validity of CSR Policy

The Board may amend the CSR Framework & Policy as may be required from time to time.

3.0 CSR Program Area & Objectives

The Company will primarily focus on the following programmes as part of its CSR:

- 1. Health care**
- 2. Skill Building**
- 3. Education**
- 4. Water & sanitation**

4.0 CSR Budget

- ❖ The Board shall endeavor that in each financial year, the Company spends amounts as prescribed under Section 135 of the Companies Act, 2013 and Rules there under.
- ❖ The Company may collaborate and pool financial resources with other organizations to undertake CSR activities.

5.0 Implementation

- ❖ CSR programs will be undertaken by the Company in selected areas. The Company will undertake need assessments, as and when necessary.
- ❖ The Company may enter into partnerships with government, business partners and communities to create multiplier effect of its social projects.
- ❖ The mode of implementation of CSR programs will include a combination of direct implementation, and avail the services of partners such as L&T CSR Team, NGOs, business partners, registered societies etc. Partners will be selected after due diligence.

- ❖ The Company may use the services of internal teams, expert agencies, consultancy firms etc. wherever required for carrying out base line surveys, guidance on project design and implementation, impact assessment surveys etc.
- ❖ The teams responsible for implementing the various CSR projects are listed in the Governance Structure as detailed below.

6.0 CSR Governance Structure



7.0 Role and responsibilities

The Board:

The Board of Directors of the Company is responsible for:

- ❖ Approval of the CSR Framework & Policy of the Company
- ❖ Disclosing the Framework & Policy in their report and on the Company's website as prescribed under Section 135 of the Companies Act 2013.
- ❖ Ensuring that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.
- ❖ Ensuring that it specifies the reasons in its report for not spending the earmarked amount for the financial year.

CSR Committee:

1. Composition of the CSR Committee:

The Committee shall comprise minimum three Directors of which atleast one shall be Independent Director. The constitution of the Committee may be decided by the Board from time to time in accordance with provisions of Companies Act, 2013.

Responsibilities :

- ❖ Formulate and recommend the CSR Policy to the Board for approval
- ❖ Recommend the amount of expenditure to be incurred on CSR projects
- ❖ Monitor the Policy implementation from time to time
- ❖ Constitute a monitoring mechanism for ensuring implementation of the CSR projects

Sustainability & Corporate Social Responsibility (SCSR) Council:**Responsibilities:**

- ❖ The team shall seek guidance from the Board & CSR Committee regarding policy, budget and implementation guidelines
- ❖ Spread awareness regarding approved CSR policy and display the same on the company's website
- ❖ Provide guidance to Company's teams at various locations to ensure that all long term strategic proposals include environment, health, safety and social considerations
- ❖ Prioritize location wise projects in line with thrust areas and overall CSR plan for the year
- ❖ Recommend targets and timelines for implementation of developmental initiatives.
- ❖ Apprise project performance periodically to the Board & CSR Committee
- ❖ Facilitate effective implementation of Company's CSR plan across locations
- ❖ Promote synergy amongst locations and share best practices to achieve desired outcome for community development.
- ❖ Allocate appropriate resources to achieve desired performance in alignment with Sustainability & CSR targets and initiatives.

Unit SCSR Teams.

- ❖ Develop budgets for CSR projects at Unit Location.
- ❖ Submit the proposals to SCSR Council for approval.
- ❖ Formulate & implement programmes at locations
- ❖ Monitor CSR project implementation.
- ❖ Submit periodic status to SCSR Council.

8.0 Monitoring and Reporting Framework

Project Monitoring:

The Company will institute a monitoring and evaluation mechanism to ensure that each CSR program has:

1. Objectives developed out of societal needs that may be determined through baseline studies and secondary research
2. Targets, time lines and measureable parameters, wherever possible
3. A progress monitoring and reporting framework that is aligned with requirements of the section 135 of Companies Act, 2013 and the CSR Rules

The CSR progress monitoring authorities and the frequency of review is given below:

S. No.	CSR Progress Review and Monitoring Authority	Frequency of review
1	Board of Directors	Annually
2	CSR Committee	Periodic
3	SCSR Council	Monthly

Meetings & quorum:

The CSR Committee shall meet periodically as and when required with at least two meetings of the Committee to be held in a year. Quorum of the meeting shall be at least two members.

Budget monitoring:

The Company will establish an accounting system to ensure project wise accounting of CSR spends.

Reporting Framework:

The SCSR Council will monitor progress of CSR projects & CSR spend and report to the CSR committee periodically. The Company will report CSR performance in its annual report as per the structure and format prescribed in the notified CSR Rules.