



# L&T - MHI Power Boilers Private Limited Corporate Social Responsibility Policy



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## Corporate Social Responsibility (CSR) Policy Framework

### CSR Philosophy

L&T – MHI Power Boilers Private Limited ('the Company') fosters a culture of caring, trust and continuous learning while meeting the expectations of all stakeholders and society at large. As a responsible Corporate Citizen, the Company contributes towards inclusive growth by empowering communities and accelerating development.

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) (as amended from time to time) made thereunder for the benefit of the community.

### CSR Themes

The Company shall undertake CSR projects in sectors as identified under Schedule VII of the Companies Act, 2013 with special focus on the following four verticals:

**Water** – may include but not limited to programmes making clean drinking water available, conservation and purification of water.

**Education** - may include but not limited to promoting education, including special education and employment-enhancing vocational skills especially among children, woman, elderly and the differently abled and livelihood enhancing projects, monetary contribution or education infrastructure support to academic institutions with the objective of assisting students in their studies.

**Health** - may include but not limited to community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.

**Environmental Sustainability** - may include but not limited to ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air and water.

## CSR Budget

- The Board of the Company shall allocate at least 2% of the average net profits (*Net profit to be calculated in accordance with the provisions of Section 198 of Companies Act, 2013*) during the three immediately preceding financial years;
- The Company may collaborate or pool resources with other entities to undertake CSR activities or projects in accordance with the CSR Rules;

## CSR Governance Structure

The CSR Governance structure comprises of the CSR Apex Team, CSR Committee and Board of Directors of the Company to oversee the implementation of the CSR Policy

### The Board:

The Board of Directors of the Company will:

- Approve the CSR Policy of the Company;
- Ensure spend of at least 2% of average net profits during the three preceding financial years;
- Disclose the content of the CSR Policy in its report and place the Policy and provide details of the Committee Composition on the Company's website, if any, as prescribed under Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014;
- Ensure that the social programmes undertaken are aligned to the CSR Policy of the Company;
- Specify reasons in its report for not spending the earmarked amount in case the Company fails to spend such amount;
- Approve the Annual Action Plan as recommended by the CSR Committee;
- Oversee and adhere to all other responsibilities as mandated by the CSR Rules.

### **CSR Committee of the Board:**

The Board has formed the CSR Committee in accordance with the requirements of the Companies Act, 2013.

#### **Responsibility of the CSR Committee:**

The responsibility of the CSR Committee shall include:

- Formulate and recommend the CSR Policy to the Board for approval;
- Monitor and review the Policy from time to time;
- Recommend the activities to be undertaken and the amount of expenditure (budget) to be incurred on CSR activities;
- Constitute transparent monitoring mechanism for ensuring implementation of the CSR activities;
- Recommend the Annual Action Plan to the Board for approval, provided that the Company may directly or any other eligible entity undertake other eligible activities based on urgency and need arising out of circumstances such as natural disasters and emergencies.

### **CSR Apex Team:**

#### **Responsibilities of the CSR Apex Team:**

- Spread awareness regarding the approved CSR policy;
- Keep reviewing the CSR policy and actual implementation status to achieve desired outcome for community development;
- Receive the projects, analyze their utility and efficacy, and suggest suitable changes / modifications in the CSR activities in line with the CSR policy;
- Recommend programmes to be undertaken during the financial year to the CSR Committee of the Board;
- In case Projects / Programmes are being planned to be executed through partners, the CSR Apex Team will verify and establish the credibility of such partners;
- Ensure compliance of the Rules/ Regulations/ Law by the partnering agency, if any;



- Monitor the progress of the CSR programmes closely and report to CSR Committee appropriately.
- Carry out an impact assessment of the projects implemented by the Committee.

## Implementation

- CSR programme/Project will be undertaken by the Company in identified areas. The Company will undertake need assessments as and when required.
- The Company will undertake its CSR activities whether directly as projects/programmes/activities or through partners such as NGOs, Registered Trust, business associates or by contributing to the CSR Apex team of the holding Company. The Company will select its partners after appropriate due diligence.
- 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.
- The Company may enter into partnerships with the government, business partners and communities to create multiplier effect of its social programmes.
- The Company may use the services of internal teams, volunteers, expert agencies, consultancy firms etc. wherever required for carrying out base line surveys, guidance on programme design and implementation, impact assessment surveys etc.

## CSR Monitoring and Reporting Framework

To ensure transparency and effective implementation of the CSR projects/programmes, a robust mechanism will be instituted by the Company. An accounting system has been established by the Company to ensure appropriate accounting of CSR spends. The CSR Apex Team shall be responsible for monitoring and implementing the CSR programmes.



At CSR Committee level:

- The CSR Committee will review the implementation of the CSR programmes and the CSR audit reports periodically, preferably on a quarterly basis and arrange to share in the Company the best practices;
- Review the implementation and monitoring mechanism appropriately;
- Report to the Board appropriately.

The Chief Financial Officer or the person responsible for financial management shall certify the funds disbursed have been utilized for the purposes and in the manner as approved by the Board.

## CSR Disclosure

The CSR Policy framework, Committee composition and projects approved by the Board (Annual Action Plan) will be displayed on the website of the Company. The Board Report will include an Annual report on the CSR activities in the format specified under the CSR Rules.

## General Provisions

In case of any surplus arising out of CSR programmes the same shall not form part of business profits of the Company.

No contribution shall be made to any political party through CSR Fund.

The CSR projects or programmes 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.

(Last amended by the Board of Directors at their Meeting held on 23<sup>rd</sup> April, 2021)

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