

# L&T HYDROCARBON ENGINEERING LIMITED

## Corporate Social Responsibility (CSR) Policy Framework

### CSR Philosophy

L&T Hydrocarbon Engineering (LTHE) 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 for the benefit of the community.

### CSR Themes

The company will primarily focus on 'Building India's Social Infrastructure' as part of its CSR program which will include, amongst others, the following verticals –

**Education** – shall include infrastructure support to educational institutions, educational programs & nurturing talent at various levels.

**Water & Sanitation** – shall include programs making clean drinking water available, harvesting, filtration & purification of water, prevention of open defecation and promoting personal hygiene.

**Health** – shall include support to primary health centers and hospitals, general and specialized health camps and outreach programs, center for elderly/disabled/abandoned & neglected.

**Skill Development** – shall include vocational training such as skill building, computer training, women empowerment, support to especially abled, empowering nano/micro enterprise and ensuring livelihoods, support to ITI's, CSTI's, providing employability skills at project sites, creating training centers.

**Environment** – shall include creating green cover, waste recycle and environmental advocacy.

Governance, Technology & Innovation would be the key drivers across all these verticals.

## CSR Budget

- The Board of the Company shall allocate at least 2% of the average profit (as required by the Companies Act, 2013) during the three preceding financial years.
- The Company may collaborate and pool financial resources with other organizations to undertake CSR activities.
- In case of any surplus arising out of CSR programs the same shall not form part of business profits of the Company and shall be ploughed back into the same project.
- The Company will comply with the provisions of the Act and the CSR Rules with respect to Unspent CSR amount with regard to Ongoing Projects and projects other than Ongoing Project.

## CSR Governance Structure

The CSR Governance Structure, is detailed below:



## The Board

The **Board of Directors** of the Company will:

- Approve CSR policy of the Company.
- Ensure 2% mandatory spend of the average net profit of preceding 3 years.
- Carry out activities which will qualify as CSR under Schedule VII of the Companies Act, 2013 and rules relating to CSR, as amended from time to time.
- Undertake activities that qualify as CSR under Schedule VII of the Companies Act, 2013 and rules relating to CSR, as amended from time to time based on urgency and need arising out of circumstances such as natural disasters and emergencies.
- Approve the Annual Action Plan (including amendments thereto) as recommended by the CSR Committee.

- Disclose the Composition of CSR Committee, Framework & Policy, approved projects on the Company's website as prescribed under Section 135 of the Companies Act 2013
- Categorize a project as a multi-year project, wherever required.
- Approve setting off excess amount spent in any financial year for the next three financial years.
- Ensure that the Company gives preference to the local areas around its operations for spending the amount earmarked for CSR projects.
- Ensure that the social programs undertaken are aligned to the CSR Policy of the Company and CSR funds disbursed have been utilized for the purposes and in the manner as approved.
- Specify reason in its report for not spending the earmarked amount in case the Company fails to spend such amount for the financial year.
- Authorize the CSR Committee to undertake urgent CSR activities in nature of disaster relief.

### CSR Committee

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

#### Responsibilities of **CSR Committee**:

- Formulate and recommend the CSR Policy to the Board for approval.
- Recommend Annual Action Plan (including amendments thereto) to the Board.
- Recommend the amount of expenditure to be incurred on CSR programs.
- Monitor the Policy from time to time.
- Recommend to the Board 'Ongoing Projects' that require multi -year implementation.
- Constitute transparent monitoring mechanism for ensuring implementation of the CSR program.

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

### Group CSR Team

#### Responsibilities of **Group CSR Team**:

- Seek guidance from the Board & CSR Committee regarding policy, budget, and implementation guidelines.
- Prepare and submit annual action plan to CSR committee.
- Spread awareness regarding approved CSR policy.
- Provide guidance to Unit CSR teams at various locations to ensure that the CSR policy and framework are adhered to.

- 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 CSR targets and initiatives.

### **Unit CSR Team**

#### **Responsibilities of Unit CSR Teams:**

- Develop budgets for CSR projects at Unit Location.
- Submit the proposals to Group CSR team for approval.
- Formulate & implement programs at locations.
- Monitor CSR project implementation.
- Submit periodic status to Group CSR Team.

### **Implementation**

- CSR programs will be undertaken by the Company in identified areas. The Company will undertake Impact assessments, as required.
- The period / duration over which a particular program will be spread, will depend on its nature, extent of coverage and the intended impact of the program.
- 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 / or through partners such as NGOs, Trusts, academic institutions, business associates, registered societies etc. The Company will select its partners after appropriate due diligence and after complying with applicable laws and rules.
- The Company may use the services of internal teams, employee volunteers, expert agencies, consultancy firms etc., wherever required, for carrying out base line surveys, guidance on program design and implementation, impact assessment surveys, etc.

### **Monitoring, Evaluation & Reporting**

The Company has constituted a mechanism to monitor and report the progress of its CSR programs. Impact assessment will be conducted for projects as per requirement.

CSR programs frequency of progress review and monitoring by which entity is given below:

<b>Sr. No.</b>	<b>CSR Progress Review and Monitoring Entity</b>	<b>Frequency of review</b>
<b>1</b>	Board of Directors	Six - monthly
<b>2</b>	CSR Committee	Periodic
<b>3</b>	Group CSR Team	Quarterly
<b>4</b>	Unit CSR	Monthly

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.

The Group CSR Team will ensure effectiveness of CSR programs and spends through third party audits and report to the CSR Committee periodically. It will also ensure the Board Report will include an Annual Report on the CSR activities in the format specified under the Rules. Impact Assessment Reports will also be attached to the Annual report on CSR.

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