



PHL Fininvest Private Limited
Corporate Social Responsibility Policy

Original Effective Date January 22, 2019

Last Update: 1st April 2021

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1. Statement of Intent

India faces enormous challenges in provision of basic public services to large parts of the population, both in rural and urban centers. The Government has, over the years, made strides in bridging gaps in supply of public services through large interventions and programmes with a national footprint. Most of these programmes have received strong budgetary support to expand their reach. However, a lot of ground is still to be covered in improving the quality of these services, albeit at a reasonable cost.

The country currently benefits from a demographic dividend – the large percentage of young and income generating population is India’s strength. There is, at the same time, a strong need to ensure that the youth are offered opportunities – to enhance their skills that can help the country maximize economic opportunities and to develop skills, empathy and ethical standards that would aid the process of nation building.

There is also a growing realization that complex and seemingly insurmountable social problems cannot be solved by individual organizations or a single stakeholder group. It requires different parts of the ecosystem such as funders, government, non-profits, corporates and media to work collaboratively to create long-term social change.

In doing so, PHL Fininvest Private Limited (“PHL Fininvest” or “the Company”) believes that:

- It can play a meaningful role in bringing professionalism, leadership and discipline to projects in pursuit of Corporate Social Responsibility (CSR)
- Innovation can play a crucial role in developing ‘out of the box’ solutions to seemingly intractable problems
- It is crucial that any solution backed by the Company has the potential to achieve scale and be replicable across large geographies of India. In doing so, the Company will actively seek partnerships, with government and private entities, in an open source relationship that seek to maximize the impact of its solutions

2. Interpretation

For the purposes of this Policy references to the following shall be construed as:

- a) “Act” means Companies Act, 2013;

- b) **“CSR entities”** means an entity, other than the Company, eligible to undertake CSR activity under the Act and/ or the Rules (defined hereinafter) that may be engaged by the Company for the purpose of undertaking CSR activities from time to time.
- c) **“Group”** means the Piramal Group and includes the Company, Holding company and its Subsidiaries and Associates;
- d) **“Rules”** means The Companies (Corporate Social Responsibility Policy) Rules, 2014.

3. Corporate Social Responsibility Committee

a) Composition of CSR Committee

The Board has established a Committee of the Board as the Corporate Social Responsibility Committee. The Committee comprises three directors of the Board and its composition more than adequately meets the requirements of Companies Act, 2013.

b) Terms of reference

The terms of reference of the CSR Committee are as follows:

- i. Recommend to the Board, a CSR Policy (and modifications thereto from time to time) which shall provide approach and guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company as well as formulation of an annual action plan.;
- ii. Formulate and recommend the annual action plan, and any modifications thereof, to the Board comprising of following information;
 - 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
- iii. Approve specific projects, either new or ongoing, in pursuance of the Areas of Interest outlined in this Policy, either for undertaking such projects by the Company itself, directly or through CSR entities, for inclusion in the annual action plan or for contributing to specific funds/ agencies as specified in Schedule VII of the Act;

- iv. Recommend to the Board, the amount of expenditure to be incurred on the CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts;
- v. Review the progress of CSR initiatives undertaken by the Company;
- vi. Monitor the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects referred to above;
- vii. Review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report;
- viii. Review and recommend to the Board, the impact assessment report obtained by the Company from time to time;
- ix. Undertake such activities and carry out such functions as may be provided under Section 135 of the Companies Act 2013 and the Rules prescribed thereunder;

The Committee shall meet as frequently as desired for the aforesaid purposes.

4. Selection of CSR Projects

The Company is committed to transforming health, education, sanitation & making available safe drinking water and social sector ecosystems through high impact solutions, thought leadership and partnerships.

Accordingly, the CSR Project selection and execution by the Company will be guided by the following core values of the Company:

Knowledge

- **Expertise:** We strive for a deeper understanding of our domain
- **Innovation:** We aspire to do things creatively

Action

- **Entrepreneurship:** We are empowered to act decisively and create value
- **Integrity:** We are consistent in our thought, speech and action

Care

- **Trusteeship:** We protect and enhance the interests of our customers, community, employees, partners and shareholders
- **Humility:** We aspire to be the best, yet strive to be humble

Impact

- **Performance:** We strive to achieve market leadership in scale and profitability, wherever we compete.
- **Resilience:** We aspire to build businesses that anticipate, adapt and endure for generations.

The CSR Project may be selected by the CSR Committee, either based on its own discretion or based on recommendations by any stakeholder or Director(s). The CSR Committee, while formulating the annual action plan and recommending to the Board, will accord priority to projects in the Areas of interest of the Company as specified below.

The Company shall endeavor to spend in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years. In case the Company fails to spend such amount or spends in excess, the unspent amount or the excess amount respectively, shall be dealt with in accordance with the Act and Rules and requisite explanation shall be provided in the Board's Report. Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be dealt with in accordance with the Act and Rules.

5. CSR Activities

Areas of interest for Corporate Social Responsibility

The Company has chosen the following areas for its CSR projects, which may be by way of direct participation / implementation or through implementation agency. These are:

- a) Promoting health care including preventive healthcare and sanitation and making available safe drinking water;
- b) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects;
- c) Promoting gender equality and empowering women;
- d) 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;

- e) Contribution to PM National Relief Fund or any fund set up by Central Government for socio-economic development and relief and welfare of Scheduled Castes, Scheduled Tribes and other backward classes, minorities and women;
- f) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- g) Rural development projects;
- h) Other focus areas as may be reviewed and included by CSR Committee, from time to time, in line with provisions of Act and in line with the emerging societal circumstances and in consideration of changing national priorities of the government.

6. Implementation of the Projects

The CSR initiatives of the Company, undertaken as projects or programmes or activities, whether new or ongoing, may be either undertaken by the Company directly or in collaboration with other companies or through CSR entities or through other implementing agencies eligible under the Rules to implement CSR activities.

The implementing agency, engaged by the Company or by CSR Entities, should be covered under Rule 4 (1) of the Rules and registered with Central Government and should be in possession of unique CSR Registration Number. The implementing agency should be credible and should have the ability to execute the project or programme effectively. The disbursement by the Company to the implementing agency should be made only upon receipt of proposal along with budget and implementation schedule. The disbursement may be made in tranches in order to ensure that the amount does not lie unspent with the implementing agency.

Where the Company collaborates with other companies for undertaking projects or programmes or CSR activities, the CSR Committee of the Company should be in a position to report on such projects or programmes separately in accordance with the Rules laid down under the Act.

7. Review, Monitoring and Impact assessment

There shall be a regular monitoring and reporting of progress from the senior management team or from the teams of the CSR entities or implementing agencies responsible for implementing these projects. In case of an ongoing project, the monitoring shall be with respect to implementation of the project with reference to approved timelines and year-wise allocation.

The implementing agencies, including CSR entities, shall keep the Company informed about any information or circumstances that will affect the ability of the agency to carry out the CSR project or programme. Where the CSR amount spent results or resulted in creation or acquisition of capital asset, the Company shall confirm to the CSR Committee about the entity holding the capital asset in accordance with the Rules.

The representatives of the Company and/or CSR entities shall carry out site visits/ field visits on a periodic basis. The Company shall carry out the impact assessment by engaging independent agency either directly or through CSR entities, in accordance with the Act and Rules.

The CSR Committee shall review the progress reports received from the Company and implementing agencies. The CSR Committee shall also monitor the utilization of the funds disbursed for the purposes and in the manner approved by the Board.

The outcome of impact assessment, as and when undertaken, and progress reports submitted, will be taken into consideration while engaging the implementation agencies for subsequent CSR projects and programmes and while finalizing the annual action plan for the subsequent year.

8. Collaboration

The Company believes that complex and seemingly insurmountable social problems cannot be solved by individual organizations or a single stakeholder group. It requires different parts of the ecosystem such as funders, government, non-profits, corporates and media to work collaboratively to create long-term social change.

Towards enabling this vision, the Company will actively seek or assist in forming partnerships with national / state governments in a public private partnership to leverage national programmes. These partnerships will seek to expand the impact of our interventions across wider geographies in India.

The Company shall be open to partnerships with other foundations, multilateral and bilateral funding agencies for project implementation and with alliances set up for advocacy on issues related to public policy.

The Company shall also explore partnerships / alliances with academic institutions to spread awareness and further research in areas of public interest covered under this Policy.

9. Reporting and Disclosure

The CSR Committee shall report to the Board of the Company. The Composition of the CSR Committee, CSR projects approved by the Board and this Policy shall be disclosed on the website of the Company, for public access.

10. Amendments

Amendments to the CSR Policy, if any, shall be considered by the Board of the Company, based on the recommendations of the CSR Committee. This Policy has been made as per the provisions of the Act and the Rules made thereunder ('Applicable law'). Any amendments in the Applicable Law, including any clarifications/ circulars of relevant regulator, if mandatory, shall be read with this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.
