

Corporate Social Responsibility (CSR) Policy



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1 Background / introduction

Policy Statement

This CSR policy sets forth a set of rules approved for and on behalf of our Board of directors of Leschaco. These rules set the objectives for our corporate social responsibility (“CSR”) and provide guidance on the principles to which all individuals associated with the Leschaco Group are committed.

They may be supplemented from time to time by additional statements and guidelines.

2 Purpose

The purpose of our CSR Policy is to ensure that Leschaco Group (“Leschaco” or the “company”) and its subsidiaries, affiliates, and associated companies, in Germany and internationally, consistently operate in a responsible manner.

Our CSR policy aims to create a framework that helps to define and promote behaviors that will generate value for all our stakeholders (customers, employees, suppliers and society) in the context of a culture of social responsibility that results in the development of responsible company in all entities that are part of Leschaco.

With our CSR Strategy we are focusing on three pillars: Our Family (employees), Our Friends (society), Our Planet (environment).

These three pillars derive from the 17 UN Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognize that ending poverty and other deprivations must go together with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

In the next three years (2022–2025) the company’s CSR activities will focus on SDG 3 (Good Health and Well-being), SDG 4 (Quality Education) and SDG 13 (Climate Action).

Applicable to India: 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.

3 Applicability and approval

Leschaco CSR Policy is applicable to all directors, officers, and employees of Leschaco.

According to its regulations, the approval of Leschaco’s Corporate Social Responsibility policy lies with the Leschaco Group Board of Directors, which also receives the report on the implementation and status of the policy through the global Corporate Social Responsibility department.

Once the CSR strategy guidelines and targets are determined at the corporate level, the global Corporate Social Responsibility department is responsible for implementing those plans in all

regions in cooperation with the local entities. For global alignment, any local CSR initiative will be committed upon and implemented only with prior approval from CSR department.

4 India CSR Policy applicability Under Section 135 of Companies Act 2013

“Corporate Social Responsibility” means and includes but is not limited to:

- a) Projects or program relating to activities specified in Schedule VII to The Act.
- b) Projects or program relating to those activities which are undertaken by the board of directors of Leschaco India in ensuring the recommendation of the CSR Committee as per declared CSR Policy of Leschaco Group along with the conditions that such policy will cover subjects specified in Schedule VII of the Act.

The CSR policy applies every company that belongs to Leschaco India, its holding companies, its subsidiary companies and foreign companies having in the preceding financial year:

- a) Net worth > 500 crore
- b) Turnover > 1000 crore
- c) Net profit > 5 crore

4.1 Constitution of the CSR Committee

As per Section 135(9) of the Act, Where the amount to be spent by a company under CSR does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

For us it is advisable that the EMEAI CSR Manager of the Leschaco is involved in the internal executing team to align the requirements as per the Act and CSR rules with the global CSR strategy of the Leschaco.

4.2 CSR Committee role and responsibilities

The CSR Committee of the Company is authorized to do any of the following acts without limitation:

- a) To formulate and recommend a CSR Policy indicating the activities to be undertaken by the company in areas or subject 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 an annual action plan in pursuance of CSR Policy covering the following aspects:
 1. the list of approved CSR projects or programs to be undertaken in areas or subjects specified in Schedule VII to the Act;
 2. the manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules;

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3. the modalities of utilization of funds and implementation schedules for the projects or programs;
 4. monitoring and reporting mechanism for the projects or programs; and
 5. details of need and impact assessment, if any, for the projects undertaken by the company;
- d) Recommend changes, if any, needed in the annual action plan with reasonable justification to that effect.
 - e) To monitor the CSR Policy as approved by the Board from time to time.
 - f) It should recommend the approach and direction of CSR activities to be undertaken by the company and also provide Guiding principles for
 1. selection of CSR projects / programmes / activities
 2. implementation of CSR projects / programmes / activities
 3. monitoring of CSR projects / programmes / activities
 4. formulation of the annual action plan

4.3 Role of Board of Directors India

- a) After considering the recommendations made by the CSR committee in India, the board of directors in India must approve the CSR Policy , making sure they are compliant with the Act and CSR Rules as well as aligned with Global CSR strategy.
- b) Disclose the contents of CSR Policy in its Board report
- c) The Board of Directors of the Company shall mandatorily disclose the CSR Policy and Projects approved on their website, if any, for public access.
- d) Ensure that the activities as are included in CSR Policy of the company are undertaken by the company.
- e) Authorize an officer / employee of the Company who shall be a person resident in India, to accept on behalf of the company – the services of notices and other documents received from stakeholders of the Company.

4.4 Areas of activities to be undertaken

Leschaco India shall be undertaking one or more of the following activities as prescribed in the Act as well as in line with Leschaco Group Global Strategy and Goals:

- a) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- b) 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.
- c) Eradicating hunger, poverty and malnutrition and enabling access to quality education, promoting health care including preventive health care and sanitation and making available safe drinking water.
- d) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- e) Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports

4.5 Activities not to be taken up under CSR Program

- a) The CSR projects or programs or activities that benefit only the employees of the company and / or their respective families
- b) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.

4.6 CSR Plan

The CSR Committee shall formulate and recommend to the Board an annual action plan. The CSR Plan shall match with the long term Business Plan and will be in line with Leschaco Global CSR Strategy and Goals and 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 (responsibilities, timelines, budgets, major expected results)
 - c) The modalities of utilization 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 the reasonable justification for such change.

4.7 Mode of Execution

CSR programs, projects or activities of the company should be implemented through any one or more of the following methods:

- a) Directly by the company;
- b) Through an Implementing Agencies;
- c) Any foundation or body incorporated by the company and eligible to undertake such CSR projects.
- d) In collaboration with other organizations/group companies which are eligible to undertake such CSR projects.

4.8 Methodology

The planning for CSR shall start with the identification of the activities / projects to be undertaken. CSR projects / activities shall be undertaken in the area where the Company carries out its activities, but it also may choose to locate CSR projects anywhere in the country.

4.9 Selection criteria of partners / NGO

- a) Have a good reputation
- b) Prove to have experience and capacity to implement the projects / programs
- c) Include in their proposals volunteering activities for Leschaco employees
- d) Provide full transparency on project / program expenditures

4.10 CSR Monitoring and Reporting Mechanism

The CSR Committee shall monitor the amount of expenditure as approved by the Board of Directors on a quarterly basis and report on a half yearly basis. Apart from the above, the Directors' report of Leschaco India shall include an annual report on CSR.

4.11 CSR Spending

The company shall endeavor to achieve the objectives of CSR Policy and allocate every year:

- a) Minimum 2% of its average net profits made during the three immediately preceding financial years
- b) 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
- c) All the expenditure relating to CSR shall be pre-approved by the CSR Committee.

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- d) The CFO shall monitor the utilization of funds for the purposes set forth and certify to this effect.

4.12 Transfer and Use of Unspent Amount

- a) Any amount remaining unspent for that Financial Year, pursuant to any identified and approved CSR activity and it is categorized as an ongoing project, fulfilling such conditions as may be prescribed in the Act and CSR Rules, undertaken by a company in pursuance of this CSR Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account.
- b) The special account will be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.
- c) Unless the unspent amount relates to any ongoing project referred above, the company shall transfer such unspent amount to a Fund specified in Schedule VII and this policy, within a period of six months of the expiry of that financial year.

4.13 Specified funds

The specified funds for transfer of unspent amount are:

- a) Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- b) Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- c) 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;
- d) 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;
- e) Contributions to public funded Universities;
- f) Indian Institute of Technology (IITs);
- g) National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE);
- h) Department of Biotechnology (DBT);
- i) Department of Science and Technology (DST);
- j) Department of Pharmaceuticals;

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- k) Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH);
 - l) Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO);
 - m) Indian Council of Agricultural Research (ICAR);
 - n) Indian Council of Medical Research (ICMR) and
 - o) Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

4.14 Types of Expenditures to be considered as related to CSR activities

Salaries paid to regular CSR staff (in proportion to the time spent on CSR activities) can be considered CSR project costs as part of CSR expenditure.

4.15 Capital Assets

Capital asset acquired or created by CSR projects should be held by the beneficiaries of the said CSR project or a trust or a public authority for the benefits of all. The company should take appropriate measure to ensure that such assets are utilized for the purpose it was meant for and should not be transferred or disposed off without prior permission of the company.

4.16 Information dissemination

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

4.17 Review

The CSR Committee shall be fully responsible for the monitoring and review of the implementation of this policy in accordance with applicable laws from time to time. The CSR Committee shall provide recommendations as and when it deems necessary to the Board so as to amend/ modify/ revise the CSR Policy.

Note: In addition, the CSR Policy of the company may give guidance on Voluntary CSR Initiatives, Voluntary CSR Audit, CSR Governance Principles and reporting about deviations, if any. Further, CSR Policy may also provide for guidance on disclosure of awards and recognitions received.

5 Definitions

- a) “Act” means the Companies Act, 2013.
- b) “Board of Directors” or “Board” means the collective body of the directors of the company.

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- c) "Company" means "LESCHACO INDIA PRIVATE LIMITED"
 - d) *"CSR Committee" means the Board of Directors of the company.
 - e) "CSR Policy" means CSR Policy of LESCHACO INDIA PRIVATE LIMITED
 - f) "CSR Rules" means the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.
 - g) "EMEI" Means Europe, Middle East, Africa, India
 - h) "Implementing Agency" means a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (d), (e), (f) or (g) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities also any other such agency approved under the Act or CSR Rules.
 - i) Leschaco Group Strategy means the Policy formed and approved by the Board of Directors of Leschaco and which shall be applicable to its subsidiaries, affiliates, and associated companies, in Germany and internationally, consistently operate in a responsible manner.
 - j) Net Profits or Profits means shall not include such sums as may be prescribed in accordance to section 135 of the Companies Act, 2013 and shall be calculated in accordance with the provisions of section 198 of the Companies act, 2013.

Any term used in this policy but not defined herein shall have the same meaning assigned to them under the Act and CSR Rules as applicable to the company.

*As per Section 135(9) of the Act, Where the amount to be spent by a company under CSR does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.