



McLEOD RUSSEL
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McLEOD RUSSEL INDIA LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

BACKGROUND

India has seen a period of sustained economic growth during the last ten years. The Country however still continues to face major challenges like poverty, illiteracy, malnutrition, health hazards, gender bias, environmental problems etc. These have resulted in a large section of the population remaining as 'un-included' from the mainstream. It is necessary to address these challenges through sustainable efforts, both by Government and Private Sector Organizations. The Indian Business has traditionally been socially responsible. While a lot of human and economic resources are available for utilization in the corporate world; a suitable mechanism is necessary to channelize these resources for socio-economic development. Keeping this in mind, The Ministry of Corporate Affairs had come out with a voluntary CSR Guidelines in 2009. The Companies Act, 2013 ('The Act') has made it mandatory for certain class of Companies to adopt a Corporate Social Responsibility Policy and spend every year an amount prescribed in the Act, towards discharging its obligations towards the Society in terms of the CSR Policy adopted by it.

McLeod Russel India Limited (MRIL) is conscious of its social responsibilities and the environment in which it operates. The Company has, over the years, successfully formulated a methodology for development in the field of health, education, culture and other welfare measures to improve the general standards of living in and around its Tea Estates with special emphasis on the environment which surround the units of the Company and thereby enriching the Society.

DEFINITIONS

“**CSR**” means the activities that a company undertakes in accordance with the statutory obligation laid down in Section 135 of the Act and in accordance with the provisions contained in the Rules, but shall not include the following:

- Activities undertaken in the normal course of company business. However, a company engaged in the development and research activity of new drugs, vaccines, and medical devices in its normal course of business can undertake the development and research activity of a new drug, vaccine and medical devices relating to COVID-19 for the financial years 2020-21, 2021-22, 2022-23 subject to the conditions that:
 - The Company shall carry out such development and research activities in collaboration with any of the organisations or institutes mentioned in Schedule VII item (xi) of the Act.
 - The Company must disclose the details of activities separately in the Annual Report on CSR included in the Report of the Board of Directors.
- Activities undertaken by the Company outside India except for training of Indian sports personnel representing India at the international level or Union or State Territory at the national level.
- Contribution of any amount directly or indirectly to any political party under Section 182 of the Act.
- Activities benefitting employees of the Company defined in Section 29(k) of the Code on Wages, 2019
- Activities supported by the Company on sponsorship basis to derive marketing benefits to its services or products.

- Activities carried out to fulfil other statutory obligations under any law in force in India.

“**CSR policy**” means a statement containing the direction and approach given by the companies’ board, after taking into consideration the recommendations of its CSR committee, and includes implementation and monitoring of activities, guiding principles for selection and formulation of the annual action plan.

“**Net profits**” mean the net profit of a company according to its financial statement prepared under the applicable provisions of the Act, but it will not include the following:

- Any profit arising from overseas branch/branches of the Company, whether operated as a separate company or otherwise.
- Any dividend received from another Company in India covered under and complying with Section 135 of the Act.

An “**ongoing project**” means a multi-year project that a company undertakes to fulfil its CSR obligation within three years, excluding the financial year it was commenced. It will also include projects that were initially not approved as multi-year projects but whose duration is extended beyond one year by the board based on reasonable justification.

“**Administrative overheads**” mean the company expenses incurred for administration and general management of the CSR functions. However, it will not include the direct expenses incurred for implementing, designing, evaluating, and monitoring a particular CSR project or programme.

SHORT TITLE & APPLICABILITY

This Policy may be termed as ‘MRIL CSR Policy’. The Policy shall apply to all CSR initiatives and activities at various work-centres and locations of MRIL. The Policy has been framed in line with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder.

CSR MISSION STATEMENT

As a responsible corporate citizen, McLeod Russel is committed to enhance the quality of life, wellness and well being of the people around its various work-centres and locations and also committed to safeguarding the environment by adopting an eco-friendly, transparent and participatory approach in all activities with a view to maintain ecological balance.

OBJECTIVE

The main objective of the MRIL CSR Policy is to establish and lay down the basic principles and the general framework of action for MRIL to undertake and fulfill its corporate social responsibility. The Policy will function as a built-in, self regulating mechanism whereby the Company will monitor and ensure its active compliance with the spirit of law, ethical standards and requisite norms.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The MRIL Corporate Social Responsibility Committee shall consist of three or more Directors amongst which one shall be an Independent Director. The Committee shall hold meetings as and when required, to discuss various issues on implementation of the CSR Policy of MRIL. The CSR Committee shall: (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by MRIL as specified in Schedule VII of the Companies Act 2013; (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) in a financial year; (c) Monitor the Corporate Social Responsibility Policy of MRIL from time to time. (d) Any other matter as may be considered expedient in furtherance of and to comply with the CSR Policy of MRIL.

CSR ACTIVITIES

MRIL's CSR activities shall primarily include one or more of the items covered under Schedule VII of the Act with special focus on the following:

(1) Promoting preventive healthcare and sanitation and making available safe drinking water and other activities contained in Schedule VII (i). The Company may be involved in these activities by way of adoption of one or more villages around its Tea Estates for overall development and livelihood enhancement.

(2) Promoting education and other education related activities and livelihood enhancement projects covered under Schedule VII (ii).

(3) Activities relating to environmental sustainability, ecological balance and other activities contained in Schedule VII (iv).

(4) Protection of national heritage, art and culture as contained in Schedule VII (V).

(5) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports, covered under Schedule VII (vii).

(6) Contribution to various funds contained under Schedule VII.

Preference shall be given to MRIL business area and areas around MRIL Tea Estates for spending the amount earmarked for CSR. The Board of Directors shall ensure that MRIL spends at least 2% of the average net profits of MRIL made during the 3 immediately preceding financial years in pursuance of its CSR Policy.

Apart from the CSR projects/programmes taken up by the Company itself, the Board of Directors may decide to undertake its CSR activities recommended by the CSR Committee, through:

- Companies that are established under section 8 of the Act, a registered society or registered public trust under Section 12A and 80G respectively of the Income Tax Act 1961 established by the Company itself or alongwith other Company
- Companies that are established under Section 8 of the Act or a registered society or registered trust established by the Central or State Government.

- Entity established under State legislature or an Act of Parliament.
- Companies that are established under Section 8 of the Act, or a registered public society or registered trust under section 12A and 80G respectively of the Income Tax Act, 1961, and having a track record of at least three years in undertaking similar activities.

The above entities who intend to undertake CSR activity should register themselves with the Central Government by filing the Form CSR-1 with the Registrar, effective from 1 April 2021. The entities must sign and submit form CSR-1 electronically. It should be digitally verified by a Company Secretary, Chartered Accountant or Cost Accountant in practice.

The Board of a company should satisfy that the funds disbursed are utilised for the purposes and in the manner as approved by them. The person responsible for financial management or the Chief Financial Officer should certify to the effect.

In case of any ongoing project, the Board should monitor the implementation of the project in the approved timelines and year-wise allocation. It can make any modifications for smooth implementation of the project within the permissible time.

The CSR Committee should recommend and formulate to the Board, an annual action plan in pursuance of its CSR policy, including the following:

- List of the approved CSR programmes or projects to be undertaken in subjects or areas specified in Schedule VII of the Act.
- Manner of execution of the CSR programmes or projects specified in these Rules.
- Modalities of implementation schedules and utilisation of funds for the projects or programmes.
- Reporting and monitoring mechanism for the projects or programmes.
- Details of impact and any need assessment for the projects undertaken by the company.

MRIL may build CSR capacities of their own personnel as well as of their implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed 5 (five) percentage of the total CSR expenditure of MRIL in a financial year.

CSR EXPENDITURE

The Board of a company must ensure that the administrative overheads will not exceed 5% of the company's total CSR expenditure for the respective financial year. The surplus arising out of the CSR activities will not form part of the business profit of a company and shall be transferred to the Unspent CSR Account or ploughed back into the same project.

The company should spend the unspent CSR amount in pursuance of the annual action plan, the CSR policy of the company or transferred to a Fund specified in Schedule VII within six months of the expiry of the financial year.

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programs, MRIL will allocate 2% of its average net profits made during the 3 immediately

preceding financial years as its Annual CSR Budget. The surplus arising out of the CSR activities will not form part of the business profit of a company and shall be transferred to the Unspent CSR Account or ploughed back into the same project.

The Annual CSR Budget shall be spent on activities laid down as above.

CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.

CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity with the CSR Policy.

A company can spend the CSR amount for the acquisition or creation of a capital asset held by:

- Companies that are established under section 8 of the Act, or a Registered Society Or Registered Public Trust having charitable objects and CSR Registration Number.
- Beneficiaries of the CSR project, in the form of collectives, self-help groups, entities
- Public Authority.

IMPLEMENTATION

CSR programs will be undertaken by various work centres/locations of MRIL to the best possible extent within the defined ambit of the identified Project/ Program.

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.

By and large, it may be ensured that the CSR programs shall be executed in and around the areas adjoining Company's workplace and plantations/factories/ Project sites/ work centres.

POWERS FOR APPROVAL

CSR programs as may be identified by each work centre/corporate office will be required to be put up to the CSR Committee of the Board at the beginning of each financial year.

MONITORING AND FEEDBACK

To ensure effective implementation of the CSR programs undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head. The progress of CSR programs under implementation at work centre will be reported to corporate office on a monthly/quarterly basis.

The CSR Committee at the corporate office may conduct impact studies on a periodic basis, through independent professional third parties/professional institutions, especially on the strategic and high value programs.

Work centres and locations will also try to obtain feedback from beneficiaries about the programs.

Appropriate documentation of MRIL's CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis.

CSR initiatives of MRIL will be reported in the Annual Report of MRIL & the Board's Report in compliance with Section 135 and rules made thereunder.

DISPLAY OF CSR ACTIVITIES ON WEBSITES

The Board of Directors should mandatorily disclose the CSR Policy and Projects approved by the Board and composition of CSR Committee on their website, if any, for public access.

GENERAL

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines on the subject as may be issued from Government, from time to time.

MRIL reserves the right to modify, add, or amend any of these Policy Rules/Guidelines.

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**Revised at the Meeting of the Board of Directors of the Company on 12 November 2021.*