



L&T Hydrocarbon Engineering



**POLICY**

As approved by  
Board of L&T  
Sapura Shipping  
Private Limited.

# CSR POLICY

**L&T SAPURA SHIPPING PRIVATE LIMITED**

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## L&T SAPURA SHIPPING PRIVATE LIMITED

### CORPORATE SOCIAL RESPONSIBILITY POLICY

This policy, encompasses the company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large, is titled as the '**L&T Sapura Shipping Private Limited- Corporate Social Responsibility Policy**'.

The concept and need for Corporate Social Responsibility (CSR) has gained prominence from all avenues. The Government as well as regulators has framed various guidelines pertaining to responsibilities of business as well as the mandatory Corporate Social Responsibility provisions under the Companies Act, 2013 and Rules made thereunder ("Act"). The Board of Directors has constituted the CSR Committee in its meeting held on April 22, 2014.

It is recognized that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability.

This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance.

L&T Sapura Shipping Private Limited believes that in alignment with its vision, it will continue to enhance value through its CSR initiatives and promote social sustainability, sustainable development of the environment and social welfare of the people and society at large, more specifically for the deprived and underprivileged by contributing and focusing more towards 3 Key Areas:

- Education
- Skill Building
- Health & Water Sanitation

This policy shall apply to all CSR initiatives and activities taken up not only at the various work-centers and locations of the Company but also in any other parts of the country, for the benefit of the society. Local Areas to be given preference though.

The Policy recognises that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged or needy by one or more of the following focus areas as notified under Section 135 read with Schedule VII of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules 2014.

The CSR Committee so constituted formulated Policy on Corporate Social Responsibility (CSR Policy) and recommended the same to the Board of Directors of the Company ('Board') for its approval. Board approved the CSR Policy on January 14, 2016.

#### Purpose

- To lay down guidelines to make CSR a key business process for sustainable development of the society. Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- To directly/indirectly undertake projects/programs which will enhance the quality of life and economic well-being of the communities in and around our facilities across country and society at large.
- Establishing a guideline for compliance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- To device internal controls so as to assure that sufficient due diligence of each CSR Activity is carried out before it is implemented.
- Formulation of well established procedures to identify CSR Activities as per Companies Act, 2013 and Central Government guidelines.
- Determining modalities of execution including targets and timelines for each activity.
- Device ways to contain transparency in the execution and implementation of CSR Projects and ensure effective cost control mechanism and periodic reporting.
- To generate goodwill and recognition among all stake holders of the company.

Words and expressions used in this CSR Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act

## Annual spends / Allocation of Funds

The Company would spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years. The surplus arising out of the CSR activity will not be part of business profits of the Company. The Corpus would thus include the 2% of average net profits, as aforesaid, any income arising there from and surplus arising out of CSR activities.

The Company may build CSR capacities of its personnel and/or those of its implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the Company in one financial year.

However if the Company ceases to be covered under sub-section (1) of Section 135 of the Act for three financial years, then it shall not be required to, comply with the provisions laid down under sub-section (2) to (5) of the said section, till such time it meets the criteria specified in sub-section (1) of the Act.

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

## Transparent Monitoring Mechanism

- The CSR Committee/Board shall prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes /activities proposed to be undertaken by the Company.
- The CSR Committee/Board shall have the authority to obtain professional advice from external sources and have full access to information contained in the records of the Company as well as the powers to call any employee or external consultant or such other person(s) and for such purpose as may be deemed expedient for the purpose of accomplishments of overall CSR objectives laid down under the Act.

## Planning and Implementation

A list of CSR projects/programmes which the Company plans to undertake during the implementation year will be laid down before the Committee/Board at the beginning of each year, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.

Identification of projects and the executing agency/NGO will be made, inter-alia, by assessing the following:

### ✓ Project Objectives

- Baseline survey - As-is and To-be state basis, accordingly the outcome of the project will be measured.
- Implementation schedules - Timelines for milestones of the project will need to be prescribed and agreed upon

### ✓ Responsibilities and authorities

Major results expected and measurable outcome including the expenses / charges ratio as against the actual CSR spend.

The person(s) in charge of a particular CSR project/activity to be identified and responsibilities as deemed fit by the CSR Committee/Board should be entrusted to them. Internal Control and check to be carried out at regular intervals. Shift of roles and responsibilities also to be considered.

## Projects / Partners

CSR Committee in consultation with the Board of Directors of the Company will identify suitable projects for implementation in line with the objects of the Company and requirements laid down under the Act. These projects would be executed either directly by the Company and/or through CSR Partner(s) as permitted under the Companies Act, 2013.

## Review and Reporting

The CSR Committee/Board will review the philanthropic activities of the Company every six months or such other intervals as deemed fit. If nothing mentioned or resolved, six monthly reporting has to be adhered to.

The Company will report, in the prescribed format as set out herein as Annexure, the details of CSR initiatives and activities of the Company in the Directors' Report and on the website of the Company, if any as required under the Regulations. Such reporting will be done, pertaining to financial year(s) commencing on or after the 1st day of April 2014.

## Monitoring

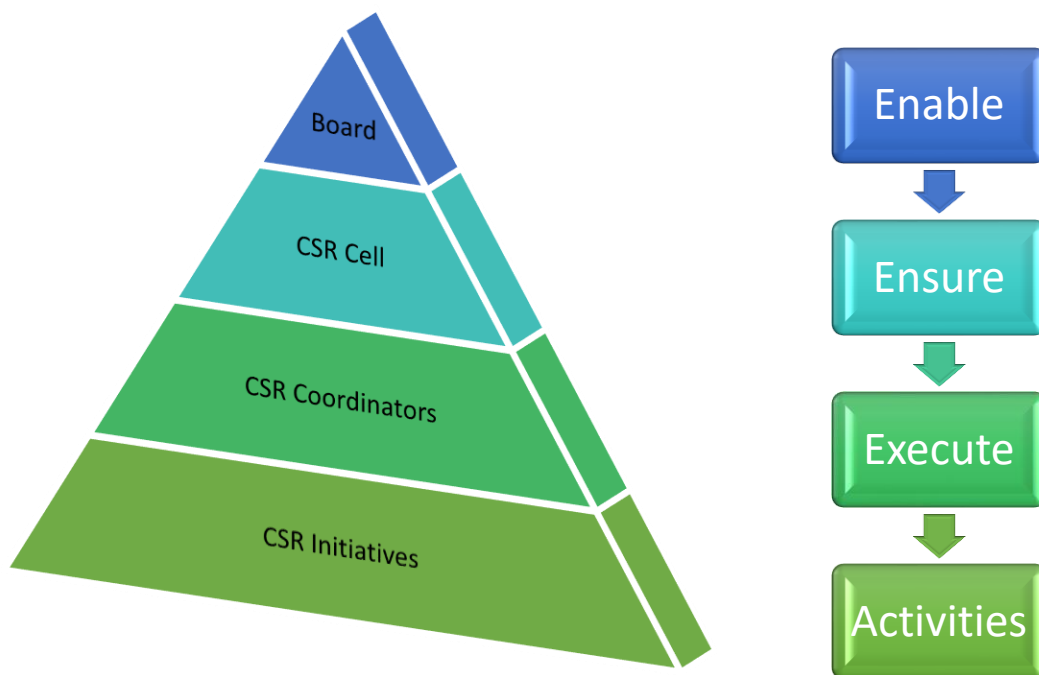
- Appropriate documentation and amendments of the CSR Policy, annual CSR activities, reports on execution by CSR Partner(s) and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
- Activity of CSR Goal setting and implementing and monitoring the activities towards the Goal to be done on a continuous basis.
- Process of selection of NGO's and reasons to be maintained and documented.
- Proposals from the Charitable Organizations/NGO's to be obtained with detailed plan of action and intended purpose of the activity undertaken, before sanctioning any amount.
- All material documentary evidences to be maintained and should be available for scrutiny to Board and members as and when asked for.
- Initiatives undertaken on the CSR front will be reported in the Annual Report of the Company.
- The CSR Committee/Board and persons /entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.
- Based on analysis of projects, the CSR Committee/Board will carry out roadmap planning for allocation of budget and selection of projects. The same will be done at least once in a financial year.
- Any other methods which will help build better monitoring methods should be discussed and implemented.

## Amendments to the Policy

The Board of Directors can amend this Policy, as and when required and as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the Act on the subject as may be issued from relevant statutory authorities, from time to time.

## Broad Framework

### Frame Work



As shown above the framework for CSR initiatives implementation is a top down approach. The Roles and Responsibilities of constituent members are as mentioned below

## 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 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;
- Oversee and adhere to all other responsibilities as mandated by the CSR Rules.



## CSR Committee – Board Members

The CSR Committee will consist of three directors, out of which at least one director shall be independent director.

The Committee will meet at least twice in a year to discuss and review CSR activities and Policy. A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee members may attend the meeting physically or via such audio visual means as permitted under the Act. The Committee shall have the authority to call such employee(s), senior official(s) and or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

The Ministry of Corporate Affairs vide its notification dated January 22, 2021 has exempted companies whose CSR spend does not exceed Rs. 50 lakhs, from the requirement of having a CSR committee. Accordingly, the Company has dissolved its CSR Committee at its Board Meeting held on May 4, 2021 and all the functions of the CSR committee shall be discharged by the Board.

## CSR Cell

The CSR Cell has been constituted to assist the CSR Committee/Board with the implementation and impact assessment of the CSR initiatives. The CSR Cell comprises of the following:

- (i) Chief Executive
- (ii) Head - F & A
- (iii) Head - Engineering
- (iv) Head - Marine
- (v) Head - Marketing
- (vi) Head – QHSE

### Functions

1. Formulating the CSR Policy, including the CSR Activities and their budgets as well as recommendation of any subsequent change/ modification to the CSR Policy;
2. Institute an implementation and monitoring mechanism for CSR Activities;
3. Periodically updating the Board (Committee) on the progress being made in the planned CSR Activities;
4. Identifying CSR Activities at the directions of the CSR Board (Committee)/Board;
5. Undertaking impact assessment of the CSR Activities;
6. Determining the modalities of execution including targets and timelines in consultation with the CSR Committee/Board;
7. Timely implementation of the CSR Activities approved by the Board in compliance with the applicable provisions of the Act and CSR Rules;

8. Providing periodic quarterly reports to the CSR Committee/Board on implementation as well as assessment carried out through field visits and feedback sessions;
9. Any other assistance as may be required by the Board and the CSR Cell in relation to implementation of the CSR Activities;
10. The CSR Cell shall undertake sufficient due diligence of each of the CSR Activity before it is implemented

The CSR Cell shall be responsible to ensure effective implementation of the CSR projects. If considered necessary, the effectiveness of the various programs/ activities undertaken under the CSR Policy may be got evaluated through external agencies for providing the required feedback and inputs to formulate and improve the programs in future.

## CSR Coordinators

The CSR Coordinators team has been constituted to work with the CSR Cell for the implementation & impact assessment of the CSR initiatives. The CSR Coordinators are employee volunteers associated with the company works.

The CSR Coordinators shall implement the CSR initiatives, monitor on a weekly basis and report to CSR cell on a monthly basis through monthly meeting minutes or action taken report.

**Note:**

- The policy is effective from April 1, 2014. The Policy is amended by the Board at its Meeting held on May 4, 2021.
- The Framework of CSR Committee will be dynamic and any change in the members of the committee or the CSR Cell shall be minuted in Committee/Board meetings accordingly.