

CORPORATE SOCIAL RESPONSIBILITY POLICY

VRL LOGISTICS LTD



Introduction

VRL Logistics Ltd. has always been committed to the cause of social service and has repeatedly channelized a part of its resources and activities, such that it positively affects the society socially, ethically and also environmentally. The Company and its promoters has taken up various Corporate Social Responsibility (CSR) initiatives and enhanced value in the society. Till date, predominantly, these efforts were being directed towards the existing employees of the Company.

With the advent of the Companies Act, 2013 constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy became a mandatory requirement. Therefore, the Company seeks to formulate a robust CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society.

CSR Object

The Company firmly believes that CSR is primarily, the responsibility of the Company in relation to the impact of its decisions and activities on the society and also the environment, through a transparent and ethical behavior which is:

- (a) consistent with sustainable development and welfare of society,
- (b) takes into account the expectations of stakeholders,
- (c) is in compliance with applicable law, and
- (d) is uniformly integrated and practiced throughout the Company.

Scope

In furtherance of its CSR objects, the Company proposed to meet its CSR obligation through a combination of one or more of the following:

- i. CSR activities implemented by the Company on its own,
- ii. CSR activities implemented by the Company through own trust/society or group company trust/society,
- iii. CSR activities of the Company through an external trust/society

Definitions

In this Policy, unless the context otherwise requires:

- 1 “Act” shall mean the Companies Act 2013, including any modifications, amendments or re-enactment thereof.
- 2 “Agency” (or Agencies) means any Section 8 Company or a registered trust/society/NGO/institution, performing social services for the benefit of the society and excluding a registered trust/society/ NGO/institution/ Section 8 Company which is formed by the Company or its holding or subsidiary company/companies.
- 3 “Approved Budget” shall mean the total budget as approved by the Board of the Company upon the recommendation of the CSR Committee, which is to be utilized for CSR Projects.
- 4 “Board” shall mean the Board of Directors of the Company.
- 5 “Company” shall mean VRL Logistics Ltd and wherever the context requires, shall signify the Company acting through its Board.
- 6 “CSR Annual Plan” shall mean the annual plan detailing the CSR expenditure for the year.
- 7 “CSR Committee” shall mean the Corporate Social Responsibility Committee constituted by the Board of the Company in accordance with the Act, consisting of three or more directors, out of which at least one director shall be an independent director.
- 8 “CSR expenditure” means all CSR expenditure of the Company as approved by the Board upon recommendation of the CSR committee, including the following:
 - i. Contribution to CSR Projects which shall be implemented and/or executed by the Company;
 - ii. Contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by its Trust or Society; and
 - iii. Contribution to CSR Projects (including for corpus as required) which shall be implemented and/or executed by an Agency.
 - iv. Any other contributions covered under Schedule VII of the Companies Act. Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR expenditure.
- 9 “CSR Officers” shall mean the whole time persons engaged by the Company for activities envisaged in the CSR Policy; having due comprehension, understanding, drive and passion

for such activities and designated as such.

- 10 "CSR Policy" shall mean the Corporate Social Responsibility Policy of the Company, which covers the activities to be undertaken by the Company in accordance with Schedule VII to the Act.
- 11 "CSR Projects" or "Projects" means Corporate Social Responsibility projects/activities/ programs/ initiatives, instituted in India, either new or ongoing, and include, but not limited to those undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR Policy of the Company. Projects/activities/ programs/ initiatives undertaken in pursuance of normal course of business of the Company and projects which benefit only the employees of the Company and their families shall not be considered as CSR Projects.
- 12 "Financial Year" shall mean the period beginning from 1st April of every year to 31st March of the succeeding year.
- 13 "Group Companies" means Companies includes Companies promoted by the Company or its promoters
- 14 "Net profit" shall mean the net profit as per the Act and Rules based on which the specific percentage for CSR expenditure has to be calculated.
- 15 "Rules" shall mean the Companies (Corporate Social Responsibility) Rules 2014, including any re-enactment, modifications or amendments thereof.
- 16 "Society" means a Society formed and registered under the Societies Registration act, 1860 by the Company and includes a society jointly formed and registered by the Company with all or any of its Group Companies.
- 17 "Thrust Areas" shall have the meaning as ascribed to them as per provision of the Policy.
- 18 Trust" means a Trust created and registered under the India Trusts Act,1882 by the Company and includes a Trust jointly created and registered by the Company with all or any of its Group Companies.

Words and expressions used and not defined in the Policy shall have the same meanings respectively assigned to them in the Act and/or Rules.

Thrust Areas:

While the Company is eligible to undertake any suitable/rightful activity as specified in Schedule VII of the Act and it proposes to undertake all the relevant activities on priority basis in the following Thrust Areas:

1. Community healthcare, sanitation and hygiene, including, but not limited to:

- (1) Establishment and management of state-of-the-art healthcare infrastructure with high level of excellence.
- (2) Providing financial and/or other assistance to the Agencies involved in exclusive medical research, public health, nursing etc.
- (3) Providing financial assistance to deserving people for specialized medical treatment in any medical institution.
- (4) Activities concerning or promoting:
 - a. General health care including preventive health care
 - b. Safe motherhood
 - c. Child survival support programs
 - d. Health / medical camps
 - e. Better hygiene and sanitation
 - f. Adequate and potable water supply, etc.

2. Education and knowledge enhancement, including, but not limited to:

- (1) Establishment and management of educational and knowledge enhancement infrastructure such as providing books, hostel facility to the poor students etc.
- (2) Providing financial and/or other assistance to the needy and/or deserving students.
- (3) Providing financial assistance to any Agency involved in education, knowledge enhancement and sports.
- (4) Facilitate enhancement of knowledge and innovation in the educational Agencies.
- (5) Publish books, pamphlets, periodicals and newspapers for the spread and advancement of education and culture.

3. Social care and concern, including, but not limited to:

- (1) Creating Public awareness
- (2) Protection and upgradation of environment including ensuring ecological balance and related activities.

- (3) Rural development projects such as strengthening rural areas by improving accessibility, housing, drinking water, sanitation, power and livelihoods.
- (4) Undertake slum area development
- (5) Others:
 - a. Establishment and management of orphanages, old age homes, Sanatoriums, Dharmashalas and institutions of similar nature.
 - b. Providing assistance to institutes of credibility involved in areas of social care, including:
 - Preservation of heritage
 - Animal welfare, social welfare and related matters
 - Promoting gender equality and
 - Women empowerment
 - c. Other humanitarian activities.

Identification of CSR Projects:

1. CSR Projects need to be identified and planned for approval of the CSR Committee with estimated expenditure and phase wise implementation schedules
2. The Company shall ensure that in identifying its CSR Projects, preference shall be given to the local area and areas around which the Company (including its Units) operates. However, this shall not bar the Company from pursuing its CSR objects in other areas.
3. As a cardinal principle, the CSR Projects in Thrust Areas, shall be identified on the basis of a detailed assessment survey.
4. The CSR Officer/s may engage external professionals/firms/agencies if required, for the purpose of identification of CSR Projects.

Implementation of CSR Projects

The Company shall implement the identified CSR Projects by the following means:

I. Direct Method

1. The Company may itself implement the identified CSR Projects presently within the scope and ambit of the Thrust Areas as defined in the Policy;
2. The Company may also implement the identified Projects presently through its Trust or Society which is involved in CSR activities, within the scope and ambit of the Thrust Areas as defined in the Policy.
3. The CSR Officer/s may engage external professionals/firms/agencies if required, for the purpose of implementation of its CSR Projects.
4. The Company may collaborate with other companies, including its Group Companies if required, for fulfilling its CSR objects through the Direct method, provided that the CSR

Committees of respective companies are in a position to monitor separately such CSR Projects.

II. Indirect Method

1. The Company may implement the identified CSR Projects through Agencies, subject to the condition that:
 - The activities pursued by the Agency are covered within the scope and ambit of Schedule VII of the Act provided
 - The Agency has an established track record of at least three years in undertaking similar programs or projects, and
 - The Company has specified the Project to be undertaken through the Agency which shall preferably be in Thrust Areas, the modalities of utilization of funds on such Projects and the monitoring and reporting mechanism which shall be at least once in a month.
2. The Company may collaborate with other companies, including its Group Companies if required, for fulfilling its CSR objects through the Indirect method provided that the CSR Committees of respective companies are in a position to monitor separately such Projects.

Monitoring

Monitoring process for CSR Projects shall include the following:

- Evaluation of Planned progress V/s Actual Progress
- Actual expenditure V/s expenditure as per Approved Budget

Fund allocation and others

A. Fund allocation

- I. The Company, during every Financial Year shall attempt to spend the feasible amount, which shall not be restricted by the statutory limit of a specified percentage of its average net profits of the immediately preceding three Financial Years.
- II. The CSR Committee shall prepare a CSR Annual Plan for the above which shall include:
 - a. Identified CSR Projects
 - b. CSR expenditure
 - c. Implementation Schedules
- III. Total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee
- IV. In case the Company fails to spend the statutory minimum limit of 2% of Company's average net profits of the immediately preceding three years, in any given financial year, the Board shall specify the reasons for the same in its report in terms of clause (o) of sub-section (3) of section 134.

B. Others

1. The CSR Committee shall ensure that major portion of the CSR expenditure in the Annual Plan shall be for the Projects in the Thrust Areas. However, there shall not be any preference given to any particular Thrust Area for budgetary allocation and it shall be made purely as per the identified CSR Projects on need basis.
2. The Chairman and Managing Director and Managing Director of the Company are authorized severally to decide on Projects to be implemented through the Indirect Method within the allocation as per the Annual Plan.
3. Any surplus arising out of the CSR Projects shall not form a part of the business profit of the Company.
4. The Company may build CSR capacities of their own personnel or personnel of its Trust or Society, as well as those of the Agencies through institutions with established track records of at least three Financial Years.

Governance

The Company through a registered trust or a registered society can undertake CSR activities as per the provisions of Companies Act, 2013. Accordingly, VRL Foundation or such other entity will work closely with and support the board and CSR committee in implementing CSR activities of the Company. VRL Foundation or such other entity will assist the CSR Committee in identifying the areas of CSR activities, programs and execution of initiatives as per defined guidelines. VRL Foundation or such other entity will also assist the board and the CSR Committee in reporting the progress of deployed initiatives and making appropriate disclosures (Internal/ External) on a periodic basis.

Duties and Responsibilities;

i. Board of Directors

The Board shall include in its Report the annual report on CSR Projects as per the format provided in the Annexure to the Rules.

ii. CSR Committee

At VRL Logistics Ltd, our CSR governance structure will be headed by the Board Level CSR committee that will be ultimately responsible for the CSR projects undertaken. The committee will report to our Board of Directors. The committee consists following directors;

- Dr. Prabhakar Kore, Chairman (Independent Director)
- Mr. C Karunakara Shetty, Independent Director
- Mr. Anand Sankeshwar, Managing Director
- Mr. Darius Pandole, Non-Executive Director

The responsibilities of the Committee are:

- a) The CSR Committee shall monitor the implementation of the CSR Policy and CSR Plan. For this purpose, the CSR Committee shall meet at least twice a year.
- b) In discharge of CSR functions of the Company, the CSR Committee shall be directly responsible to the Board for any act that may be required to be done by the CSR Committee in furtherance of its statutory obligations, or as required by the Board.
- c) The CSR Committee shall place before the Board the draft annual report as per the format in annexure to the Rules in Board meeting in April/May of the following year for Board review and finalization.
- d) The CSR Committee shall place before the Board in April/May every year a responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company for inclusion in the Board's Report.
- e) The CSR Committee shall ensure that the CSR Policy and finalized Annual Plan is displayed on the Company's website.

iii. CSR Officers

- a. The CSR Officers shall be responsible for the proper implementation and execution of CSR Projects of the Company.
- b. The CSR Officers shall be responsible for monitoring the Projects vis-à-vis the Annual Plan.
- c. The CSR Officers shall send the half yearly CSR report for the CSR Committee meeting in October and CSR Annual Plan and the draft annual report as per the format in Rules for the CSR Committee meeting in April/May of the following year.
- d. The CSR Officers shall communicate the relevant feedbacks received by them to the CSR Committee.
- e. The CSR Officers shall be directly responsible to the CSR Committee for any act that may be required to be done by the CSR Committee in accordance with the Policy.

The CSR Officers shall be assisted by a select group of individuals who shall be exclusively dedicated and/or available on priority basis to the CSR Officers, including in Units, as and when required in discharge of all or any of his functions as required under the CSR Policy.

K. Review Periodicity and amendment:

- i. CSR Plan may be revised/modified/amended by the CSR Committee at such intervals as it may deem fit.
- ii. The CSR Committee shall review the Policy every two years unless such revision is necessitated earlier.