

## Policy & Procedures

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<b>Corporate Social Responsibility (CSR) Policy</b>		
Issue Date: 16 <sup>th</sup> February 2015	Effective Date: 16 <sup>th</sup> February 2015	Supersedes: Version 1.0

### **Applicability**

This Policy shall apply to Lotus Labs Private Limited (Lotus) hereinafter referred to as (“Company”)

### **Background & Purpose**

We are committed to making a positive and sustainable impact on the communities and societies where we live and work. CSR activities shall aim to provide resources for under privileged sections of society, encouraging actions towards cleaner environment and optimizing usage of natural resources to enhance quality of life of people around us.

Reaching out to underserved communities is part of our DNA. We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them.

**Our vision** is – "To actively contribute to the social and economic development of the communities in which we operate. In so doing, build a better, sustainable way of life for the weaker sections of society and raise the Country's human development index".

We strive to adhere to the highest standards of ethical business conduct. We are also committed to giving back to the communities in which we do business, and provides CSR contributions in support of that commitment. CSR contributions may only be approved by the Company during the course of its legitimate business activities and in compliance with Company's principles as set out in this Policy and as per applicable local laws and regulations.

“CSR Policy” relates to the activities to be undertaken by the Company as specified in Schedule VII to the Indian Companies Act, 2013 (as appended herewith as “Annexure”) and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a Company.

The purpose of this policy is to lay down the guidelines & framework within which we shall contribute to the social, economic and environmental development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker sections of society, which is brought by our objective of *“Helping People Live Better”*.

### **Scope**

This Policy applies to all officers, directors, employees of the Company (hereinafter “Employees”)

This Policy does not replace external requirements, including local laws and regulations. If there is a conflict or inconsistency between this Policy and any external laws and regulations, the more stringent rule shall apply.

### **Related Policies & Procedures**

- Global Business Procedure for Grants and Donation
- Global Anti-Corruption Policy

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### Definitions

- a) **“Act”** means the Indian Companies Act, 2013 as amended from time to time
- b) **“Annexure”** means the Annexure appended to CSR Policy
- c) **“Corporate Social Responsibility (CSR)”** means and includes but not limited to:
  - (i) Projects or Programs relating to activities specified in Schedule VII to the Act or
  - (ii) Projects or programs relating to activities undertaken by the Board of Directors of the Company (“Board”) in pursuance of recommendation of the CSR Committee as per declared CSR Policy of the Company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act
- d) **“CSR Committee”** means the CSR Committee of the Board referred to in Section 135 of the Act, it consists of representatives of the Board of Directors and Senior Management Members as approved by the Board of the Company
- e) **“Corporate Donations Committee”** means the committee established in at our Global office and is authorized to decide on major CSR Requests **“CSR Expenditure”** shall include all expenditure including contribution to corpus, the 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 or not in line with activities which fall within the purview of schedule VII of Act
- f) **“CSR Contribution”** means any unsolicited, non-commercial (i.e., unrelated to Company business), charitable grants, monetary, or other non-monetary support provided by the Company for a legitimate, and non-political purpose to a qualified recipient without the expectation of receiving anything in return
- g) **“CSR Request”** means the written application for CSR Contribution submitted by a requestor to the Company
- h) **“Government Authority”** means: (i) a national government, political subdivision or local jurisdiction; (ii) a civil or military government agency and its instrumentalities; (iii) a government-owned/government-controlled association, organization or enterprise, including public companies; (iv) a legislative, administrative, or judicial office; (v) a political party; or (vi) a supra-national organization (e.g., World Bank, United Nations, International Monetary Fund, and OECD)
- i) **“Government Official”** means a government official, whether elected or appointed, who holds a legislative, administrative, or judicial position of any kind, including any person who performs public functions in any branch of any national, local, or municipal government, or who exercises a public function for any public agency or public enterprise. A government official can also be a political party, an official, employee, or agent of a political party, a candidate or prospective candidate for political office, or an employee, officer, or director of an international governmental organization, public enterprise, or entity owned or controlled by a government unit. For purposes of this Policy, Healthcare Professionals (HCPs) employed by public or government-owned or controlled hospitals are also considered as Government Officials, regardless of their status
- j) **“Net Profit”** means the net profit of a Company as or its financial statement prepared in accordance with its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include following namely:
  - (i) any profit arising from any overseas branch or branches of the Company whether operated as a separate Company or otherwise and
  - (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act
- k) **“Political Donation”** includes Donations to political candidates, political parties or political party officials
- l) **“Qualified Recipient”** means any non-profit organization or legal entity, including, but not limited to, an institute, foundation, professional society, hospital, university, or patient organization which demonstrates that it is entitled to receive CSR contributions. An individual person cannot qualify as a Qualified Recipient

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m) **“Requestor”** means the legal entity requesting CSR contribution through their authorised representative

**Words and expressions used and not defined in this Policy shall have the same meanings respectively assigned to them in the Act.**

### **Roles and Responsibilities**

#### **Board of Directors:**

- Approve the CSR Policy for the Company
- Display the approved CSR Policy on the Company's website, if any, as per the specified format
- Ensure that the activities that are included in the CSR Policy are undertaken by the Company
- Ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial year, in pursuance of its CSR policy
- Give preference to the local area and areas around it where Company operates, for spending the amount earmarked for CSR activities
- Disclose CSR related matters in the Board Report as under:
  - A brief outline of Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs, if any
  - Composition of CSR Committee
  - Average net profit of the Company for last three financial years
  - Statutory threshold for CSR spend (equal or greater than 2% of average net profit of the Company for last three financial years)
  - Details of CSR spent during the financial year
  - Reasons for not spending the abovementioned amount, if any

#### **CSR Committee:**

- Formulate & recommend to the Board the CSR Policy that indicates the activities to be undertaken by the Company as specified in Schedule VII of the Act
- Recommend the amount of expenditure to be incurred on the activities referred to in the CSR Policy
- Participate in a quarterly meeting to oversee, review and decide upon the CSR activities in accordance with this Policy
- Monitor CSR activities from time to time
- Verify that the required information are provided as per the CSR Request Evaluation and Approval Form as per the Global Business Procedure for Grants and Donation and, if necessary, request additional information from the Qualified Recipient
- Ensure that the relevant information is received and the rules and regulations of CSR Policy are adhered before such CSR Request is approved
- Disclose any personal conflict of interest on their part or by other Employees in relation to a proposed CSR Request
- Do not approve any CSR Request that might create actual or perceived Conflicts of Interest
- Evaluate and approve / reject in writing the CSR Request Evaluation and Approval Form
- Send a letter to the Qualified Recipient advising of the decision to approve or to decline the CSR Requests (as applicable), using the appropriate sample letter templates as per the Global Business Procedure for Grants and Donation

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- Retain records of approved and declined CSR Requests, as well as all supporting documentation and information

### Compliance Team:

- Submit CSR Requests to appropriate Committee in prescribed CSR Request Evaluation and Approval Form in place as per the Global Business Procedure for Grants and Donation
- Ensure that an English translation is prepared and included with the submission to Corporate Donation Committee, if the received CSR Request is in a language other than English
- Prepare CSR Request approval / refusal letter in a prescribed format as per the Global Business Procedure for Grants and Donation

### All Employees:

- Obligated to follow CSR Policy
- Disclose personal conflict of interest on their part in relation to a proposed CSR Request

### Global Ethics & Compliance Team:

- Conduct additional inquiry into the proposed CSR Request, if any, representative or board member of the Requestor is a Government Official, or if a Government Official requested the CSR contribution on behalf of the Requestor. Such CSR Requests must immediately be sent to a Global Ethics & Compliance representative for evaluation

## Policy

### **Principles for Approving CSR Requests**

- CSR Requests must only be approved in accordance with this Policy and for the purposes described herein
- CSR Request shall not be provided with the expectation that the CSR Request is a condition, or “quid pro quo” arrangement, to induce the Qualified Recipient or a person with a connection to a Qualified Recipient to provide something in return to the Company or an Employee. Furthermore, CSR Request shall not be intended as an improper inducement for sales, or any other business decision, nor should they be provided as intended as an improper inducement or reward for the improper performance of duties by any party with a personal or financial interest in the Qualified Recipient
- Conflicts of interest situations shall be proactively addressed and avoided
- Company does not make contributions to candidates for political office. Employees and representatives shall not make political contributions, in cash or otherwise, through or on behalf of the Company. Political donations include donations to political candidates, political parties, and political party officials
- Subject to the provisions of CSR under the Act, the Company or its Employees must not encourage (directly or indirectly) a requestor to apply for a CSR Request. On the contrary, Company must always make a CSR contribution only on the basis of an unsolicited request by a potential Qualified Recipient, and not based on recommendations by the Company’s Employees or business partners
- CSR contribution itself or in combination with other expected or provided support shall not be in excess of the actual cost of the project or activity for which support is requested
- Third parties are prohibited from providing CSR contribution to the Company without prior written permission of the CSR Committee
- Surplus arising out of CSR projects or programs or activities shall not form part of the business profit of the Company but shall be ploughed back to the CSR spend

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### Implementation process: Identification of projects

All projects shall be identified in a participatory manner, in consultation with the community, literally sitting with them and gauging their basic needs. Subsequently, based on a consensus, projects shall be prioritised.

The Company shall select the projects or programs intended for CSR as specified in the Annexure

### Activities, setting measurable targets with timeframes and performance management

The shortlisted plans shall be presented to the appropriate committee as mentioned below in this policy for approval. CSR Requests shall be approved only for legitimate, charitable purposes, shall be reasonable and appropriate and shall be in spirit of good corporate citizenship. All projects shall be assessed under the agreed strategy, and are monitored every quarter, measured against targets and budgets.

- **Composition of CSR Committee**

- Minimum Three Board Members to be appointed by the Board of Directors through Board Meeting of the Company
- In addition to the statutory provisions of constitution of the CSR Committee as per Indian Companies Act, 2013, as per Global Business Procedure on Grants and Donations, the following members of the Company shall be part of the CSR Committee
  - Managing Director of the Company
  - HR Head of the Company
  - Finance Head of the Company
  - Ethics and Compliance Head of the Company

- Any commitment  $\geq$  10,000 EUR shall also be approved by the Corporate Donation Committee.

### Organizational mechanism and responsibilities

The Company provides the vision under the leadership of its Managing Director. This vision underlines all CSR activities. Every Unit shall have a CSR volunteer group. Every Unit has a HR Head who shall also be the CSR Head for the Site, who reports to the Company's HR & Administration Head situated at the Head Office. The onus for the successful and time bound implementation of the approved CSR Requests is on the various Unit Heads, Unit CSR Heads, CSR Team and CSR Committee. The CSR Head of respective Units will provide regular update to the CSR Committee at the Head Office. The Corporate Team driven by HR & Administration Head shall monitor the progress of the approved CSR Requests at each Unit. HR & Administration Head situated at the Head Office shall evolve an appropriate mechanism to monitor the implementation of approved CSR Requests and such mechanism could vary from each approved CSR Request.

### Partnerships

Collaborative partnerships shall be formed with the Government, the District Authorities, the village panchayats, NGOs and other like-minded stakeholders. This shall help widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

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The Company shall be engaged with well-established and recognised programmes, given their commitment to inclusive growth.

### **Budgets**

A specific budget shall be allocated for CSR activities.

### **Information dissemination**

The Company's engagement in this domain is disseminated on its annual reports.

### **Management Commitment**

Our Board of Directors, our Management and all of Employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of CSR Policy.

### **Procedures**

1. Each CSR Request shall be forwarded for the full value amount to the Compliance Team for submission to the CSR Committee in accordance with this Policy.
  - 1.1. Any attempt to split up the amount of a CSR Request to avoid the appropriate level of review will be considered an unacceptable circumvention of this Policy, and as a result no approval will be granted.
2. Compliance Team shall fill the CSR Request Evaluation and Approval Form with all relevant details, request additional information, if required, and shall submit it to the CSR Committee. The Compliance Team shall prepare and coordinate any CSR Request for an amount or value above EUR 10,000 for submission to the Corporate Donations Committee.
3. CSR Requests must be reviewed and approved by the CSR Committee, as relevant, before commencement of the project or initiative for which the amount is requested.
  - 3.1. The CSR Committee shall decide on each local incoming CSR Request which amounts to a value of less than EUR 10,000
  - 3.2. CSR Request for value EUR 10,000 or more shall be forwarded to the Corporate Donations Committee for approval
4. Conflicts of interest should be avoided
  - 4.1. In the event that a Committee member has a conflict of interest, the respective member shall be excluded from the decision making with respect to the CSR Request in question by leaving the Committee meeting room for the period of time it takes for the Committee to decide whether or not to approve the CSR Request.
5. CSR Request may be considered under the following conditions:
  - 5.1. CSR Requests shall be approved only for legitimate, charitable purposes as defined in this Policy
  - 5.2. CSR Requests shall be reasonable and appropriate, given in the spirit of good corporate citizenship and in accordance with Company values

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6. CSR Request shall only be provided in relation to the focus areas in compliance with the Schedule VII of the Act.
7. Transparency and Documentation of CSR Request:
  - 7.1. Each CSR Request must be considered and responded to including those CSR Requests which Company may decline.
  - 7.2. Approved CSR Requests must be subject to a written agreement in the form of a countersigned approval letter as per template provided in the Global Business Procedure for Grants and Donation. CSR Requests which are declined should be in the form of letter as per the template provided in the Global Business Procedure for Grants and Donation.
  - 7.3. Books and records shall fairly and truly reflect all requests, responses and transactions. Company must maintain all documentation related to the CSR Requests. CSR payments shall be recorded to the appropriate internal account number where appropriate; Payments shall be tied to the Qualified Recipient achieving certain established milestones.
  - 7.4. All documentation concerning CSR Requests must be clear and self-explanatory.
  - 7.5. All payments shall be made in accordance with the Accounts and Finance Policy, directly to the Qualified Recipient.
8. CSR Requests shall only be awarded to Qualified Recipients.
9. Proposal for publication of Company's name in connection with giving a CSR contribution, if any, shall be presented to and approved by the both, CSR Committee and Corporate Donations Committee. HR department may decide to issue a press release concerning the approved CSR contribution after obtaining prior written approval from Corporate Donations Committee.
10. Expenditure incurred towards CSR activities shall be reported every quarter by the Finance function in the CSR Committee meeting as per the self-explanatory format including at least following information:
  - 10.1. Total amount to be spent for the financial year
  - 10.2. Amount unspent, if any, with commensurate reasons
  - 10.3. CSR Project or Activity identified
  - 10.4. Sector in which the project is covered
  - 10.5. Projects or Program details
  - 10.6. Local area or other areas
  - 10.7. State and district where the projects or programs were undertaken
  - 10.8. Project or Program wise budgeted amount
  - 10.9. Project or Program wise actual amount spent
  - 10.10. Direct Expenditure
  - 10.11. Overheads
  - 10.12. Cumulative actual spend up to reporting period
  - 10.13. Break-up of actual amount spent directly and through implementing agency, if any

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### “Annexure”

#### **Projects or Programs covered under Schedule VII of the Act that could be considered as CSR Activities are as follows:**

- (i) eradicating hunger, poverty and malnutrition; promoting preventive health care and sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- (v) Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects;
- (xi) Slum Development Projects;
- (xii) Contribution to Swacha Bharat Kosh and Clean Ganga

#### **Exclusions from CSR Expenditure that shall NOT qualify as CSR spend**

- Benefit only to the employees of the Company and their families
- Benefits only to the Company
- Contribution made to political party directly or indirectly
- Activities undertaken in the normal course of business
- CSR Projects undertaken outside India
- One-off events such as marathons / awards / charitable contribution / advertisement / sponsorships of TV programs etc.
- Expenses incurred by companies for the fulfilment of any Act / Statute of regulations (such as Labour Laws, Land Acquisition Act etc.)
- Training to enforcement personnel - It is establishment functions of Government
- Capacity building of government officials and elected representatives – both in the area of PPPs and urban infrastructure
- Sustainable urban development and urban public transport systems
- US - India Physicians Exchange Program – this would be program that provides for the professional exchange of physicians between India and the United States
- Expenditure related to augment capabilities to manage CSR program thru training to our own employees and cost of implementing agencies engaged, if any, that exceeds 5% of total CSR spend.