

**Lapp India Private Limited**

**Corporate Social Responsibility (CSR) Policy**

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## **1 INTRODUCTION**

### **1.1 LAPP - Philosophy**

LAPP Group which was founded in 1957, is in the business of manufacturing Cables, Connectors, Cable Glands, Conduits and Accessories. LAPP Group always aims to enrich the society with technology driven solutions.

LAPP India Pvt. Ltd., (LAPP or the Company), which is a wholly owned subsidiary of LAPP Group, is carrying the legacy of its parent company in India by striving to be a contributing member to society. Since LAPP's formation, "Corporate Social Responsibility" (CSR) has been embedded as one of the core values of the Company as a whole. Much before CSR was made compulsory for corporations in India, LAPP was voluntarily involved in many CSR activities as a conscious effort to contribute to society. LAPP had taken several initiatives in promoting child education, eradicating hunger, healthcare and other areas.

Under this CSR Policy, LAPP's CSR commitments include, but are not limited to, education, employment, healthcare and other areas of social welfare being with an aim of sustainable growth for all.

### **1.2 CSR Activities in India**

The new Companies Act 2013 (the Act), has codified the requirements surrounding CSR in India and mandates qualifying companies to constitute a Corporate Social Responsibility Committee to effectively monitor the CSR activities of each qualifying company. Further the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the CSR Rules) set forth the framework and modalities of carrying out CSR activities as specified in Schedule VII of the Act.

## **2 OBJECTIVE & SCOPE**

The main objective of this CSR Policy is to establish guidelines for LAPP to make CSR an effective tool for contributing to society.

This CSR Policy covers the CSR activities to be undertaken by the Company in line with those prescribed in Schedule VII of the Act, as amended from time to time.

This CSR Policy only covers the CSR activities which are being carried out in India and includes a strategy that defines the Company's plans for future CSR activities.

The Company proposes to implement its CSR activities in the sectors listed below:

## **2.1 Targeted Sectors**

### **I. Education**

- Adopting/ supporting unaided & needy schools by sponsoring a few meritorious poor kids and/or
- Providing some basic necessities (books, desks, computers)
- Support in school infrastructure improvement / construction (ex: solar power, toilets, etc)
- Support "Girl Child Education" in villages

### **II. Employment**

- Vocational training for unemployed youth, especially in villages in & around our 2 plants.
- Support institutions like KGTTI to provide vocational training to students of rural areas. (<http://kgtti.com/>)
- Support microbusiness (tie-up with organisations like Rangde-  
<http://www.rangde.org>)

### **III. Health**

- Medical supplies to the poor in the community around the factories
- Sponsor medical camps in villages (around Jigani & Bhopal plants)
- Blood donation camps
- HIV / AIDS, cancer, TB awareness and prevention camps

### **IV. Social Welfare**

- Supporting a couple of identified "Old Age Homes" or/and "Orphanages"- provide some facilities or Basic amenities
- Adopting the welfare of families through organizations like Care (<http://www.careindia.org/>)
- Take up sponsorship for a deserving disabled sports person

### **V. Rural Development**

- To take up any activity for Rural Development

VI. Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government.

VII. Any other area as may be prescribed by Schedule VII of the Act, as amended from time to time

The Company will review the sectors above from time to time and make additions, deletions, or modifications as required.

### **3 CSR COMMITTEE**

#### **3.1 Constitution**

Pursuant to the provisions of Section 135 of the Act, the Company's Board of Directors (the Board) is required to constitute a CSR Committee. The members of the CSR Committee shall be appointed by the Board, and the CSR Committee must consist of at least three or more directors. Any changes in the composition of the Committee shall be approved by the Board.

#### **3.2 Powers of the Committee**

The following are the powers of the CSR Committee:

- I. Formulate the CSR Policy and recommend the same to the Board for approval
- II. Recommend to the Board the Company's CSR activities in line with those prescribed under Schedule VII of the Act
- III. Approve to undertake CSR activities in collaboration with group companies, other companies, firms, NGOs, etc. and separately report the same to the Board in accordance with the CSR Rules
- IV. Recommend the Company's CSR Budget
- V. Spend the allocated CSR budgeted amount on the CSR activities once approved by the Board in accordance with the Act and the CSR Rules
- VI. Create a transparent monitoring mechanism for the implementation of the CSR initiatives in India
- VII. Submit the requisite reports to the Board with respect to the CSR activities undertaken by the Company
- VIII. Modify the CSR Policy from time to time as needed
- IX. Monitor the activities of individuals who are authorized to ensure that the CSR activities of the Company are implemented effectively
- X. Authorize executives of the Company to attend the CSR Committee meetings

- XI. Right to make a sub-committee for any CSR initiative and select members for such sub-committee
- XII. Act on behalf of the Board to implement the detailed CSR spend within the CSR budget guidelines

### **3.3 Meetings of the CSR Committee**

The CSR Committee shall meet at least once in a year. The members of the CSR Committee can mutually agree upon time and place for said meetings. Quorum for the meetings shall be two members. The members of the CSR Committee may participate in the meetings either in person or through video conferencing or other audio visual means in accordance with the provisions of the Act and rules made there under from time to time. Company management may attend the CSR Committee Meetings as may be appropriate, subject to the approval of the CSR Committee. Minutes of the CSR Committee shall be placed before the Board.

## **4 CSR BUDGET/CSR SPEND**

The Act requires companies falling under the qualifying criteria spend at least 2% of its average annual net profits (before tax) during the three immediately preceding financial years on CSR activities that are prescribed in Schedule VII of the Act.

### **4.1 CSR Expenditure:**

Average net profit shall be calculated in accordance with the provisions of Section 198 of the Act and under Rule 2(f) of the CSR Rules. The CSR expenditure shall include all expenditures including contributions to corpus or projects or programs relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but shall not include any expenditure on an item not in conformity or not in line with activities stated under Schedule VII of the Act.

### **4.2 Expenditure on CSR capabilities**

The Company may build CSR capabilities using its own personnel as well as the personnel of its implementing agencies, but such expenditure shall not exceed 5% of the total CSR spend of the Company as stated in the CSR Rules, or such other percentage should the CSR Rules be modified. Determination of whether a

particular expense falls within this 5% cap shall be decided in consultation with the Finance Head of the Company based on the clarification of the CSR Rules available at that time.

#### **4.3 Failure to Spend the CSR Funds**

In case the Company fails to spend the CSR budgeted amount in a particular financial year, the CSR Committee shall submit a report in writing to the Board specifying the reasons for not spending the budgeted amount, which in turn shall be reported by the Board in its Board Report for that particular financial year. Surplus arising out of the CSR initiatives shall not form part of the business profits of the Company.

### **5. CSR INITIATIVE**

In line with Schedule VII of the Act and the CSR Rules, the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The CSR Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year under review.

#### **5.1 Annual CSR Plan**

A high level Annual CSR Plan shall be placed before the Board based on recommendation of the CSR Committee which outlines the following aspects of the CSR initiatives of the Company:

- The CSR budgeted amount for the financial year
- The specific CSR activities to be invested in & planned known collaborations

#### **5.2 Collaboration**

The Company may collaborate with other companies in undertaking projects or programs or CSR activities in such a manner that the CSR committee deems fit.

#### **5.3 Disqualifying Activities for CSR Usage**

The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as part of the Company's CSR spend in accordance with Section 135 of the Act. The CSR activities implemented outside India also fall outside the purview of the CSR Rules, and hence, any CSR expenditure on such activities will not be considered for inclusion in the CSR spend. Any amount directly or indirectly contributed towards any political party

under Section 182 of the Act shall not be considered as CSR spend. Finally, activities that are undertaken by the Company pursuant to its normal course of business will not be considered as CSR activities and shall not be included in the CSR spend.

#### **5.4 Monitoring Mechanism**

A Joint Working Group (JWG) comprising of employees of the Company and representatives of entities with which the Company decides to collaborate, if any, to fulfill the Company's CSR obligations, will be created to ensure effective implementation and monitoring of the projects approved by the CSR Committee. The JWG will submit periodic reports to the CSR Committee on the progress of the various projects approved by the CSR Committee and entrusted to the JWG for implementation and monitoring.

#### **5.5 Reports**

The JWG shall assist the CSR Committee in preparing the reports that are required to be placed before the Board. The format of the reports shall be the format prescribed under the CSR Rules as illustrated below and such format shall be modified to reflect the then current format prescribed by the CSR Rules:



Sl.No	CSR Project or Activity Identified	Sector in which the project is covered	Project or Programs 1) Local Areas, 2) Specify the state and district where projects or programs was undertaken	Budget ( Project or Program wise)	Amount spent on Project or Program a)Direct Expenditure b)Overheads	Cumulative Expenditure	Amount Spent Direct or through Agency*	Target Date & Status
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

\*give details of implementing agency(Column 8)

## 6 PUBLICATION OF CSR POLICY & PROGRAMS

As per the CSR Rules, the contents of the CSR Policy shall be included in the Board's Report and the same shall be displayed on the Company's website, if any.

## 7 POLICY REVIEW & FUTURE AMENDMENT

The CSR Committee shall annually review this CSR Policy, shall make suitable changes to this CSR Policy as may be required, and shall submit the same for the approval of the Board.

This policy was approved by the Board of Directors of the Company at its meeting held on 8<sup>th</sup> June, 2015.