



CORPORATE SOCIAL RESPONSIBILITY POLICY

(CSR POLICY)

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

Regd Off: #6-3-541/c, Panjagutta,
Hyderabad-500082 Telangana, India

Tel: +91-4023391221/222, Fax: 30685458

Email: hfl@heritagefoods.in Website:

www.heritagefoods.in

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1. PREAMBLE

A) Short title & Applicability

This policy, which 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 '**HFL CSR Policy**'.

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.

B) CSR Vision Statement & Objectives

➤ Vision Statement

The core theme of the Company's CSR policy is giving back to the society from which it draws its resources by extending helping hand to the needy and the underprivileged.

Corporate Social Responsibility is the commitment of business to contribute for sustainable economic development by working with the employees, local community and society at large to improve their lives in ways that are good for business and development. It is the contribution of the corporate sector for philanthropic causes like education, health, water, environment and community welfare.

In alignment with vision of the company, through its CSR initiatives, will continue to enhance value creation in the society, through its services, conduct & initiatives, so as to promote sustained growth of the society, in fulfilment of its role as a Socially Responsible Corporate, with environmental concern.

➤ Objectives

The objectives of the HFL CSR Policy are to:

- ❖ Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.

- ❖ To directly or indirectly take up programmes that benefit the communities over a period of time, in enhancing the quality of life & economic well-being of the local populace. The Company and the employees are to actively involve and participate in social welfare projects by voluntarily taking time off from work.

C) Business principles:

Our business principles prescribe that everyone at Heritage Foods Limited (HFL) needs to follow the operational standards. It also supports our approach to governance, corporate social responsibility and continuous improvement.

2. DEFINITIONS

1. "Act" means the Companies Act, 2013
2. "Corporate Social Responsibility (CSR)" means and includes but is not limited to:
 - i. Projects or Programs relating to activities areas or subjects specified in Schedule VII to the Companies Act, 2013 ('Act'); and
 - ii. Projects or programs relating to activities undertaken by the board of directors of a company (board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the company; subject to the condition that such policy will include activities, areas or subjects specified in Schedule VII of the Act.
3. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
4. "CSR Policy" relates to the activities to be undertaken by the Company in areas or subjects as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
5. "Net Profit" means the net profit of the Company as per its financial statement prepared in accordance with provisions of Section 198 of the Companies Act, 2013, but shall not include the following, viz;
 - i. Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and

Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

3. SCOPE OF THE ACTIVITIES

The CSR committee of the Board of Directors is authorized to consider the CSR Activities as mentioned in the Schedule VII of the Companies Act, 2013 and rules made thereof; as amended from time to time. The activities will be specific to the village depending on the need assessed for the people. All activities under the CSR activities should be environment friendly and socially acceptable to the local people.

4. RESOURCES

Funding & Allocation

For achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes, HFL shall allocate 2% of its average Net Profits made during the three immediately preceding financial years calculated as per Sec-198 of the Companies Act, 2013, as its Annual CSR Budget in each Financial Year.

Allocation and funding of the Annual Budget for CSR activities in any given year shall be as per the provisions of the Companies Act, 2013 and rules made thereof as amended from time to time. Any unspent/unutilized CSR allocation of a particular year, will be carried forward to the succeeding financial years in such manner, as may be prescribed in the Companies Act, 2013 and rules made thereof, as amended from time to time.

From the annual CSR Budget allocation, a provision will be made towards the expenditure to be incurred on identified Areas, for undertaking CSR activities on a year on year basis. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

5. IMPLEMENTATION

5.1. CSR programmes shall be undertaken by various units of HFL to the best possible extent within the defined ambit of the identified "Thrust Areas". Project activities identified under CSR are to be implemented by specialized agencies, which could include The Trust of the Company (HFWT) - Voluntary Organizations (NGO's), Recognised Institutes/Academic Institutions, Trusts, Self Help Groups, Mahila Mandals, Professional Consultancy organization etc.

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- 5.2. 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.
- 5.3. Programmes which involve considerable financial commitment and are undertaken on a timeframe of 2-10 years, will be considered as 'flagship programmes and accorded enhanced significance.
- 5.4. CSR activities should create social impact
- 5.5. Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.
- 5.6. For CSR projects, the time-frame and periodic milestones should be finalized at the time of approval of the Project.
- 5.7. **The process for implementation of CSR programmes will involve the following steps:-**
- (a) **Identification of programmes** Need identification studies by a sub-Committee constituted by the Management/CSR Committee of the Company.
 - (b) Internal need assessment by a team at the unit level;
 - (c) Receipt of proposals/requests from Units
 - (d) Discussions and request with local representatives/ Civic bodies/ Citizen's forums/Voluntary organizations(NGO's).
- i. at Corporate and Unit level will be done out of the following:-
- ii. **Project based approach:** HFL units will follow a project based accountability approach to stress on the long term sustainability of CSR projects, where its action plan will be distinguished as 'Short-term', 'Medium-term' & 'Long-term', qualified as
- Short Term – 6 months to 1 year
 - Medium Term – 1 year to 2 years
 - Long Term – 2 years and above –‘*Flagship programmes*’
- iii. While identifying Long term programmes, all efforts will be made to the extent possible to define the following:
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- a. Programme objectives
- b. Baseline survey – It would give the basis on which the outcome of the programme would be measured.
- c. Implementation schedules- Timelines for milestones of the programme will need to be prescribed
- d. Responsibilities and authorities
- e. Major results expected.

5.8. Powers for approval

CSR programmes as identified by each work centre/corporate office will be required to be put up to the CSR Committee of the Board with due recommendations of the CSR Sub-Committees..

5.9. Executing Agency/Partners:

The HFL will identify suitable programmes/projects for implementation in line with the CSR objectives of the Company and also for the benefit of the community for which those programmes are intended. These works would be done through:

- i) The Company at its unit level
- ii) Heritage Farmer Welfare Trust.
- iii) Community based organizations.
- iv) Voluntary Agencies (NGOs)
- v) Trusts/ Missions/ Foundation/ Sec-8 of Companies Act, 2013.
- vi) Registered Mahila Mandals/ Samitis /Panchayats/Self Help Groups

5.10. Criterion for identifying Executing agency:

In case of programme execution by NGOs/Voluntary organizations/Trust/ Sec-8 Company the amount to be spent by the agencies to build the CSR capacities/administrative expenses shall not exceed 5% of the total CSR expenditure of the Company in one financial year as per the provisions of Companies Act 2013 and rules framed thereof and amended from time to time, the following minimum criteria need to be ensured:-

- ❖ The NGO / Agency/Trust/ Company registered under Sec-8 of Companies Act,2013 has a permanent office / address in India;

- ❖ The NGO/Trust/ Corporation/ Companies/Societies registered under Societies Registration Act/ Trust Act/ Sec-8 of the Companies Act, 2013.
- ❖ Possesses a valid Income-tax Exemption Certificate;
- ❖ The antecedents of the NGO/Agency/Trust/ Companies registered under Sec-8 of Company Act, 2013 are verifiable/subject to confirmation.
- ❖ Experience of the Trust/NGO's/Agency

5.11. Agreement between HFL & Executing Agency:

Once the programmes is approved by the CSR Committee of the Board of Directors and communicated to the work centers, they in turn will be required to enter into an agreement with each of the executing/implementing agency as per the Standard Model Agreement.

6. MONITORING AND FEEDBACK

- ❖ To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the head of the work centre. The progress of CSR programmes under implementation at work centre will be reported to CSR Sub-Committee on a monthly basis. The CSR Committee of Board of Directors shall review the progress of activities on quarterly basis.
- ❖ CSR Committee will conduct impact studies on a periodic basis, through independent professionals third parties/ professional institutions, especially on the strategic and high value programmes.
- ❖ Work centers and zonal offices will also try to obtain feedback from beneficiaries about the programmes.
- ❖ Appropriate documentation of the HFL CSR Policy, Annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same will be available in the public domain.
- ❖ CSR initiatives of the Company will also be reported in the Annual Report of the Company.

7. CONCLUSION

In case of any doubt with regard to any provision(s) of the policy, a reference can be made to CSR Committee of Board of Directors. In all such matters, the interpretation & decision of the CSR committee of the Board of Directors shall be final.

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

The Board will review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.

8. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/Companies Act, 2013 or statutory enactments, rules shall prevail over this policy.

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