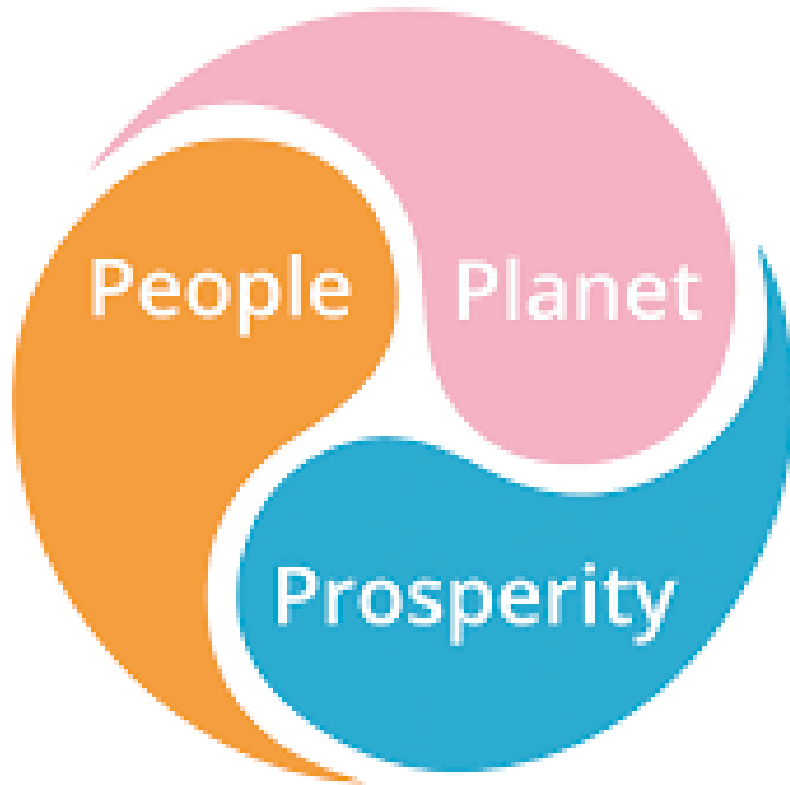




CORPORATE SOCIAL RESPONSIBILITY POLICY

HARIT PRADESH MILK PRODUCER COMPANY LIMITED



Introduction

Harit Pradesh Milk Producer Company Limited is a Producer Company incorporated under the provisions of Part-XXIA of the Companies Act, 2013 on October 26, 2021 in the State of Uttar Pradesh (hereinafter termed as 'HPMPCL or the Company'). The main objects of the Company is to undertake the business of pooling, purchasing, processing of milk and milk products primarily of the Members and marketing of the same and to deal in activities that are part of or incidental to any activity related thereto. HPMPCL in conjunction with the objects for which it has been incorporated and is operating, aims to enrich the society and drive sustainable economic growth. HPMPCL always believed in inclusive growth of all stake holders and improving the quality of life of all its members and communities where we operate. HPMPCL always believed in inclusive growth of all stakeholders and improving the quality of life of all its members and communities where we operate.



Objective

The main objective of HPMPCL's CSR Policy is to lay down guidelines/principles for selection, implementation and monitoring of activities for sustainable development for the society where the Company operates and to comply with the provisions of the Companies Act, 2013, read with rules made thereunder. Further, it intends to share profits with the society through responsible business practices as well as good governance and bring positive changes to the lives of mankind.

Definitions

1. **"Corporate Social Responsibility (CSR)"** means projects or programs relating to activities undertaken by the board of directors of a company (board) in pursuance of recommendations of the CSR Committee, if any, of the Board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Companies Act 2013 (hereinafter referred as "Schedule VII").
2. **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Companies Act 2013.
3. **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.
4. **"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;
 - (ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Companies Act 2013.

Constitution of CSR Committee

The Board will have an oversight on the adherence to this Policy and may constitute a CSR Committee for this purpose, if required, or mandated by law.



The Constitution and role of the CSR Committee of the Board shall be in accordance with Section 135 and other applicable provisions of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 including any modifications or amendments thereof).

The CSR committee of the Company shall consist of three or more Directors, as determined by the Board of Directors of the Company (the "Board"). The Committee will meet as often as it deems appropriate. The quorum for all meetings of the Committee shall be either 1/3rd of the total strength of the Committee of Directors or two directors, whichever is higher. The members of the Committee may participate in the meeting either in person or through video or telephonic conferencing in accordance with the Act and rules made thereunder. The Company Secretary of the Company shall act as the Secretary of the Committee. The Board has power to re-constitute the committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. The minutes of the meetings of the Committee shall be placed before the Board for noting.

The provision of Section 135(9) of the Companies Act 2013 read as under:

"Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

In view of above provisions, therefore the Board shall fulfil the responsibility of CSR Committee till constitution of CSR Committee is not required.

Role of CSR Committee or the Board, as may be applicable, shall include inter-alia the following:

1. Formulating CSR Policy and making modifications, amendments, clarifications, deletions in the Policy, as and when considered necessary, in accordance with the provisions of the Act and Rules and recommending the same to the Board;



2. Recommending the budget and amount of expenditure to be incurred by the Company on Projects to be undertaken as per Schedule VII and any of its amendment;
3. Identification and specification of Projects to be undertaken whether directly or in collaboration with other companies or through implementing agency;
4. Instituting a transparent monitoring mechanism for implementation of the Projects undertaken by the Company and proper utilization of funds;
5. Monitoring the working of the CSR team and the Policy from time to time;
6. Periodically review the progress being made in the planned Projects;
7. Providing a responsibility statement in the Board's Report as to whether the implementation of the Projects and programmes is in compliance with and fulfils the objectives of this Policy; and
8. Formulate and recommend to the Board of Directors an annual action plan which includes:
 - (i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - (ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of CSR Rules;
 - (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - (iv) monitoring and reporting mechanism for the projects or programmes; and
 - (v) details of need and impact assessment, if any, for the projects undertaken by the company.
9. Any other activities / functions, as may be assigned by the Board.



CSR Committee or the Board, may constitute a CSR Team, if necessary, for its assistance to implement the CSR activities under this Policy.

Scope of CSR Activities

The Company's commitment to CSR projects and programmes will be by investing resources into one or more of the areas as per the provisions of Section 135 read together with **Schedule VII of the Companies Act, 2013** (including any statutory modification or re-enactment thereof, for the time being in force). The CSR Activities would be chosen by Board for implementation after due consideration of the project for undertaking the permitted CSR activity and its benefits and contribution to the development of the society in line with the Company vision.

- I. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- II. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- III. Promoting gender equality, 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, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- V. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
- VI. Measures for the benefit of armed forces veterans, war widows and their dependents,



Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.

- 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 Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
- IX. Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government.
- X. Rural and slum area development projects.
Explanation- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- XI. Disaster management, including relief, rehabilitation and reconstruction activities.
- XII. Any other Projects / activities the Government may include from time to time to the Schedule VII of the Companies Act, 2013 or allow through clarifications/ Circulars.

Any ancillary or incidental activities required to be performed to undertake any of the projects mentioned above subject to the prior approval of the Board.

The CSR Activities shall not include the following:

1. Activities undertaken in pursuance of normal course of business of the Company;
2. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019;



3. Contribution of any amount directly or indirectly to any Political Party (ies) under section 182 of the Companies Act 2013;
4. Activities carried out by the Company for the fulfilment of any act, statute, regulation or any other law;
5. Activities supported by the Companies on sponsorship basis for deriving marketing benefits for its products or services;
6. Any CSR projects/programs or activities undertaken outside India;
7. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
8. Any other activity as may be prescribed under the Companies Act, 2013 and Rules made thereunder.

Budget

The Company proposes to spend 2% of the Net profit on Corporate Social Responsibility (CSR). Net Profit shall be calculated in accordance with the Act and rules.

CSR expenditure

1. CSR expenditure will include all amounts incurred/contributed by the Company towards its CSR Programs. CSR expenditure shall also include all direct and indirect expenditure incurred towards the CSR Programs as may be admissible under the regulatory framework. In line with the requirements of the Act, Administrative overheads i.e. all expenses towards 'General Management and Administration' of CSR activities of the Company shall be capped at a maximum of 5%. Further, these would not include expenses incurred by the Company towards designing, implementation, monitoring and evaluation. The overall amount to be committed towards CSR will be approved by the Board of Directors as a part of its Annual Action Plan. Within the Budget the allocation towards specific CSR initiatives/projects will be approved by the CSR Committee of the Board. All projects undertaken by the Company shall be approved /ratified by the CSR Committee.



2. The CSR activities undertaken in India only shall amount to CSR Expenditure. CSR Expenditure shall include all expenditure including contribution to corpus for CSR activities approved by the Board on the recommendation of the 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 the Act. The activities undertaken in the normal course of business will not be a part of CSR activities.

3. Any surplus arising out of the CSR activities shall not form part of the business profit of a Company and shall be ploughed back into the same project or shall be transferred to the unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

5. Where a Company spends an amount in excess of requirement provided under Section 135(5) of the Companies Act, 2013, such excess amount may be set off against the requirement to spend up to immediate succeeding three financial years subject to the Board of the company passing a resolution to that effect. Any excess amount available for set off shall not include the surplus arising out of the CSR activities, if any in pursuance of Rule 7(2) of CSR Rules.

6. The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by -
 - (a) a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number; or
 - (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
 - (c) a public authority:



RESPONSIBILITY OF BOARD OF DIRECTORS WITH RESPECT TO IMPLEMENTATION AND MONITORING OF CSR ACTIVITIES IMPLEMENTATION.

1. The CSR Activities would be chosen for implementation by the Company in compliance with the provisions of Section 135 read together with Schedule VII of the Companies Act, 2013.
2. The Company shall give preference to the local area and areas around it where it operates for spending the amount earmarked CSR activities, However the Committee may identify such area, as may deem fit, and recommend it to the Board for undertaking CSR Activities.
3. The Board of Directors shall ensure that the CSR activities are undertaken by the company itself or through any of the below implementing agency-
 - (a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or
 - (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
 - (c) any entity established under an Act of Parliament or a State legislature; or
 - (d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
4. Apart from the above obligation, the above entities shall get itself registered with Central Government and get a unique CSR registration number w.e.f. April 01, 2021. These requirements are not exhaustive; the company will comply all the statutory obligation as may be amended or effective from time to time.

5. A company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.
6. A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.
7. The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.
8. The Board of Directors are further responsible to:
 - (i) Ensure that the activities included in CSR policy shall be undertaken effectively the Company.
 - (ii) Ensure that in each financial year, the Company spends at least 2% of the average net profits made during the three immediately preceding financial years and in case of failure to spend, specify the reason for non-spending and unless the amount unspent relates to ongoing project, transfer such unspent amount to a fund established under Schedule VII of Companies Act, 2013 within 6 months of the expiry of financial year.
 - (iii) Ensure that the recommendations made by CSR committee towards CSR activities and expenditure shall be undertaken effectively with or without modifications.
 - (iv) The unspent amount related to ongoing project after fulfilling the stipulated conditions in the Companies Act, 2013 shall be transferred to a special account namely “Unspent Corporate Social Responsibility Account” within 30 days from the end of financial year, which shall be spent within the period of 3 years from the date of transfer. In case of failure to spend within the prescribed timeline it shall be transferred to fund established under Schedule VII of Companies Act, 2013 within 30 days of the completion of third financial year. The ongoing



project shall be monitored with reference to the approved timelines and year wise allocation and can be modified for its smooth implementation.

- (v) Ensure that every financial year funds approved by the Company for CSR activities are utilized effectively and a certificate shall be given by the person responsible for financial management to the Board of Directors at the time of approval of financials.
- (vi) Disclosing in its Annual Report the name of CSR committee members, the content of the CSR policy as per prescribed Annexure under Companies Act, 2013 and ensure Composition of CSR activities, CSR policy, Project Approved for CSR ad annual reporting of its CSR activities on the Company website or any other acts, deeds and things as may be required under the Act from time to time.
- (vii) The impact assessment report shall be the part of annual report of CSR which shall be applicable in case of average CSR obligation of ten crore rupees or more in three immediately preceding financial years conducted through an independent agency of the CSR projects having outlay of one crore rupees or more and which have been completed not less than one year before undertaking the impact study. The expenditure on impact study can be booked under CSR expenses for that financial year which shall not exceed 5% of total CSR expenditure or fifty lakh rupees whichever is less.

Publication of the CSR Policy

The contents of the CSR policy shall be included in the Director's Report and the same shall be displayed on the Company's website along with composition of the CSR Committee, and Projects approved by the Board as per Companies (Corporate Social Responsibility Policy) Rules, 2014.

Reporting

The Annual Report of the Company shall include a section on CSR outlining the CSR Policy, CSR Committee, CSR initiatives undertaken by the Company, the CSR spend during the financial year and any other information as prescribed by the prevailing law.



Review of the Policy

The CSR Committee shall review the CSR Policy periodically and may revise the same with the approval of the Board.

Amendments

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

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